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Post Hearing Information Pack of

Shenzhen Yuejiang Technology Co., Ltd.
深圳市越疆科技股份有限公司

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

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深圳市越疆科技股份有限公司

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

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[REDACTED]

IMPORTANT

[**REDACTED**]

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to [**REDACTED**] *in the* [**REDACTED**]. *In particular, we are a specialist technology company seeking to* [**REDACTED**] *on the Main Board of the Hong Kong Stock Exchange under Chapter 18C of the Listing Rules because we are unable to meet the requirements under Rule 8.05 (1), (2) or (3) of the Listing Rules. There are unique challenges, risks and uncertainties associated with* [**REDACTED**] *in companies such as ours. In addition, we have incurred 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* [**REDACTED**] *decision should be made in light of these considerations.*

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OVERVIEW

We are one of leading companies that specializes in the development, manufacturing and commercialization of collaborative robots, or commonly known as "cobots." We are a top 2 player in the global cobot industry and the No.1 player among all Chinese cobot companies, with a global market share of 13.0% as measured by shipment volume in 2023, according to the CIC Report. The global cobot industry is at a nascent stage of development, whose market size accounted for less than 2% of the global robot industry in terms of revenue in 2023. Leveraging our proprietary full-stack cobot development technologies and in-house design and development of key components, we offer selections of cobots in payload capacity, axis model and use case, addressing our customers' diverse needs across a wide array of use cases. We focus on industry innovation, particularly in cobot safety measures and AI capabilities, by introducing the flexible e-skin technology, SafeSkin, and launching AI-empowered cobots underpinned by our AI cobot empowering platform, X-Trainer. As of the Latest Practicable Date, we offered a total of 27 cobot models in four series, catering to numerous use cases in manufacturing, retail, healthcare, STEAM education, scientific research settings and many more.

Cobots are 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. Cobots offer a value proposition by enabling humans and machines to work together seamlessly and safely, increasing productivity, flexibility and quality across various industries. The cobot industry is currently in a stage of rapid growth. The global cobot market size has grown significantly from US$466.6 million in 2019 to US$1,039.5 million in 2023, at a CAGR of 22.2%, and is expected to reach US$4,950.0 million by 2028, at a CAGR of 36.6% from 2023 to 2028. The growth rate of the global cobot industry has significantly outpaced that of the traditional industrial robot industry. The proliferation of AI technologies is expected to further accelerate the adoption of cobots in more use cases. We believe we are well positioned to capture the substantial market opportunity.

Underpinned by our research and development capabilities, we stay at the forefront of the global cobot industry. Guided by a forward-looking strategy and long-termist mindset, we are committed to research and development efforts that drive sustainable growth and enduring impact. According to the CIC Report, we are one of few global players with proprietary full-stack technologies spanning the entire cobot development cycle, including cobot design and manufacturing, key components development, controller system development, key algorithm formulation and iteration, versatile cobot deployment for different tasks, and AI capabilities development. Our proprietary flexible e-skin technology, SafeSkin, enables our cobots to detect approaching objects 15 cm away while operating at a 1 m/s safety speed during the human-robot interaction, four times the 0.25 m/s industry standard (based on the comparison between six-axis cobot models with a payload of 5 kg), according to the CIC Report. Our AI-empowered cobot platform, X-Trainer, boasts high-quality data collection, low latency delivering an improvement in end-to-end response speed, and more efficient generalized learning system. Capitalizing on our technology capabilities, we have built cobots with our proprietary design that are safe, smart, nimble and robust.

As of the Latest Practicable Date, we had assembled a research and development team of 139 industry experts and senior engineers in the robotics industry, accounting for over 25% of our workforce. Our research and development expenses increased from RMB46.9 million in 2021 to RMB70.5 million in 2023, at a CAGR of 22.6%. As of the Latest Practicable Date, we had obtained 213 invention patents, 302 utility model patents, and 131 design patents, some of which have garnered industry awards and acclaim. For example, we received the 24th China Patent Excellence Award for our patented collision detection method, the 2023 Guangdong Patent Silver Award for our patented dynamics motion control method, and the 2021 Shenzhen Science and Technology Patent Award for our patented high-precision desktop robot structural design technology. Our human-robot interaction technology based on e-skin admittance control has been acclaimed by an expert group from the China Machinery Industry Federation (中國機械工業聯合會) as internationally leading.

Translating this research and development prowess into products, we offer one of the most extensive product portfolios in the global cobot industry, according to the CIC Report, catering to numerous use cases in manufacturing, retail, healthcare, STEAM education, scientific research settings and many more. The comprehensive product matrix allows us to meet specific customer needs by offering model combinations with varying axis configurations, payload capacities, and performance requirements, geared towards the specific production lines, processes, or use cases to ensure that cobots are optimally utilized for their intended tasks, which in turn translates into cost savings and operational efficiency. Our four-axis cobots, first launched in 2016, are built on proprietary patents that have enabled compact size, integrated controller, and simple structure while maintaining high-performance standards. Our cobots have been acclaimed domestically and internationally, receiving awards such as the China Red Star Design Award (中國設計紅星獎), the German iF Design Award (德國iF設計獎), the Red Dot Design Award (紅點設計獎), and the U.S. CES Innovation Award (美國CES創新獎), to name a few.

Our proactive endeavors in product commercialization and market expansion have contributed to our revenue growth during the Track Record Period. Our revenue increased at a CAGR of 28.3% from RMB174.3 million in 2021 to RMB286.7 million in 2023 and by 9.6% from RMB109.9 million in the six months ended June 30, 2023 to RMB120.5 million in the six months ended June 30, 2024. Our export volume of cobots has consistently ranked first in China for six consecutive years, according to the CIC Report. During the Track Record Period, we sold a total of over 53,000 cobots globally. Our sales network consists of direct sales and distributors with a global footprint in over 80 countries and regions, including major overseas markets such as the United States, the European Union, Japan and Southeast Asia. Our commercialization success is also validated by our clientele. With robust growth and proprietary full-stack technology, we are well-positioned to capitalize on the market opportunity in the global cobot industry.

OUR COLLABORATIVE ROBOT PRODUCTS

We are primarily engaged in the design, development, manufacturing and commercialization of cobots. Our cobot products are adopted by global customers for various use cases in manufacturing, retail, healthcare, STEAM education, scientific research settings and many more. All of our cobot products are designated Specialist Technology Products as defined under Chapter 18C of the Listing Rules. We have adopted a transaction-based model for the sales of our cobot products.

Our cobots are primarily categorized into two types based on the number of axes, i.e., four-axis cobots and six-axis cobots. We primarily market our six-axis cobots under the CR Series and the Nova Series. Our six-axis cobots feature great flexibility and dexterity, making them versatile for performing a wide range of tasks. Our four-axis cobot series primarily consist of Magician Series and M Series. Our four-axis cobots feature integrated lightweight design and compact size, allowing for easy deployment at desktop-level.

As of the Latest Practicable Date, we offered a total of 27 cobot models in four series with payload capacity ranging from 0.25kg to 20kg, among which 22 were six-axis models and five were four-axis models, representing one of the most extensive product portfolios in the global cobot industry, according to the CIC Report. In addition, cobot-related accessories within our ecosystem have enhanced our cobots' versatility and functionality. Moreover, catering to customers' demand for different automation solutions, we have designed and introduced integrated cobots to readily cope with specific use cases in various industries, such as palletizing, welding, mobile operation and vocational training. During the Track Record Period, we sold over 53,000 cobots worldwide.

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

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)						(unaudited)			
Six-axis cobots	25,957	14.9	104,735	43.5	134,299	46.8	52,609	47.9	63,840	53.0
Four-axis cobots	119,885	68.8	100,869	41.9	99,523	34.7	40,501	36.8	36,763	30.5
Integrated cobots	16,095	9.2	31,596	13.1	34,306	12.0	11,989	10.9	14,713	12.2
Others[(1)]	12,377	7.1	3,813	1.5	18,621	6.5	4,813	4.4	5,146	4.3
Total	**174,314**	**100.0**	**241,013**	**100.0**	**286,749**	**100.0**	**109,912**	**100.0**	**120,462**	**100.0**

(1) Others primarily represent project-based solutions, such as STEAM education labs, as well as ancillary service fees including technical service fees, training fees and maintenance fees in connection with our cobots.

CR Series

Our CR Series includes six-axis cobot models primarily targeting industrial manufacturers seeking to implement flexible production systems. With seven payload capacities spanning from 3 to 20 kilograms, the CR Series is engineered to optimally align with diverse customer requirements. Since the launch in 2021, cobots from the CR Series have been adopted by manufacturers around the globe across a wide range of industries, including automotive, consumer electronics, semiconductor, healthcare, chemical, retail and many others.

Nova Series

The Nova Series features ultralight and user-friendly six-axis cobots products specifically designed for use cases in customer-facing settings, such as coffee making and latte decoration in coffee shops, physical therapy in clinics, and on-spot beverage making in vending machines, among others. The Nova Series offers payload options of 2 and 5 kilograms. Approximately 33% to 44% lighter and 20% smaller than the CR Series cobots with equivalent payloads, the Nova Series is designed to fit into space-constrained and premium commercial environments.

Magician Series

The Magician Series consists of three models, including two models of four-axis cobots, Magician and Magician Lite, as well as a model of six-axis cobots, Magician E6, all of which are specifically designed for education institutions to assist students at various levels in STEAM curricula, such as AI and programming, cobot application trainings and research and scientific trainings. According to the CIC Report, Magician is the world's first desktop-level cobot for educational settings. Magician by default can perform complex tasks such as 3D printing, laser engraving, calligraphy and drawing, and allows users to develop additional functionalities through script programming. Magician can also be flexibly combined with accessories, such as sliding rails, conveyor belts and vision systems, to complete various training projects based on different needs.

M Series

Our M Series includes MG400 and M1 Pro, both of which were four-axis cobot models specifically designed for light manufacturing customers. MG400 is a compact desktop-level four-axis cobot with a footprint smaller than a piece of A4 paper. With a payload capacity of 750 grams and a reach of 440 mm, MG400 is equipped with drag-to-teach and collision detection features, making it a cost-effective option for automating tasks in small batch production. This reduces human involvement in activities such as labeling and electronic component testing. Its all-in-one design makes MG400 both compact and portable, ideal for flexible production environments.

M1 Pro is a four-axis SCARA cobot designed primarily for small- and medium-scale manufacturing. Featuring an all-in-one compact design, high precision, large operating scope, comprehensive functionalities, and flexible customization, M1 Pro is a cost-effective choice for many manufacturers seeking to reduce costs and increase efficiency through the use of cobots and smart production. With an

integrated control box, M1 Pro eliminates hassle of additional wiring and cabling, and its plug-and-play installation reduces connection and setup time, offering a seamless and efficient implementation process. M1 Pro includes an incremental differential encoder interface and supports multi-threading and in-motion I/O control for parallel processing, effectively shortening the cobot's cycle time. In addition, M1 Pro's forearm is generally narrower than that of traditional industrial cobots, allowing our customers to adopt M1 Pro in confined space and reducing the likelihood of accidental collisions. The embedded collision detection feature further enhances the safety of collaboration between users and M1 Pro.

Integrated Cobots

Catering to customers' demand for different automation solutions, we have designed and introduced integrated cobots to readily cope with specific use cases in various industries, such as palletizing, welding, mobile operation and vocational training. We have also developed integrated cobots for coffee making, which are capable of coffee making and latte decoration. Similar to other cobot series, our integrated cobots are also standardized products.

Accessories

Our accessories for cobot products primarily include (1) modularized parts such as vision sensors, force sensors and electric grippers that can be flexibly attached to CR Series, and Nova Series depending on desired use cases, and (2) accessories for Magician Series to achieve better STEAM curriculum learning. These accessories are designed to be compatible with our self-developed motion control algorithms and overall machine structural design, optimizing the programming time of cobot accessories and reducing the need for secondary developments. In addition, coupled with AI education curriculum which we were involved in compiling, accessories for Magician Series help students gain an understanding of comprehensive robotic and AI knowledge and programming skills. Our cobots must be equipped with accessories to perform certain tasks, in which case the accessories are typically sold together with the cobots per each customer's order.

The following table sets forth the sales volume and ASP of our six-axis cobots, four-axis cobots and integrated cobots during the Track Record Period.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP
	(RMB in thousands/unit for ASP)									
Six-axis cobots	394	65.9	1,707	61.4	2,374	56.6	898	58.6	1,354	47.1
Four-axis cobots	14,626	8.2	12,524	8.1	11,782	8.4	4,918	8.2	4,464	8.2
Integrated cobots	1,218	13.2	1,560	20.3	960	35.7	365	32.8	736	20.0

The following table sets forth a breakdown of our revenue from the sales of products by application settings for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)						(unaudited)			
Industrial	44,638	25.7	124,436	51.8	151,181	52.9	62,085	56.5	66,239	55.1
Education	127,671	73.5	111,754	46.5	122,384	42.8	44,213	40.3	48,727	40.6
Commercial	1,338	0.8	4,244	1.7	12,106	4.3	3,468	3.2	5,187	4.3
Total	**173,647**	**100.0**	**240,434**	**100.0**	**285,671**	**100.0**	**109,766**	**100.0**	**120,153**	**100.0**

COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success and differentiated us from our competitors: (1) player at the frontline of the booming cobot industry, (2) robust research and development capabilities guided by a long-termist mindset, (3) proprietary full-stack technologies, (4) comprehensive product matrix catering to a wide array of use cases, (5) successful commercialization underscored by global footprint and clientele, and (6) visionary and experienced management team.

GROWTH STRATEGIES

We intend to pursue the following strategies to further grow our business: (1) continue to advance technology development, (2) continue to expand our product offering and ecosystem, (3) enhance production capabilities and capacity to streamline supply chain management, (4) further fortify our sales network to expand global reach, and (5) selectively pursue strategic collaboration, investment and acquisition opportunities to integrate industry resources.

OUR CORE TECHNOLOGIES

Leveraging our interdisciplinary research and development capabilities, we have become one of few in the global cobot industry, according to the CIC Report, that have developed proprietary full-stack technologies that cover all the key aspects in the cobot development cycle, encompassing cobot design and manufacturing, key components development, controller system development, key algorithm formulation and iteration, versatile cobot deployment for different tasks, and AI capabilities development.

Our core technology capabilities can be broadly categorized into five technology clusters, including (1) key component design and development, (2) universal control platform, (3) safety technologies, (4) robotic technologies, and (5) AI technologies. Our self-developed modularized key component platform enables us to achieve easy maintenance, rapid iteration, and flexible customization in our products so that we can rapidly respond to evolving customer needs. We have also developed a universal control platform that has achieved multi-platform, multi-device and plug-and-play interoperability. In addition, aimed at seamlessly integrating cobots into human workspace and eliciting trust among human workers, our core safety technologies encompass collision detection technology and non-contact collision prevention technology to feature both agile pre-collision evasion and instant post-collision adjustment, offering additional layers of protection and enabling our cobots to operate more efficiently. Furthermore, our core robotic technologies are essential in achieving real-time control and monitoring of the cobot's movement position, speed and force to ensure its ability to execute stable, precise, smooth and adaptive movements. Our intelligent perception and interaction technology, which primarily comprises teleoperation technology and motion capture and imitation technology, seamlessly integrates multi-sensory elements, such as vision, force, touch and proximity, enabling rapid perception in unstructured environments and intelligent human-robot collaboration.

RESEARCH AND DEVELOPMENT

We have established interdisciplinary research and development capabilities that draw upon a diverse range of fields, such as mechanics engineering, computer science, control systems, human-robot interaction, artificial intelligence, microelectronic circuits technology, and sensor technology. Our in-house research and development team strives to expand the available functionalities and use cases of our cobot products, accommodating specific needs of various different sectors. During the Track Record Period, our research and development expenses were RMB46.9 million, RMB52.1 million, RMB70.5 million, RMB31.2 million and RMB31.4 million in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, respectively, representing 26.9%, 21.6%, 24.6%, 28.4% and 26.1% of our revenue in the respective years/periods.

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) implementing a set of comprehensive internal policies to establish robust management over our intellectual property rights, (2) establishing an intellectual property taskforce to guide, manage, supervise and monitor our daily work regarding intellectual properties, (3) timely registration, filing and application for ownership of our intellectual properties, (4) actively tracking the registration and authorization status of intellectual properties and taking action in timely manner if any potential conflicts with our intellectual property rights are identified, and (5) clearly stating all rights and obligations regarding the ownership and protection of intellectual properties in the employment agreements we enter into.

As of the Latest Practicable Date, we had 646 registered patents, including 213 invention patents, 302 utility model patents and 131 design patents, and filed over 190 patent applications which were pending approval. According to the CIC Report, as of the same date, we had the largest number of registered patents in the global cobot industry. In addition, many of our patents have garnered industry awards and acclaim.

OUR SALES NETWORK

Over the years, we have built up a broad and geographically diversified customer base in China and globally, spreading across over 80 countries and regions. We distribute our cobot products through direct sales and distributors, who contribute to a broad customer coverage. Our sales force is essential to build our brand image by interacting, introducing and demonstrating the features of our products directly to our customers. Our sales team is equipped with knowledge of our cobot products and is primarily responsible for frequently communicating with our customers and understanding their feedback on the quality, preferences, improvements and market demand of our products. They play an important part in the planning, development and implementation of our planned marketing strategies.

In 2021, 2022, 2023 and the six months ended June 30, 2024, we served 289, 411, 434 and 304 direct sale customers, respectively. Our direct sales customers mainly comprise (1) end users, including corporate customers in manufacturing industries, primarily covering automotive manufacturing, 3C manufacturing, mechanical manufacturing, and semiconductor fabrication, research laboratories and educational institutions, and consumer goods companies, and (2) cobot integrators who integrate cobots, additional components, software systems and other services with specialized design, engineering and programming resources.

We believe that by engaging distributors, we are able to leverage their experience and knowledge of the target local markets as well as their existing sales networks and resources, which can help us expand our market reach over a wider geographical area and achieve deeper market penetration than if we were to proceed with direct sales and marketing alone, without incurring substantial sales and marketing costs. In 2021, 2022, 2023 and the six months ended June 30, 2024, there were 344, 387, 358 and 224 distributors, respectively.

SUPPLIERS

Our suppliers primarily consist of (1) providers of raw materials and components for the production of our cobot products and accessories, and (2) manufacturing partners for the production of our cobot products. We select leading suppliers in the relevant sectors in order to ensure the availability and quality of such raw materials, components and services. Our procurement process is under constant review for higher efficiency and cost control purpose without jeopardizing the quality of deliverables.

The key raw materials and components for the production of our cobot products primarily include chips, PCB, motor body, gear reducers and sensors. We require the suppliers to develop and manufacture the components based on our specifications with quality standards satisfactory to us. During the Track Record Period, we also engaged manufacturing partners for the production of our cobot products. See "Business—Production." We typically select manufacturing partners based on prices, contract performance, delivery ability and quality of services. We maintain good relationships with our manufacturing partners through frequent and open communication on project-related matters, particularly on the progress of work and project requirements.

MARKET OPPORTUNITY AND COMPETITION

The global cobot industry, as measured by sales revenue, has grown from US$466.6 million in 2019 to US$1,039.5 million in 2023, at a CAGR of 22.2%. The market size is expected to reach US$4,950.0 million in 2028, at a CAGR of 36.6% between 2023 and 2028. The rapid growth of the cobot market is primarily driven by several key factors. Technology advancements including AI integration not only improve cobot capabilities but also bring about economies of scale, which has reduced costs and made cobots more affordable. Additionally, labor shortages and rising labor costs due to an aging population have resulted in an increasing demand for automation. As a result, businesses in commercial sectors are increasingly adopting cobots for use cases, such as unmanned retail, assisted meal preparation and other services, to improve the operational efficiency. In particular, China is playing an increasingly important role in the global cobot market, with its share in the global cobot market projected to increase from 26.3% in 2023 to 37.2% in 2028, at a CAGR of 46.5% from 2023 to 2028.

All the major sectors in the cobot industry show strong growth momentum. The industrial sector dominates the global cobot market, with a projected CAGR of 28.7% between 2023 and 2028. Key growth

areas include the automotive and components, 3C electronics, and semiconductor industries. The commercial sector is expected to experience the fastest growth, with a CAGR of 75.3% between 2023 and 2028, driven by applications in unmanned retail, assisted meal preparation and other services. The medical and healthcare sector is another significant growth area, with a CAGR of 37.6% between 2023 and 2028. The aging population and rising caregiver costs are driving the adoption of cobots in physiotherapy, rehabilitation, and medical assistance applications. The scientific research and education sector is also poised for growth, with a CAGR of 43.0% between 2023 and 2028, driven by the increasing adoption of cobots for industry-academia-research integration projects (產學研一體化項目), STEAM education, research assistance and training simulations.

The global cobot industry is relatively concentrated, with the top five market players accounting for approximately 46.3% of the market share in 2023 in terms of global cobot shipment volume. Four of the top five players are Chinese manufacturers, indicative of China's significant role in shaping the global cobot industry. In 2023, we ranked second among all market players in the global cobot industry and ranked first among all Chinese cobot companies, each measured by shipment volume. Our revenue has grown at a CAGR of 28.3% between 2021 and 2023, outpacing the industry average.

Leading companies in the global cobot industry offer a wide range of cobot models with varying payload capacities and technical specifications to cater to the diverse needs of customers across different industries. As the cobot industry continues to grow and evolve, companies that can effectively combine technological innovation, product diversification, and strong customer relationships are likely to maintain their competitive edge. The intense competition among the top players is expected to drive further advancements in cobot technology and expand the range of applications.

RISKS AND CHALLENGES

We are a Specialist Technology Company seeking to [**REDACTED**] on the Main Board of the Stock Exchange under Chapter 18C of the Listing Rules. We are at a relatively early stage of commercialization of our cobot products, as we only met the revenue requirement as set out in Rule 18C.03(4) of the Listing Rules in 2023 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.

Our business and the [**REDACTED**] involve certain risks, which are set out in the section headed "Risk Factors" in this document. Some of the major risk factors that we face include: (1) difficulty in evaluating our business and prospect due to our limited operating history and limited track record in the commercialization of our products; (2) uncertainties in the growth of the size of our addressable markets and the demand for our products; (3) failure to compete with our competitors; (4) failure to advance our technology development and introduce new products; (5) deterioration in relationships with distributors; (6) failure to deliver desired research and development results after significant investments; (7) failure to obtain or maintain adequate intellectual property rights protection for our products; (8) failure to obtain additional capital when desired on favorable terms or at all; (9) adverse impact on our cash flow, liquidity and profitability due to significant research and development expenditures and capital expenditures for our business operations; and (10) failure to achieve profitability in the near future. As different [**REDACTED**] 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 [**REDACTED**] 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, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, extracted from the Accountants' Report set out in Appendix I to this document. 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 document. Our consolidated financial information was prepared in accordance with the IFRSs.

Summary of Results of Operations

The following table sets forth a summary of our results of operations for the years/periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
	(RMB in thousands, except for percentages)									
							(unaudited)			
Revenue	174,314	100.0	241,013	100.0	286,749	100.0	109,912	100.0	120,462	100.0
Cost of sales	(86,234)	(49.5)	(142,796)	(59.2)	(161,905)	(56.5)	(66,978)	(60.9)	(67,618)	(56.1)
Gross profit	**88,080**	**50.5**	**98,217**	**40.8**	**124,844**	**43.5**	**42,934**	**39.1**	**52,844**	**43.9**
Other income and gains	27,267	15.6	45,464	18.9	43,831	15.3	23,120	21.0	21,075	17.5
Loss before tax	**(25,291)**	**(14.5)**	**(52,612)**	**(21.8)**	**(89,800)**	**(31.3)**	**(51,562)**	**(46.9)**	**(59,584)**	**(49.5)**
Income tax (expense)/credit	(16,465)	(9.4)	135	0.1	(13,481)	(4.7)	(125)	(0.1)	(299)	(0.2)
Loss for the year/period	**(41,756)**	**(24.0)**	**(52,477)**	**(21.8)**	**(103,281)**	**(36.0)**	**(51,687)**	**(47.0)**	**(59,883)**	**(49.7)**

Non-IFRS Measure

To supplement our consolidated financial statements which are presented in accordance with the IFRSs, we also use adjusted net loss (non-IFRS measure) as additional financial measure, which is not required by, or presented in accordance with, the IFRSs. We believe that such non-IFRS measure facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items and provides useful information to [**REDACTED**] 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) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure 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 the IFRSs.

We define adjusted net loss (non-IFRS measure) as loss for the year/period adjusted for share-based payments expenses and [**REDACTED**]. [**REDACTED**] are related to the [**REDACTED**]. Share-based payments expenses are non-cash expenses arising from granting restricted share units and options to senior management and employees. The following table sets out a reconciliation from adjusted net loss (non-IFRS measure) to loss for the year/period which is presented in accordance with the IFRSs.

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	(RMB in thousands)				
				(unaudited)	
Loss for the year/period	**(41,756)**	**(52,477)**	**(103,281)**	**(51,687)**	**(59,883)**
Add:					
Share-based payments expenses	(1,285)	12,579	21,464	5,845	13,665
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Adjusted net loss (non-IFRS measure)	**(43,041)**	**(39,898)**	**(81,817)**	**(45,842)**	**(34,976)**

Our revenue increased during the Track Record Period, primarily driven by the increase in revenue from six-axis cobots due to the increase in sales volume, as we enhanced the functions of our existing six-axis cobots, launched new six-axis cobot products, and experienced an increase in market demand. We also recorded government grants under other income and gains of RMB11.6 million, RMB30.9 million, RMB32.9 million, RMB15.8 million and RMB16.0 million in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, respectively. Our net loss increased from 2021 to 2022, primarily due to the increases in selling and marketing expenses and administrative expenses, and our net loss further increased in 2023, primarily due to the increases in selling and marketing expenses and research and development expenses. Our net losses increased from RMB51.7 million in the six months ended June 30, 2023 to RMB59.9 million in the six months ended June 30, 2024, primarily due to the increases in administrative expenses and selling and marketing expenses. For details of the reasons for changes in the operating expenses, see "Financial Information—Period to Period Comparison of Results of Operations."

Summary of Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated.

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Total non-current assets	138,682	235,461	233,036	232,141
Total current assets	526,403	689,959	501,852	437,002
Total current liabilities	181,396	314,621	160,797	153,737
Net current assets	345,007	375,338	341,055	283,265
Total assets less current liabilities	483,689	610,799	574,091	515,406
Total non-current liabilities	168,038	155,765	200,788	188,474
Net assets	315,651	455,034	373,303	326,932
Total equity	315,651	455,034	373,303	326,932

Summary of Consolidated Statements of Cash Flows

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

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	(RMB in thousands)				
				(unaudited)	
Operating loss before changes in working capital	(25,801)	(15,177)	(19,708)	(22,108)	(26,472)
Working capital changes	32,168	(100,487)	(99,537)	(56,164)	(30,356)
Cash generated from/(used in) operations	6,367	(115,664)	(119,245)	(78,272)	(56,828)
Income tax paid	—	(847)	(38,455)	(36,817)	(13,586)
Net cash from/(used in) operating activities	6,367	(116,511)	(157,700)	(115,089)	(70,414)
Net cash (used in)/from investing activities	(271,879)	69,480	(57,864)	(52,034)	24,856
Net cash from financing activities	275,012	193,973	28,137	3,292	7,816
Cash and cash equivalent at beginning of the year/period	139,879	149,093	297,763	297,763	110,962
Effects of exchange rate changes on cash and cash equivalents	(286)	1,728	626	1,385	(187)
Cash and cash equivalent at end of the year/period	149,093	297,763	110,962	135,317	73,033

We recorded net cash used in operating activities of RMB116.5 million in 2022, generally in line with our loss before tax position and changes in working capital items that negatively affected our operating cash flows, which primarily include the increases in inventories and trade and bills receivables, and the decrease in deferred income. We also recorded net cash used in operating activities of RMB157.7 million in 2023, generally in line with our loss before tax position and changes in working capital items that negatively affected our operating cash flows, which primarily include the increase in inventories and decreases in other payables and accruals, contract liabilities and deferred income, as well as the income tax paid in 2023. We recorded net cash used in operating activities of RMB70.4 million for the six months ended June 30, 2024, generally in line with our loss before tax position and changes in working capital items that negatively affected our operating cash flows, which primarily include the increase in inventories and the decrease in deferred income, as well as the income tax paid in the six months ended June 30, 2024. For details of our cash flows during the Track Record Period, see "Financial Information—Liquidity and Capital Resources—Cash Flows."

Our cash burn rate refers to the average monthly (1) net cash used in operating activities, (2) payments for property, plant and equipment, intangible assets and other capital expenditures, and (3) payments of lease liabilities. Our historical cash burn rate was RMB3.5 million, RMB12.1 million and RMB20.6 million in 2021, 2022 and 2023 and RMB11.1 million for the 12 months ended June 30, 2024,

respectively. We had a relatively high cash burn rate in 2023, primarily due to capital expenditure for asset acquisition of RMB71.5 million in 2023 in connection with the construction of our Qingdao production facilities. See Note 34 to the Accountants' Report included in Appendix I to this document for details. Our historical cash burn rate in 2023 after deducting such capital expenditure would have been RMB14.6 million. We had cash and cash equivalents and financial assets at FVTPL of RMB219.0 million in aggregate as of June 30, 2024. We estimate that we will receive [**REDACTED**] of approximately HK$[**REDACTED**] million after deducting the estimated [**REDACTED**] commissions and other fees and expenses paid and payable by us in connection with the [**REDACTED**], assuming no [**REDACTED**] is exercised and assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the indicative [**REDACTED**] as set out in this document. Assuming that the average cash burn rate going forward will be RMB20.6 million, similar to the cash burn rate level in 2023, we estimate that our cash and cash equivalents and financial assets at FVTPL as of June 30, 2024 will be able to maintain our financial viability for approximately [**REDACTED**] months or, if we take into account [**REDACTED**]% of the estimated [**REDACTED**] from the [**REDACTED**] (namely, the portion allocated for our working capital and other general corporate purposes), approximately [**REDACTED**] months or, if we take into account the estimated [**REDACTED**] from the [**REDACTED**], approximately [**REDACTED**] months. Assuming that the average cash burn rate going forward will be RMB14.6 million, similar to the cash burn rate level after deducting the capital expenditure for asset acquisition in 2023 as mentioned above, we estimate that our cash and cash equivalents and financial assets at FVTPL as of June 30, 2024 will be able to maintain our financial viability for approximately [**REDACTED**] months or, if we take into account [**REDACTED**]% of the estimated [**REDACTED**] from the [**REDACTED**] (namely, the portion allocated for our working capital and other general corporate purposes), approximately [**REDACTED**] months or, if we take into account the estimated [**REDACTED**] from the [**REDACTED**], approximately [**REDACTED**] months. Assuming that the average cash burn rate going forward will be RMB11.1 million, similar to the cash burn rate level in the 12 months ended June 30, 2024, we estimate that our cash and cash equivalents and financial assets at FVTPL as of June 30, 2024 will be able to maintain our financial viability for approximately [**REDACTED**] months or, if we take into account [**REDACTED**] of the estimated [**REDACTED**] from the [**REDACTED**] (namely, the portion allocated for our working capital and other general corporate purposes), approximately [**REDACTED**] months or, if we take into account the estimated [**REDACTED**] from the [**REDACTED**], approximately [**REDACTED**] 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.

We expect our costs and expenses will continue to increase as our business grows, but we do not expect such increase to outpace our revenue increase in the foreseeable future.

KEY FINANCIAL RATIOS

	As of/for the year ended December 31,			As of/for the six months ended June 30,	
	2021	2022	2023	2023	2024
				(unaudited)	
Profitability:					
Gross profit margin[(1)]	50.5%	40.8%	43.5%	39.1%	43.9%
Liquidity:					
Current ratio[(2)]	2.9	2.2	3.1	N/A	2.8
Quick ratio[(3)]	2.5	1.8	2.2	N/A	1.8

(1) The calculation of gross profit margin is based on gross profit for the period divided by revenue for the respective period and multiplied by 100.0%.

(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.

See "Financial Information—Key Financial Ratios" for details.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Liu controlled 31.08% of the voting power at the general meetings of our Company, comprising (1) 26.62% beneficially owned by him directly, (2) 3.50% beneficially owned by Yuejiang LP, which is controlled by Mr. Liu as its general partner, and (3) 0.96% beneficially owned by Qinmo LP, which is controlled by Mr. Liu as its general partner. Upon the [**REDACTED**], Mr. Liu will control [**REDACTED**] of the voting power at the general meetings of our Company, comprising (i) [**REDACTED**] beneficially owned by him directly, (ii) [**REDACTED**] beneficially owned by Yuejiang LP, and (iii)

[**REDACTED**] beneficially owned by Qinmo LP, assuming the [**REDACTED**] is not exercised. Therefore, Mr. Liu, Yuejiang LP and Qinmo LP were a group of our Controlling Shareholders as of the Latest Practicable Date and will be our single largest group of Shareholders upon the [**REDACTED**]. Yuejiang LP is a share incentive platform of our Company and Qinmo LP is a shareholding platform of our certain financial investors. For further details, see "History and Corporate Structure" and "Relationship with Our Controlling Shareholders."

[**REDACTED**] INVESTMENTS

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

[**REDACTED**]

[**REDACTED**]

We recorded [**REDACTED**] of [**REDACTED**], [**REDACTED**], [**REDACTED**] and RMB[**REDACTED**] million (including deferred [**REDACTED**]) in 2021, 2022, 2023 and the six months ended June 30, 2024, respectively. We expect to incur a total of approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million) of [**REDACTED**] in connection with the [**REDACTED**], representing approximately [**REDACTED**] of the gross [**REDACTED**] from the [**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**], being the mid-point of the indicative [**REDACTED**] between HK$[**REDACTED**] and HK$[**REDACTED**], and assuming that the [**REDACTED**] is not exercised), including (1) [**REDACTED**] commissions, [**REDACTED**] fees, SFC transaction levy, Stock Exchange trading fees and AFRC transaction levy for all [**REDACTED**] of approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million), and (2) non-[**REDACTED**] related expenses of approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million), which consist of (i) fees and expenses of legal advisors and accountants of approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million), and (ii) other fees and expenses of approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million). Approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million) is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million) is expected to be deducted from equity. The [**REDACTED**] above are the best estimate as of the Latest Practicable Date and for reference only. The actual amount may differ from this estimate.

[**REDACTED**]

All statistics in the following table are based on the fact that (1) the [**REDACTED**] has been completed and [**REDACTED**] are issued pursuant to the [**REDACTED**]; and (2) the [**REDACTED**] is not exercised.

	Based on an [REDACTED] of HK$[REDACTED] per H Share	Based on an [REDACTED] of HK$[REDACTED] per H Share
Market Capitalization of our Shares[(1)]	HK$[**REDACTED**] million	HK$[**REDACTED**] million
Unaudited [**REDACTED**] adjusted net tangible asset per Share[(2)]	HK$[**REDACTED**]	HK$[**REDACTED**]

(1) The calculation of market capitalization is based on [**REDACTED**] Shares expected to be in issue immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

(2) The unaudited [**REDACTED**] net tangible assets per Share is arrived at after adjusting for the estimated [**REDACTED**] from the [**REDACTED**] and on the basis that [**REDACTED**] Shares were in issue, assuming that the [**REDACTED**] has been completed on June 30, 2024 but takes no account of any Shares which may be allotted and issued pursuant to the exercise of the [**REDACTED**] or any Shares which may be issued or repurchased by the Company.

FUTURE PLANS AND [REDACTED]

We estimate the [**REDACTED**] of the [**REDACTED**] which we will receive, assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] range stated in this document), will be approximately HK$[**REDACTED**] million, after deduction of [**REDACTED**] fees and commissions and other estimated expenses in connection with the [**REDACTED**] assuming the [**REDACTED**] is not exercised. We intend to use the [**REDACTED**] of the [**REDACTED**] for the following purposes: (1) approximately [**REDACTED**]%, or HK$[**REDACTED**] million for technology development for intelligent cobots; (2) approximately [**REDACTED**]%, or HK$[**REDACTED**] million for the development of our production lines and manufacturing capabilities; (3) approximately [**REDACTED**]%, or HK$[**REDACTED**] million for strategic alliances, investment and acquisition opportunities; (4) approximately [**REDACTED**]%, or HK$[**REDACTED**] million for overseas sales channel building; and (5) approximately [**REDACTED**]%, or HK$[**REDACTED**] million for working capital and other general corporate purposes. See "Future Plans and [**REDACTED**]" for further information relating to our future plans and [**REDACTED**] from the [**REDACTED**], including the adjustment on the allocation of the [**REDACTED**] in the event that the [**REDACTED**] is fixed at a higher or lower level compared to the midpoint of the estimated [**REDACTED**] range.

DIVIDENDS

We are a holding company incorporated under PRC laws. During the Track Record Period and up to the Latest Practicable Date, we did not declare or pay any dividends or have any dividend policy in place. Pursuant to our Articles of Association, our Board will formulate the dividends distribution plan after taking into account our future operations and earnings, capital requirements and surplus, general financial condition, contractual restriction and other factors which our Directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to our Articles of Association, applicable PRC law and approval by our Shareholders. 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, unless we have 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.

RECENT DEVELOPMENT

In the four months ended October 31, 2024, the sales volume of our six-axis cobots, four-axis cobots and integrated cobots were 1,543 units, 3,150 units and 2,140 units, respectively. Our Directors confirmed that subsequent to the Track Record Period and up to the Latest Practicable Date, (1) there was no material adverse change in the market conditions and the regulatory environment in which our Group operates that would affect our financial or operating position materially and adversely; (2) there was no material adverse change in our business, revenue structure, profitability, cost structure, financial position and prospects; and (3) no event had occurred that would affect the information shown in our Accountants' Report in Appendix I to this document materially and adversely.

We expect to continue to incur net loss for the year ending December 31, 2024, primarily due to (1) our selling and distribution expenses, as we continue to expand our business; (2) our research and development expenses, as we continue to invest in our research and development activities; and (3) administrative expenses, as we incurred [**REDACTED**] in connection with the [**REDACTED**]. Except for the expected increase in our administrative expenses driven by our [**REDACTED**] in connection with the [**REDACTED**] and [**REDACTED**], we do not expect to experience any other material increase in our expenses for the six months ending December 31, 2024.

COVID-19 OUTBREAK AND EFFECTS ON OUR BUSINESS

The outbreak of COVID-19 has affected the Chinese and global economy. During the COVID-19 outbreak, we experienced temporary suspension to our production bases, which caused minor delays in our production schedule. In addition, our headquarters in Shenzhen were temporarily closed for approximately two weeks, during which our employees worked remotely without any material disruptions to our business operations. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, the COVID-19 outbreak had not had a material adverse effect on our business, results of operations and financial condition. However, any future impact caused by the COVID-19 pandemic will depend on its subsequent development. We are closely monitoring the development of the COVID-19 pandemic and continually evaluating any potential impact on our business operations.

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

"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 [**REDACTED**], a summary of which is set out in Appendix III to this document
"ASP"	average selling price
"Audit Committee"	audit committee of the Board
"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
	[**REDACTED**]
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"China" or "PRC"	the People's Republic of China, excluding, for the purpose of this document only, Hong Kong, Macau and Taiwan
"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"	Shenzhen Yuejiang Technology Co., Ltd. (深圳市越疆科技股份有限公司), incorporated under the PRC laws on July 30, 2015 under the name of Shenzhen Yuejiang Technology Co., Ltd. (深圳市越疆科技有限公司) as a limited liability company and converted into a joint stock company under the PRC laws on December 28, 2022

"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, which was last amended on December 29, 2023 to take effect on July 1, 2024
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Mr. Liu, Yuejiang LP and Qinmo LP
	[**REDACTED**]
"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
"Domestic 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 [**REDACTED**] or [**REDACTED**] on any stock exchange
"E.U."	the European Union
"Exchange Participant(s)"	a person: (a) who, in accordance with the Listing Rules, may trade on or through the Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Stock Exchange as a person who may trade on or through the Stock Exchange
"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
	[**REDACTED**]

"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)
	[**REDACTED**]
"H Share(s)"	overseas-[**REDACTED**] foreign shares in the share capital of our Company with nominal value of RMB1.00 each, which are to be [**REDACTED**] for and [**REDACTED**] in HK dollars and are to be [**REDACTED**] on the Stock Exchange
	[**REDACTED**]
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
	[**REDACTED**]

[**REDACTED**]

"IFRSs"	International Financial Reporting Standards, amendments, and interpretations, as issued from time to time by the International Accounting Standard 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

[**REDACTED**]

"International Sanctions"	all applicable laws and regulations related to economic sanctions, export controls, trade embargoes and wider prohibitions and restrictions on international trade and investment related activities, including those adopted, administered and enforced by the U.N., the U.S. government, the E.U. and its member states, the U.K. government, the government of Australia

"International Sanctions Legal Advisor"	Holman Fenwick Willan LLP, our legal advisors as to International Sanctions laws in connection with the [**REDACTED**]

[**REDACTED**]

"Latest Practicable Date"	November 22, 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[**REDACTED**]

"Listing Committee"	the Listing Committee of the Stock Exchange

[**REDACTED**]

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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. Liu"	Mr. Liu Peichao (劉培超), our founder, Controlling Shareholder, chairman of our Board, executive Director and general manager
"Nomination Committee"	the nomination committee of our Board

[**REDACTED**]

"Pathfinder SII(s)"	has the meaning ascribed to it in Chapter 2.5 of the Guide
"PRC Legal Advisor"	AllBright Law Offices (Shenzhen), being the legal advisor of our Company as to the PRC laws
"[**REDACTED**] 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—[**REDACTED**] Investments" in this document

[**REDACTED**]

[**REDACTED**]

"Primary Sanctioned Activity"	has the meaning ascribed to it in chapter 4.4 of the Guide, which means any activity in a country or territory subject to a general and comprehensive export, import, financial or investment embargo under sanctions related law or regulation of the Relevant Jurisdiction or (i) with; or (ii) directly or indirectly benefiting, or involving the property or interests in property of, a Sanctioned Target by a listing applicant incorporated or located in a Relevant Jurisdiction or which otherwise has a nexus with such jurisdiction with respect to the relevant activity, such that it is subject to the relevant sanctions law or regulation
"Qinmo LP"	Shenzhen Qinmo Venture Capital Partnership (Limited Partnership) (深圳市秦墨創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on October 17, 2017 and one of our Controlling Shareholders
"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant Activities"	certain business dealings of our Group with certain customers in the Relevant Countries
"Relevant Countries"	means countries and regions of Armenia, Azerbaijan, Bosnia and Herzegovina, Egypt, Iran, Hong Kong, Lebanon, Myanmar/Burma, Romania, Russia (excluding Crimea, Luhansk, Donetsk, Zaporizhzhia and Kherson regions), Serbia, Tunisia, Turkey, Ukraine (excluding Crimea, Luhansk, Donetsk, Zaporizhzhia and Kherson regions) and Venezuela
"Relevant Jurisdiction"	has the meaning ascribed to it in chapter 4.4 of the Guide, which means any jurisdiction that is relevant to the Company and has sanctions related laws or regulations restricting, among other things, its nationals and/or entities which are incorporated or located in that jurisdiction from directly or indirectly making assets or services available to or otherwise dealing in assets of certain countries, governments, persons or entities targeted by such laws or regulations. For the purposes of this document, such relevant jurisdictions shall include the U.S., the E.U., the U.K., the U.N. and Australia

"Relevant Persons"	has the meaning ascribed to it in chapter 4.4 of the Guide, which means the Company, our [**REDACTED**] and shareholders and persons who might, directly or indirectly, be involved in permitting the [**REDACTED**], [**REDACTED**], clearing and settlement of our Shares, including the Joint Sponsors, the [**REDACTED**], the Stock Exchange, HKSCC, HKSCC Nominees and the SFC
"Relevant Sanctions Authorities"	means the relevant governmental authorities in the Relevant Jurisdictions that administer their respective sanctions related laws or regulations
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of our Board
"Reporting Accountants"	Ernst & Young
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Sanctioned Target"	has the meaning ascribed to it in chapter 4.4 of the Guide, which means any person or entity (i) designated on any list of targeted persons or entities issued under the sanctions-related laws or regulations of a Relevant Jurisdiction; (ii) that is, or is owned or controlled by, a government of a country subject to comprehensive sanctions; or (iii) that is the target of sanctions under the law or regulation of a Relevant Jurisdiction because of a relationship of ownership, control, or agency with a person or entity described in (i) or (ii)
"Secondary Sanctionable Activity"	has the meaning ascribed to it in chapter 4.4 of the Guide, which means certain activity by a listing applicant that may result in the imposition of sanctions against the Relevant Persons by a Relevant Jurisdiction (including designation as a Sanctioned Target or the imposition of penalties), even though the Company is not incorporated or located in that Relevant Jurisdiction and does not otherwise have any nexus with that Relevant Jurisdiction
"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 Domestic Shares and H Shares

"Shareholder(s)"	holder(s) of the Share(s)
"Sophisticated Independent Investor(s)"	has the meaning ascribed thereto under the Listing Rules

[**REDACTED**]

"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Supervisor(s)"	member(s) of the supervisors committee of our Company
"Supervisory Committee"	the supervisory committee of our Company
"Track Record Period"	the three years ended December 31, 2023 and the six months ended June 30, 2024
"U.K."	The United Kingdom of Great Britain and Northern Ireland
"U.N."	The United Nations

[**REDACTED**]

"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

[**REDACTED**]

"Yuejiang LP"	Shenzhen Yuejiang Consultation Partnership (Limited Partnership) (深圳市越疆諮詢合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on December 11, 2015, a share incentive platform and one of our Controlling Shareholders
"%"	percent

DEFINITIONS

In this document, 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 document 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 document in both the Chinese and English languages; in the event of any inconsistency, the Chinese versions shall prevail.

GLOSSARY

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

"absolute positioning accuracy"	the precision with which a robot can move to a specific point in its workspace relative to a fixed coordinate system
"AI"	artificial intelligence
"ARM architecture"	a family of reduced instruction set computing architectures for computer processors
"axis" or "axes"	indicates a degree of freedom, where increasing the number of axes allows the cobot to access a greater amount of space by giving it more degrees of freedom
"CE"	Conformité Européenne, a regulatory standard that verifies certain products are safe for sale and use in the European Economic Area
"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
"CRIA"	China Robotics Industry Alliance, a non-profit social organization founded by enterprises and institutions engaged in robotics industry research and development, production and manufacturing, and application services, universities and colleges, scientific research institutes, user units, and other related organizations in 2013
"cycle time"	the time it takes a cobot to complete one full cycle of its programmed task
"degree of freedom"	refers to the count of independent axis of motion that a robotic system can autonomously manipulate to perform tasks
"encoders"	electromechanical devices designed to convert mechanical motion into electrical signals, which can provide feedback on angular velocity and displacement

"e-skin technology"	a non-contact collision prevention technology achieved by the working principle of capacitive proximity sensors, which enable cobots to detect approaching objects while operating at a safety speed during the human-robot interaction. Such technology allows cobots to respond rapidly to approaching objects by either ceasing movement or taking evasive action to effectively prevent the imminent collisions
"gear reducers"	mechanical devices used to reduce the speed of a motor or power source and increase its torque output
"GGII"	Gaogong Robotics Industry Research Institute. Established in 2008, its research covers every aspect of the robotics industry chain, including industrial robots, collaborative robots, mobile robots, among others. GGII conducts field visits and telephone surveys with over 500 companies across the industry chain each year, and therefore has amassed a vast amount of market information and industry data
"IFR"	International Federation of Robotics, a specialized non-profit organization established in 1987. With 90 members, including national robotics associations, research and development institutions, robot suppliers, and integrators, the IFR serves as a global hub for the robotics community, indirectly representing over 3,000 organizations
"I/O control"	input/output control
"MIR"	Marketing Intelligence Resource. Founded in 2008, it has many years of research experience in robotics, automation, and intelligent manufacturing industries. With a global perspective, its research primarily focuses on markets in China, Japan, Southeast Asia, as well as Europe and the United States
"Mordor Intelligence"	Founded in 2014, Mordor Intelligence has worked with more than 6,000 organizations in over 20 industries, providing accurate data and actionable insights
"repeat positioning accuracy" or "repeatability"	indicates the ability of a cobot to consistently reproduce the same pose within a given tolerance
"SCARA"	selective compliance assembly robot arm, which refers to the cobot's ability to move freely and maintain stiffness in three axes while being compliant in the final axis

"servos"	the controller for the joint motors in cobots, which enables high-precision control of position, velocity, and acceleration, ensuring that collaborative robots maintain high repeatability and accuracy when performing complex tasks. Additionally, it can precisely control output torque, allowing cobots to apply appropriate force when executing tasks such as assembly and gripping
"shipment volume" or "cobot shipment volume"	the total unit number of cobots delivered from cobot manufacturers to customers. According to the CIC Report, the cobot shipment volume is a commonly used metric to measure the market size of the cobot industry as it directly reflects the actual market demand
"STEAM"	science, technology, engineering, the arts, and math
"teleoperation"	refers to the operation of a system or machine at a distance

FORWARD-LOOKING STATEMENTS

We have included in this document 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 document contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties, including the risk factors described in this document. 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 Controlling Shareholders" and "Future Plans and [**REDACTED**]" 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 document 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 document are qualified by reference to this cautionary statement.

An [**REDACTED**] *in our H Shares may involve significant risks. Potential* [**REDACTED**] *should read and consider carefully all the information set out in this document, and, in particular, should evaluate the following risks and uncertainties before deciding to make any* [**REDACTED**] *in our H Shares. You should pay particular attention to the fact that we primarily conduct our operations in China, the legal and regulatory environment of which in some respects may differ from that in Hong Kong. Any of the risks and uncertainties listed below could have a material adverse effect on our business, results of operations, financial condition or on the* [**REDACTED**] *price of our H Shares, and could cause you to lose all or part of your* [**REDACTED**]. *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 cobot products, as we only met the revenue requirement as set out in Rule 18C.03(4) of the Listing Rules in 2023 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, (5) risks relating to International Sanctions, and (6) risks relating to the [**REDACTED**].

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

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

We have a limited operating history compared to some of our competitors. Our operations to date have focused on conducting research and development activities and commercializing our products. As a result of our limited operating history, and particularly in light of the rapidly evolving nature of the cobot industry, it may be difficult to evaluate our current business and reliably predict our future performance. Our historical results may not provide a meaningful basis for evaluating our business, results of operations, financial condition and prospects, and we may encounter unforeseen expenses, difficulties, complications, delays and other known or unknown factors, and may not be able to achieve promising results in future periods. If we cannot address these risks and overcome these difficulties successfully, our business and prospects will suffer.

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

We have a limited track record in the commercialization and sales and marketing of our products. Our ability to successfully commercialize our future products may involve more inherent risks, take longer and cost more than it would have if we were a company with a longer track record in commercialization. In particular, the commercialization of new products requires additional resources. The success of our sales and marketing efforts depends on our ability to attract, motivate and retain qualified and professional employees who have, among other things, adequate technological knowledge to communicate effectively with stakeholders in relevant industries as well as sufficient experience in sales and marketing of our products.

Due to our limited track record in the commercialization of our products, there can be no assurance that the sales results of our products will meet our expectation and forecast, that third parties will purchase and deploy our products in their production lines and/or other use cases, or that we will be able to fully maintain quality control over our products, which, individually or collectively, would materially and adversely affect the commercialization of our products, and, in turn, would materially and adversely affect our business, results of operations and financial condition.

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.

We are pursuing opportunities in markets that are undergoing rapid changes, including technological changes, and it is difficult to predict the timing and size of the opportunities for each of our products. This document contains estimates and forecasts concerning our industries that are based on industry publications and reports or other publicly available information. These estimates and forecasts involve a number of assumptions and limitations, and are subject to significant uncertainty. Similarly, our internal estimates and forecasts are based on a variety of assumptions, including assumptions regarding market acceptance of our cobot products and the manner in which those new and rapidly evolving markets will develop. While we believe our assumptions and the data underlying our estimates and forecasts are reasonable, these assumptions and estimates may not be correct and the conditions supporting our assumptions or estimates may change at any time, thereby reducing the predictive accuracy of these underlying factors. If third-party or internally generated data prove to be inaccurate or we make errors in our assumptions based on that data, the addressable markets for our products may be smaller than we have estimated, our future growth opportunities and sales growth may be smaller than we estimate, and our business, results of operations and financial condition may be materially and adversely affected.

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

The cobot industry is competitive. We primarily compete with other companies that focus on the development and distribution of cobot products. If we compete with players that have a longer operating history than us, or if we do not have or in the future obtain more financial resources, leading technological capabilities and broader customer base than our competitors, we may not be able to more quickly and effectively respond to new or changing opportunities, technologies, regulatory requirements or customer demand than our competitors.

We may also face competition with new entrants, who may offer more affordable and/or advanced products, and thus increase the level of competition in the future. Increased competition could result in lower sales volume, price reductions, shrunk profit margins or loss of market share. Further, we may be required to make substantial additional investments in research and development, sales and marketing, talents recruitment and retention, and acquisition of technologies complementary to, or necessary for, our current and future products in order to respond to such competitive threats, and we cannot assure you that such investments will be effective. If we are unable to compete successfully, 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.

Developments in alternative technologies and products may adversely affect the demand for our cobot products.

Our cobot products are a form of robotic automation built to work safely alongside human workers in a shared, collaborative workspace for the improved performance of tasks and automation processes. Advances in machine vision and AI, among others, make it possible for our cobot products to be aware of their surroundings and perform multiple types of tasks safely in close proximity to human workers. Development of alternative technologies and products which provide similar functions may materially and adversely affect the growth prospects of the cobot industry. It is possible that new technologies or non-robotic products may emerge as preferred alternatives. Such new technologies and products may be more efficient, user-friendly and affordable than cobot products and may also render the use of cobot products obsolete and unnecessary in certain use cases. Any failure by us or the cobot industry as a whole to develop new or enhanced technologies or products to react to such alternative products could result in the loss of competitiveness of the industry, decrease in market expansion opportunity, decreased revenue, loss of talents and loss of market share to competitors. As a result, our business, results of operations and financial condition may be materially and adversely affected.

We depend on sales to our distributors for a considerable portion of our revenue, and distributors are expected to remain important in our sales network. If distributors are not able to operate successfully or we fail to maintain good relationships with such distributors, our business, financial condition and results of operations could be materially and adversely affected.

Our distributors are important to our business. In 2021, 2022, 2023 and the six months ended June 30, 2024, there were 344, 387, 358 and 224 distributors in our distribution network, respectively. We expect that distributorship will remain an important component of our sales network. Our distributors may not be able to market and sell our products successfully or maintain their competitiveness as a result of various factors. For example, our distributors may not be able to successfully organize marketing events that achieve desired results. If the sales volumes of our products to customers are not maintained at a satisfactory level, 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. The loss of our distributors, or reduced orders from them, could adversely affect our access to customers and our sales volume and revenue.

There is no assurance that they will do so or that we may be successful in detecting any non-compliance, and non-compliance with the distribution agreements by any of our distributors could tarnish our brand, disrupt our sales and damage our relationship with distributors. In addition, if we fail to maintain our relationships with a majority of distributors, or our distributors fail to operate successfully, our ability to effectively sell our products could be negatively impacted. These and similar actions could also negatively affect our corporate and product image, which could result in a loss of customers and decline in sales. Furthermore, distributors selling the same products in overlapping markets may result in cannibalization or even competition among these distributors. We cannot assure you that the expansion of our sales network will continue to be successful or will generate revenue as expected.

Our distributors may not be able to manage their inventory level effectively and we may not be able to track their sales and inventory level, which could cause us to incorrectly predict sales trends and may damage the stability of our distribution network.

Failure to manage inventory level may strain our distributors' financial resources and impair their liquidity, which may lead to their reluctance or inability to purchase products from us. If they experience decreased profitability or suffer losses as a result, they may quit our distribution network. Additionally, distributors may, with or without any merit, complain about and attribute their slow inventory turnover to us, harming our relationship with such distributors and potentially damaging our reputation among distributors. If any of such incidents occurs, the stability of our distribution network may be impaired, and our business, results of operations and financial condition may be materially and adversely affected. Furthermore, we may not be able to track the sales and inventory level of our distributors. This could in turn lead to our inability to accurately predict sales trends and forecast customer demand, which could result in excess inventory levels or a shortage of products. There can be no assurance that we will be able to successfully manage our inventory at a level appropriate for future customer demand.

We rely on our distributors to place our products into the market, and our distributor management may not be as effective as we anticipate. Our distributors do not need our specific authorization to engage sub-distributors, over whom we are not able to exert any influence.

In 2021, 2022, 2023 and the six months ended June 30, 2024, there were 344, 387, 358 and 224 distributors in our distribution network, respectively. 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.

We may not be able to successfully manage our distributors, and the cost of any consolidation or further expansion of our distribution network may exceed the revenue generated from these efforts. Furthermore, if the sales volumes of our products to distributors are not maintained at a satisfactory level,

or if distribution orders fail to track end customers' demand, our distributors may not place new orders for products from us or they may reduce the quantity of their usual orders. If any of our distributors fail to distribute our products to their customers in a timely manner, it may result in overstock by our distributors and affect our future sales. The occurrence of any of these factors could result in a significant decrease in the sales volume of our products, and in turn, materially and adversely affect our business, results of operations and financial condition.

Our distributors generally do not need our specific authorization to engage sub-distributors. We cannot assure you that sub-distributors will at all times comply with our overall sales and distribution policies or that they will not compete with each other for market share in respect of our products. If any sub-distributor fails to distribute our products to its customers in a timely manner, overstocks or carries out actions inconsistent with our business strategies, it may affect our future sales, which may in turn materially and adversely affect our business, results of operations and financial condition.

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

Many suppliers and vendors provide parts, components, equipment and services that are used in the production of our products and other aspects of our business. Where possible, we seek to have several sources of supply. However, for certain parts, components, equipment and services, we rely on a limited number of suppliers and vendors. The purchases from our top five suppliers in each year/period during the Track Record Period was RMB52.8 million, RMB75.0 million, RMB60.1 million and RMB27.1 million, respectively, accounting for 61.2%, 52.5%, 37.1% and 37.0% of our total cost of sales in the same years/period, respectively. The purchases from our largest supplier in each year/period during the Track Record Period was RMB28.6 million, RMB34.8 million, RMB22.2 million and RMB10.7 million, respectively, accounting for 33.2%, 24.4%, 13.7% and 14.5% of our total cost of sales in the same years/period, respectively. The stability of operations and business strategies of our suppliers are beyond our control, and we cannot assure you that we will be able to secure a stable relationship with such suppliers. Identifying and qualifying alternative or additional suppliers and vendors is often a lengthy process and can lead to production delays, interruptions to our production and additional costs, and such alternatives are sometimes not available on commercially reasonable terms, or at all. The inability of suppliers or vendors to deliver necessary production parts, components, equipment or services can disrupt the production processes of our products and make it more difficult for us to implement our business strategy. Suppliers and vendors periodically extend lead times, face capacity constraints, limit supplies, increase prices, experience quality issues or encounter other issues that can interrupt or increase the cost of our supply and services.

Increases in costs of the parts and components that we use in our products would adversely affect our business, results of operations and financial condition.

Significant changes in the markets in which we purchase parts, components and other supplies for the production of our products may adversely affect our profitability. In the event of such changes, competitive and market pressures may limit our ability to recover increases in costs through increases in prices we charge to our customers. The inability to pass on price increases to our customers when part or component prices increase rapidly or are significantly higher than historical levels would adversely affect our business, results of operations and financial condition.

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

The quality of our products depends on the effectiveness of our quality control and quality assurance, which in turn depends on factors such as the quality and reliability of parts and components used, including those manufactured by ourselves and our manufacturing partners, the quality of our staff and relevant training programs and our ability to ensure that our employees adhere to our quality control and quality assurance protocols. However, we cannot assure you that our quality control and quality assurance procedures will be effective in consistently preventing and resolving deviations from our quality standards. Any significant failure or deterioration of our quality control and quality assurance protocols could render our products unable to perform its regular functions, cause safety concerns that may result in physical injuries to individuals, or harm our market reputation and relationship with business partners.

In addition, the quality of parts, components and/or products manufactured by our suppliers that we incorporate into our cobots is beyond our control. We cannot assure you that the parts, components and/or products we procure from them are safe and free of defects or can meet the relevant quality standards. We depend on the quality control procedures of our suppliers. In the event of any quality issues, we could be subject to complaints and product liability claims and we may not be able to seek indemnification from them. If we engage in legal proceedings against our suppliers, such proceedings may be time-consuming and costly regardless of the outcomes. Any of the foregoing incidents may materially and adversely affect our business, results of operations and financial condition.

We may be subject to product liability claims if our products contain defects, and we could incur significant expenses to remediate such defects. As a result, our reputation could be damaged and we could lose market shares, and our business, results of operations and financial condition may be adversely affected.

Cobot products may contain errors, defects, security vulnerabilities or software issues that are difficult to detect and correct, particularly when first introduced or when new versions or enhancements are released. Despite internal testing, our products may contain serious errors or defects, security vulnerabilities or software issues, which we are unable to successfully correct in a timely manner or at all. Some errors or defects in our products may only be discovered after they have been commercialized and deployed by our customers for their production lines or other use cases and we may incur costs relating to product recall, repair or replacement. Furthermore, these issues could potentially lead to lawsuits filed against us by our customers or other parties, exposing us to potential liabilities and damages. We may also experience revenue loss, significant capital expenditures, delay or loss in market acceptance and damage to our reputation and brand, any of which could adversely affect our reputation, business, results of operations and financial condition.

Given that many of our customers use our products in production processes that are critical to their businesses, any error or defect in our products could result in losses to our customers. Our customers may seek compensation from us for any losses they suffer or cease conducting business with us altogether. A claim brought against us by any of our customers would likely be time-consuming, costly to defend and may materially and adversely affect our reputation and brand, making it difficult for us to sell and market our products.

If we are unable to attract, retain and motivate key individuals, our business, results of operations and financial condition would be materially and adversely affected.

Attracting and retaining key individuals, such as key management, technical staff, qualified executives, engineers and sales representatives, are critical to our business, and in particular, to our research and development endeavors, and the successful commercialization of our products. The competition for highly skilled employees in our industry is increasingly intense. Changes in our management team would also disrupt our business. Our management and senior leadership team has significant industry experience, which makes them instrumental to our success. See "Directors, Supervisors and Senior Management." Changes in our management team may occur from time to time, and we cannot predict whether significant resignations will occur or whether we will be able to recruit qualified replacement. In addition, changes in the interpretation and application of employment-related laws to our workforce practices may result in increased operating costs and less flexibility in how we meet our changing workforce needs. See "Regulatory Overview—PRC Laws and Regulations—Laws and Regulations in Relation to Labor Protection, Social Insurance and Housing Provident Funds." To help attract, retain and motivate key individuals, employee incentives such as share incentive schemes have been, and will continue to be, an important part of our compensation. Our employee recruitment and retention also depend on our ability to build and maintain a diverse and inclusive workplace culture and be viewed as an employer of choice. If our share-based compensation or other compensation programs and/or workplace culture cease to be viewed as competitive, our ability to attract, retain and motivate key individuals would be weakened, which would in turn materially and adversely affect our business, results of operations and financial condition.

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

We may in the future enter into strategic alliances with various third parties. Strategic alliances with third parties could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the counterparty, and an increase in expenses incurred in establishing new strategic alliances, any of which may materially and adversely affect our business. We may have little ability to control or monitor their actions. To the extent strategic third parties suffer negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with such third parties.

In addition, we may acquire additional assets, technologies or businesses that are complementary to our existing businesses. Future acquisitions and the subsequent integration of new assets, technologies and businesses into our own would require significant attention from our management and could result in a diversion of resources from our existing businesses, which in turn could adversely affect our business. Acquired assets, technologies or businesses may not generate the financial or operating results we expect. In addition, acquisitions could result in the use of substantial amounts of cash, dilutive issuances of equity securities, incurrence of debt, incurrence of significant goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business.

Our international strategy and ability to conduct business in international markets may be adversely affected by legal, regulatory, political and economic risks.

Our sales network consists of direct sales and distributors with a global footprint in over 80 countries and regions, including major overseas markets such as the United States, the European Union,

Japan and Southeast Asia. In 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, revenue from markets outside of China was RMB83.9 million, RMB140.1 million, RMB169.5 million, RMB70.7 million and RMB73.9 million, respectively, accounting for 48.1%, 58.1%, 59.1%, 64.4% and 61.4% of our total revenue in the same years/periods, respectively. International markets are significant components of our growth strategy and may continue to require significant investment in the future, which could strain our resources, adversely affect our performance, and add more complexity to our operations. If any of our overseas operations, or our associates, agents or distributors, violate laws in the relevant jurisdictions, we could become subject to sanctions or other penalties, which could adversely affect our reputation, business, results of operations and financial condition.

We may be subject to the risks associated with international trade policies, geopolitics and trade protection measures, including imposition of trade restrictions and sanctions, and our reputation, business, results of operations and financial condition could be adversely affected.

Our operations are subject to potential deterioration in the political and economic relations among countries and sanctions and export controls administered by the government authorities in the countries in which we operate, and other geopolitical challenges, including, but not limited to, economic and labor conditions, increased duties, taxes and other costs and political instability. For example, substantially all of our cobot products exported to the United States were subject to import tariffs during the Track Record Period (except for de minimis shipments valued at or less than US$800). The tariff applicable to us during the Track Record Period was generally 7.5% for education settings and ranged from 25% to 27.5% for industrial settings. We began to incur tariffs in 2023 in connection with our U.S. subsidiary's import of our products from the PRC for subsequent sales. In 2021, 2022, 2023 and the six months ended June 30, 2024, the amount of U.S. import tariffs imposed on us were nil, nil, US$0.4 million and US$0.2 million, respectively. Margins on sales of our products in certain countries and regions could be materially and adversely affected by international trade regulations, including duties, tariffs and anti-dumping penalties. We may be forced to adjust the price of our products due to any increased tariffs on our products in the future, which could make our products less competitive. The U.S. government has also imposed economic and trade sanctions directly or indirectly affecting technology companies. Such restrictions, and similar or more expansive restrictions that may be imposed by the U.S. or other jurisdictions in the future, may be difficult or costly to comply with and may materially and adversely affect our abilities to acquire technologies, systems, parts or components that may be critical to our technology infrastructure, product offerings and business operations. If any of us, or our Shareholders, Directors, management personnel, employees and business partners, violate such laws, we could become subject to sanctions or other penalties, which could adversely affect our reputation, business, results of operations and financial condition.

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

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

Uncertainties about global economic conditions and regulatory changes and other factors including fluctuation of interest rates, inflation level, unemployment, labor and healthcare costs, access to credit, consumer confidence and other macroeconomic factors may pose risks and materially and adversely affect demand for our products. In addition, natural disasters such as floods, earthquakes, sandstorms, snowstorms, fire or drought, the outbreak of a widespread health epidemic or any severe epidemic disease such as SARS, Ebola, Zika or the COVID-19, acts of war, terrorism or other force majeure events beyond our control may disrupt our research and development, manufacturing and commercialization activities and business operations, all of which could adversely affect our business, results of operations, financial condition and prospects. In particular, COVID-19 has materially and adversely affected the Chinese and global economy. There remain uncertainties about the dynamic of the COVID-19 pandemic, which may have potential continuing impacts in the future if the pandemic and the resulting disruption were to extend over a prolonged period.

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

We are required to obtain and maintain the requisite licenses and approvals for our business in China and other jurisdictions where we operate our business. We cannot assure you that we can successfully update or renew the licenses required for our business in a timely manner or that these licenses are sufficient to conduct all of our present or future businesses. Any failure to obtain or renew any approvals, licenses, permits or certificates necessary for our operations and construction of our facilities, such as construction work commencement permit, environmental protection inspection and fire safety approvals, may result in enforcement actions thereunder, including orders issued by the relevant regulatory authorities ceasing our operations, and may include corrective measures requiring capital expenditure or remedial actions. Uncertainties exist regarding the interpretation and implementation of existing and future laws, regulations and policies governing our business activities. We cannot assure you that we will not be found in violation of any of the laws, regulations and policies currently in effect or any future laws, regulations and policies. If we fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdictions where we operate our business, we may be subject to various penalties, such as the imposition of fines and the discontinuation or restriction of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, results of operations and financial condition.

Any failure to offer high-quality maintenance and support services for our customers may harm our relationships with them and, consequently, our business.

Our policy allows products with defects to be repaired for free within the warranty period. As we continue to grow our operations and support our customer base, we need to be able to continue to provide efficient customer support that meets our customers' needs at scale. We may not be able to recruit or retain sufficient qualified support personnel with experiences in supporting customers of our products. As a result, we may be unable to respond quickly enough to accommodate spikes in customer demand for technical support or maintenance assistance. We may also be unable to modify the future scope and the delivery of our maintenance services and technical support to compete with changes in the technical services provided by our competitors. If we experience increased customer demand for support and

maintenance, we may face increased costs that may affect our results of operations. If we are unable to provide efficient customer maintenance and support, our business may be harmed. Our ability to attract new customers is highly dependent on our business reputation. Any failure to maintain high-quality maintenance and support services, or a market perception that we do not maintain high-quality maintenance and support services for our customers, would harm our business.

Cobot products are usually purchased on a case-by-case or project-by-project basis and we generally do not enter into long-term contracts with our major customers. If we fail to attract new customers and/or retain existing customers, our business, financial conditions and results of operation may be adversely affected.

Our customers usually purchase our products on a case-by-case or project-by-project basis and we generally do not enter into long-term contracts with our major customers. Given such practice, there is no assurance that our customers will make repurchases for our products frequently or at all. There is also no assurance that the industry will be able to continuously attract new customers to support revenue growth as it depends on a number of factors, including but not limited to the level of acceptance by customers, the rate of expansion of use cases, and the changing customer preferences and demands. As such, if we fail to attract new customers or retain existing customers, our business, results of operations and financial conditions may be adversely affected.

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

We continue to execute a number of strategies to expand our business. See "Business—Growth Strategies" and "Future Plans and [**REDACTED**]" for details. However, expanding our business involves risks and challenges. These business initiatives are new and evolving, some of which may prove unsuccessful. It may also take a longer time than expected for us to develop the technologies and build market acceptance of our products, and we may not have sufficient experience in executing these new business initiatives effectively. We cannot assure you that any of these new business initiatives will achieve our expected market acceptance and generate desired outcome. If our efforts fail to enhance our monetization abilities, we may not be able to maintain or increase our revenues or recover any associated costs, and our business, results of operations and financial condition may be materially and adversely affected.

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

Our ability to meet the demand of our customers and grow our business relies on the efficient, proper and uninterrupted operation of our production plan and a constant and sufficient supply of utilities. In the event of earthquake, fire, drought, flood or other natural disaster, political instability, riot or civil unrest, extended outage of critical utilities or transportation systems, terrorist attack or other events that limit or disrupt our ability to operate our production facilities, we may experience substantial losses, including loss of revenue from disrupted production. We may also need to incur substantial additional expenses, exceeding our insurance coverage to repair or replace any damaged equipment or facility. In addition, our ability to manufacture and supply products and our ability to meet our delivery obligations to our customers would be significantly disrupted and our relationships with our customers could be damaged, which could have a material and adverse effect on our business, results of operations and financial condition.

Our insurance policies do not cover certain risks that we believe are not insured under customary industry practice in mainland China, or which are uninsurable on commercially acceptable terms. Therefore, our insurance coverage may not be sufficient to cover all losses or potential claims by our customers, which would affect our business, results of operations and financial condition.

We believe we have adequate insurance coverage in connection with our business operations by putting in place all the mandatory insurance policies required by PRC laws and regulations. As of the Latest Practicable Date, we had insurance coverage for our goods in transit, properties and fixed assets, plant and equipment and inventories, and maintained insurance policies covering product liability and employee safety. 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.

Our business and prospects depend on our ability to build our brand and reputation, which could be harmed by negative publicity regarding our brand, Directors, employees, or products, whether warranted or not.

We believe that maintaining and enhancing our brand is of significant importance to the success of our business. Since we operate in a highly competitive market, brand maintenance and enhancement directly affect our ability to maintain our market position. The successful promotion of our brand will depend on the effectiveness of our marketing efforts and amount of word-of-mouth referrals we received from satisfied customers. We may incur extra expenses in promoting our brand. However, we cannot assure you that these activities are and will be successful or that we can achieve the brand promotion effect we expect. In addition, negative publicity about our brand, Directors, employees, or products, whether warranted or not, may adversely affect our brand, reputation and business. Certain of such negative publicity may come from malicious harassment or unfair competition acts by third parties, which are beyond our control.

Our information technology and software systems may encounter malfunction, unexpected system failure, interruption, insufficiency or security breaches.

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 sensitive personal information such as customer contact information and their addresses for the purpose of our business needs. 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, fire, natural disasters, systems failures, security breaches, unauthorized access to our 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. We may also encounter problems when upgrading our systems, which could disrupt our operations and adversely affect our results of operations.

Our business is subject to seasonality.

We generally recognize a significant portion of our revenue in the fourth quarter of our fiscal year, primarily because (1) certain of our customers, in particular those that use our cobot products in industrial and education settings, tend to place their order and/or complete their inspection in the fourth quarter in accordance with their own business practices, which causes such revenue to be recognized in the fourth quarter according to relevant revenue recognition policy; and (2) our customers tend to schedule their procurement in advance of the major holidays in China and overseas markets, many of which are in the fourth quarter, to avoid potential supply chain issues associated with the holidays. Our revenue from fourth quarter accounted for 31.8%, 44.4% and 40.8% of our total revenue in 2021, 2022 and 2023, respectively. In contrast, the first quarter is usually our low season. The degree of seasonality may vary from year to year due to conditions in the industry and other factors, which makes it difficult for us to predict the level of demand with precision. If seasonal demand exceeds our expectation, we may not have sufficient stock or arrange for timely production and delivery. If seasonal demand is lower than our expectation, we could be left with excess inventory, higher working capital and liquidity requirements, as well as the risk of impairment losses on our inventory. Furthermore, our operating and financial results for an interim period may not be representative of our overall performance for a year. We expect to continue to experience seasonal fluctuations in our revenue, results of operations and financial condition, which could result in volatility and adversely affect the price of our H Shares.

Failure to detect or prevent fraudulent or illegal activities or other misconduct by our employees, customers, suppliers or other third parties may materially and adversely affect our business.

We are exposed to fraudulent or illegal activities or other misconducts by our employees, customers, suppliers or other third parties, which could subject us to liabilities, fines and other penalties imposed by government authorities and negative publicity. There can be no assurance that our controls and policies will prevent fraud or illegal activity by such persons or that similar incidents will not occur in the future. Any illegal, fraudulent, corrupt or collusive activity by our employees, customers, suppliers or other third parties, including, but not limited to, violations of anti-corruption or anti-bribery laws, could subject us to negative publicity which could severely damage our brand and reputation and, if conducted by our employees, further subject us to significant financial and other liabilities to third parties and fines and other penalties imposed by government authorities. As such, any failure to detect and prevent fraudulent or illegal activities or other misconduct by our employees, customers, suppliers or other third parties could materially and adversely affect our business, results of operations and financial condition.

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

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

We may be required to make additional contributions of social insurance fund and/or housing provident fund and late payments and fines under PRC laws and regulations.

Companies operating in the PRC are required to participate in various employee benefit plans, including social insurance fund and housing provident fund and contribute to the amounts equal to certain percentage of salaries, including bonuses and allowances, of their employees up to a maximum amount specified by the local government from time to time at locations where they operate their business. During the Track Record Period, we did not make adequate contributions to the social insurance and housing provident fund with respect to certain of our employees, as required by the relevant PRC laws and regulations. The total shortfall during the Track Record Period was approximately RMB33.1 million. As a result, we may be required to make additional contributions of social insurance fund and/or housing provident fund and late payments and fines under PRC laws and regulations.

As advised by our PRC Legal Advisor, if the competent PRC government authority determines that the social insurance contributions we made for our employees violate the requirements under the relevant PRC laws and regulations, we may be required to pay all outstanding social insurance contributions within a stipulated period, with late fees at a daily rate of 0.05% of the outstanding amount, accruing from the date when the social insurance contributions were due. As of June 30, 2024, the maximum amount of shortfall and late fees was RMB53.3 million. As of the Latest Practicable Date, no administrative action or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions, nor had we received any order to settle the shortfall. As advised by our PRC Legal Advisor, in accordance with the existing applicable laws, regulations and policies, the likelihood that we would be subject to administrative penalties for the shortfall of social insurance and housing provident fund is remote. In the unlikely event that we are required to settle the shortfall of social insurance contribution, if this payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times of the overdue amount on us. However, we believe that the competent authority will not impose such fine on us as we undertake to make full contributions or to pay the shortfall within a prescribed time period if and when requested by the competent government authorities. In addition, pursuant to relevant PRC laws and regulations, in case of a failure to pay the full amount of housing provident fund, the competent PRC government authority may require us to pay the outstanding amount within a stipulated period. If the payment is not made within such stipulated period, an application may be made to the PRC courts for compulsory enforcement. We cannot assure you that we will not be subject to any order to rectify the non-compliance in the future, nor can we assure you that there are no, or will not be any, employee complaints regarding payment of the outstanding amount of the social insurance and housing provident fund contributions against us, or that we will not receive any claims in respect of the outstanding amount of the social insurance and housing provident fund contributions under national laws and regulations. In addition, we may incur additional expenses to comply with such laws and regulations promulgated by the PRC government or relevant local authorities.

Furthermore, during the Track Record Period, we engaged third-party agencies to make such contributions on our behalf for certain employees, which was not in strict compliance with applicable PRC laws and regulations. We implemented such arrangements primarily because these employees were located in cities where we did not have any registered operating entities. During the Track Record Period, such third-party agencies made a total of RMB0.2 million of social insurance and housing provident fund contributions on behalf of us. We are in the process of rectifying the non-compliance with respect to payment of social insurance and housing provident fund contributions through third-party agencies, including transferring the social insurance and housing provident funds contributions from such agencies to our subsidiaries and branches. As of June 30, 2024, we engaged third-party agencies for paying social insurance or housing provident funds to 11 employees. As advised by our PRC Legal Advisor, if the validity of such arrangements is challenged by competent PRC authorities, we might be subject to additional contributions, late payment fees and/or penalties required by relevant PRC laws and

regulations for failing to discharge our obligations in relation to payment of social insurance and housing provident funds as an employer or be ordered to rectify such practice. We cannot assure you that relevant competent government authorities will not take the view that such third-party agency arrangements do not satisfy the requirements under the relevant PRC laws and regulations. We might also be subject to labor disputes arising from such arrangements with the relevant employees.

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

As we lease properties in various places as premises primarily for our office space, our operations are susceptible to fluctuations in the property rental market. Before the expiry of each of our leases, we have to negotiate the terms of renewal with respective lessors. The terms of the lease agreements for our office space typically vary from one to five years. There is no assurance that our existing leases would be renewed on similar or favorable terms or at all, in particular with respect to the amount of rent and the term of the lease. Any substantial increase in the rent of our leased properties may increase our property rental and related expenses, which could materially and adversely affect our profitability. There is also no assurance that our existing leases will not be terminated early by the lessors before the expiry of the relevant term. If we are required to relocate our office space, there is no assurance that we will be able to identify comparable locations in a timely manner or at all or that we will secure a lease on comparable terms.

As of the Latest Practicable Date, we were unable to file the lease agreements for registration with respect to 14 of our leased properties in China due to the lessors' failure to provide us with valid property ownership certificates or other necessary documents required for the registration. If these lessors are not the legal owners or have not obtained the proper authorization from the legal owners of such premises, the legal owners of such premises or third-party tenants that have leased from the legal owners will have ground to challenge the validity of our leasehold interest in the affected premises.

Under the relevant PRC laws and regulations, the parties to a lease agreement have the obligation to register and file the executed lease agreement. 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.

Additionally, if disputes or government actions due to title challenges arise to the above-described properties, we may encounter difficulties in continuing to lease such properties and may be required to relocate. If any of our leases are terminated or voided as a result of challenges from third parties or government agencies, we would need to seek alternative premises and incur relocation costs. We cannot assure you that we will be able to relocate such operations to suitable alternative premises, and any such relocation may result in disruption to our business operations and result in loss of earnings. We also cannot assure you that we will be able to effectively mitigate the possible adverse effects that may be caused by such disruption, including loss and costs. Any of such disruption, loss or costs could materially and adversely affect our business, results of operations and financial condition.

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

If we are unable to develop and introduce new products, our future business, results of operations, financial condition and competitive position would be materially and adversely affected.

Our future business, results of operations, financial condition and competitive position depend on our ability to develop and introduce new and enhanced cobot products that incorporate the latest technological advancements. We may encounter unexpected technical and production challenges or delays in completing the development of new and enhanced products and/or ramping up production in a cost-efficient manner. Successful product development and upgrade not only requires us to invest significant resources in research and development and also require that we:

- design innovative, accurate, and safety-enhancing functions that differentiate our products from those of our competitors;
- continuously improve the reliability of our current technology stack;
- respond effectively to technological advancements and product releases by our competitors; and
- quickly and cost-effectively adjust to evolving customer demands, market conditions and industry trends.

If we are unable to complete the development of new and enhanced products and/or technologies without delay or at all, we may not be able to satisfy our customers' demand or achieve broader market acceptance of our products, and our business, results of operations, financial condition and competitive position would be materially and adversely affected.

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

We have been investing, and expect to continue to invest, heavily in our research and development efforts. Our research and development expenses increased from RMB46.9 million in 2021 to RMB70.5 million in 2023, and were RMB31.2 million and RMB31.4 million in the six months ended June 30, 2023 and 2024, respectively. The cobot 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 protection may not be sufficiently broad.

Our success depends in a large part on our ability to protect our proprietary technologies as well as our products from competition by obtaining, maintaining and enforcing our intellectual property rights. We have been protecting the proprietary technologies that we consider commercially important by, among others, filing patent applications in China and other jurisdictions. As of the Latest Practicable Date, we had 646 registered patents, including 213 invention patents, 302 utility model patents and 131 design patents, and filed over 190 patent applications which were pending approval. See "Business—Intellectual Property Rights." The patent application process may be expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner, if at all. In addition, we may fail to identify patentable aspects of our research and development 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.

Patents may be invalidated, and patent applications may not be granted for several reasons, including known or unknown prior deficiencies in the patent application or the lack of novelty of the underlying invention or technology. Even if our patent applications are successfully granted, such grant may not be in a form that can provide us with meaningful protection, prevent competitors from competing with us, or otherwise provide us with any competitive advantage. Our competitors may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner. Therefore, the grant of a patent application 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/or other jurisdictions.

Further, although various extensions may be available, the life of a patent and the protection it affords are limited. For example, from the date of application, invention patents are valid for 20 years, utility model patents are valid for 10 years, and design patents filed since June 1, 2021 are valid for 15 years. We may face competition for any approved products even if we successfully obtain patent protection once the patent life expires for such products. Any of the foregoing could materially and adversely affect our business, results of operations, financial condition and competitive position.

We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time-consuming and unsuccessful. Our patent rights relating to our products could be found invalid or unenforceable if being challenged in court or before the China National Intellectual Property Administration or similar intellectual property agencies in other jurisdictions.

Competitors may infringe upon our patent rights or misappropriate or otherwise violate our intellectual property rights. To counter infringement or unauthorized use, litigation may be necessary to enforce or defend our intellectual property rights, protect our trade secrets, or determine the validity and scope of our own intellectual property rights or the proprietary rights of others. This can be expensive and time-consuming. Any claims that we assert against perceived infringers may provoke these parties to

assert counterclaims against us alleging that we infringe upon their intellectual property rights. Many of our existing and potential competitors have greater resources to enforce and/or defend their intellectual property rights than we do. We may not be able to prevent third parties from infringing upon or misappropriating our intellectual properties. An adverse result in any litigation proceeding could put our patents, as well as any patents that may be granted in the future from our pending patent applications, at risk of being invalidated, held unenforceable or narrowly interpreted.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigations, some of our confidential information could be compromised by disclosure during litigation. Defendant counterclaims alleging invalidity or unenforceability are commonplace and can be asserted on numerous grounds. Third parties may also raise similar claims before administrative bodies in China or other jurisdictions, even outside the context of litigation. Such proceedings could result in revocation or amendment to our patents in such a way that they no longer cover and protect our existing and/or future products. The outcome following legal assertions of invalidity and unenforceability is unpredictable. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our existing and/or future products, which could materially and adversely affect our business, results of operations and financial condition.

If third parties claim that we infringe upon their intellectual property rights, we may incur liabilities and financial penalties and may have to redesign or discontinue selling relevant products.

Some of our competitors have large patent portfolios and may claim that the commercial use of our products has infringed upon their patents. These patents have broad claims, so it might be alleged that certain features of our products fall within the claims of such patents. Therefore, our competitors may initiate legal proceedings alleging that we are infringing upon, misappropriating or otherwise violating their intellectual property rights in connection with the commercialization of relevant products. We cannot assure you that we or our products will not infringe any intellectual property rights held by third parties in the future. We may face claims of infringement of third parties' proprietary rights or claims for indemnification resulting from infringement arising from our operations or the design, development and distribution of our products. In addition, we may be unaware of intellectual property registrations or applications relating to our products or business operations that may give rise to potential infringement claims against us. There may also be technologies licensed to and relied on by us that are subject to infringement or other corresponding allegations or claims by third parties.

Companies in the cobot industry may use intellectual property litigation to gain a competitive advantage. Whether a product or solution infringes upon a patent involves an analysis of complex legal and factual issues, the determination of which is often uncertain. We may hire employees who have previously worked for our competitors or other companies in relevant industries. There can be no assurance that such employees will not use their previous employers' proprietary know-how or trade secrets in their work for us, which could result in litigation against us. Our competitors may also have filed for patent protection which is not as yet a matter of public knowledge or claim trademark rights that have not been revealed through our searches of relevant public records. Our efforts to identify and avoid infringing upon third parties' intellectual property rights may not always be successful. Any claims of patent or other intellectual property infringement, regardless of their merit, could:

- be expensive and time-consuming to defend;
- cause us to pay substantial damages to third parties;
- forbid us from making or selling products that incorporate the challenged intellectual property;
- require us to redesign, reengineer or rebrand our products;
- cause us to enter into royalty or licensing agreements in order to obtain the right to use a third party's intellectual property, which agreements may not be available on terms acceptable to us or at all;

- divert the attention of our management; or
- result in customers terminating, deferring or limiting their purchase of the affected products until resolution of the litigation.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate patents, copyrights or other IP rights held by third parties. We have been, and may from time to time in the ordinary course of our business be, confronted with claims or allegations relating to intellectual property infringement. Such claims may or may not escalate to legal proceedings, the outcomes of which are unpredictable. In case of any disputes or lawsuits, there can be no assurance that we will be able to prevail in our defense or reverse any unfavorable judgment, ruling or decision against us. Any of these or future proceedings or actions or claims, with or without merit, could be costly and distract our management from day-to-day operations. We may incur substantial legal expenses in defending against such infringement claims, regardless of their merits. If we fail to successfully defend against these claims or do not prevail in such proceedings, we may be prohibited from using certain IP rights, subject to substantial amounts of damages, fines or penalties or ordered to cease operations of certain of our business, which may in turn have a material and adverse effect on our business, financial condition and results of operations, as well as cause negative publicity and tarnish our reputation.

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 non-compliance with these requirements.

The China National Intellectual Property Administration and various governmental patent agencies in other jurisdictions 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 patent or patent application, leading to partial or complete loss of patent rights in the relevant jurisdictions. In any such event, our competitors might be able to enter the market, which would materially and adversely affect our business, results of operations and financial condition.

Changes in patent law could diminish the value of patents in general, thereby impairing our ability to protect our products.

The scope of patent protection in various jurisdictions is uncertain. Changes in either the patent laws or their interpretation in China or other jurisdictions may diminish our ability to protect our inventions, obtain, maintain, defend and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our patent rights. We cannot predict whether the patent applications we are currently pursuing and may pursue in the future will be granted as patents in any particular jurisdiction or whether the claims of any future granted patents will provide sufficient protection from competitors. The coverage claimed in a patent application can be significantly reduced before the patent is granted, and its scope can be reinterpreted after such grant.

Even if our patent applications are successfully granted, such grant may not be in a form that can provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. As a result, the grant of patent application, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

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. We protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements, non-compete covenants or include such undertakings in the agreements with parties that have access to them. We also enter into employment agreements with our employees that include undertakings regarding assignment of inventions and discoveries. Nevertheless, 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, despite any legal action we might take against such persons. In addition, to the extent that our employees or business partners use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

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 also seek to enter into agreements with our employees that obligate them to assign any inventions created during their work for us to us. However, we may not obtain these agreements 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. We may be involved in claims by or against us related to the ownership of such intellectual property. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs and be a distraction to our management and research and development personnel.

We may not be able to protect our intellectual property rights globally.

Filing, prosecuting and defending patents on our technologies globally can be extremely expensive and time-consuming. We may also encounter difficulties in protecting and defending such rights in overseas jurisdictions. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries and regions outside the jurisdictions where we registered our intellectual properties. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products. Our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing with us.

Many companies have encountered significant problems in protecting and defending intellectual property rights in overseas jurisdictions. The legal systems of many other countries and regions do not favor the enforcement of patents and other intellectual property protection, which could make it difficult for us to stop the infringement of our patents in such countries.

Proceedings to enforce our patent rights in overseas jurisdictions could result in substantial cost and divert our resources and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of rejection, and could provoke third parties to assert claims against us. We may not prevail in lawsuits that we initiate or be awarded the damages or other remedies, if any, as we deem sufficient. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual properties that we develop.

RISKS RELATING TO OUR FINANCIAL CONDITION AND NEED FOR ADDITIONAL CAPITAL

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

A majority of our operating expenses are for research and development activities. Our capital requirements will be subject to many factors, including, but not limited to:

- technological advancements;
- market acceptance of our products and product and solution enhancements, and the overall level of sales of our products;
- research and development expenses;
- our relationships with our customers and suppliers;
- our ability to control costs;
- sales and marketing expenses;
- enhancements to our infrastructure and systems and any capital improvements to our facilities;
- potential acquisitions of businesses and product lines; and
- general economic conditions, inflation, rising interest rates, and international conflicts and their impact.

If our capital requirements are materially different from those currently planned, we may need additional capital sooner than anticipated. Additional financing may not be available on favorable terms, on a timely basis, or at all. If adequate funds are not available or are not available on acceptable terms, we may be unable to continue our operations as planned, develop or enhance our products, expand our sales and marketing workforce, take advantage of future opportunities or respond to competitive pressures.

We expect to incur significant research and development expenses and capital expenditures for our business operations, research and development and expansion plans, which may adversely affect our short-term cash flow, liquidity and profitability.

Our research and development expenses were RMB46.9 million, RMB52.1 million, RMB70.5 million, RMB31.2 million and RMB31.4 million in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, respectively. See "Financial Information—Key Components of Our Consolidated Income

Statements—Research and Development Expenses." Our capital expenditures were RMB44.6 million, RMB23.6 million, RMB82.9 million and RMB8.8 million in 2021, 2022, 2023 and the six months ended June 30, 2024, respectively. See "Financial Information—Capital Expenditures and Commitments." We expect to incur significant capital expenditures for the research and development of our future products, purchase of property, plant and equipment and purchase of intangible assets. Inherent risk exists for such significant research and development expenditures and capital expenditures as our investment may not succeed or generate the benefits that we expect, which could materially affect our profitability. Even if we achieve our goals for such investment, our short-term cash flow and liquidity may be adversely affected. While we intend to explore alternative arrangements to reduce the capital intensity of any future expansion, there is no assurance this will be successful.

We have incurred significant net losses and recorded operating cash outflows during the Track Record Period, and may not be able to achieve or subsequently maintain profitability in the near future.

Since our inception, we have incurred net losses. In 2021, 2022 and 2023, we had losses for the year of RMB41.8 million, RMB52.5 million and RMB103.3 million, respectively, and in the six months ended June 30, 2023 and 2024, we had losses for the period of RMB51.7 million and RMB59.9 million, respectively. We may continue to incur net losses in the short term, as we are in the stage of expanding our business and operations in the rapidly growing cobot market and are continuously investing in research and development. We may not be able to achieve or subsequently maintain profitability in the near future. We believe that our future revenue growth will depend on, among other factors, our ability to develop new technologies, enhance customer experience, establish effective commercialization strategies, effectively and successfully compete, and develop new products. Accordingly, you should not rely on the revenues of any prior period as an indication of our future performance. Our costs and expenses may continue to increase in future periods, as we continue to expand our business and operations and invest in research and development activities. 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.

We recorded net cash used in operating activities of RMB116.5 million, RMB157.7 million and RMB70.4 million in 2022, 2023 and the six months ended June 30, 2024, 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 [**REDACTED**] 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.

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

During the Track Record Period, government grants recognized under other income primarily represent subsidies granted by local government authorities in connection with our research and development efforts, business achievements and our production facilities in Qingdao and Rizhao. In 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, the government grants we recognized as other income was RMB11.6 million, RMB30.9 million, RMB33.0 million, RMB15.8 million and RMB16.0 million, respectively. The PRC governmental authorities may decide to reduce or cancel such government grants or preferential tax treatment, or require us to repay part or all of the

government grants we previously received, which could adversely affect our business, results of operations and financial condition. As these government grants are provided typically on a one-off basis, there is no guarantee that we will continue receiving or benefiting from them in the future. In addition, we may not be able to successfully or timely obtain the government grants or preferential tax treatment that may become available to us in the future, and such failure could adversely affect our business, results of operations and financial condition.

We are subject to credit risk related to delay in payment and defaults of customers, distributors or related parties, which would adversely affect our liquidity and financial condition.

We are exposed to credit risk related to delay in payment and defaults of our customers, distributors or related parties. As of December 31, 2021, 2022 and 2023 and June 30, 2024, we had trade and bills receivables of RMB16.4 million, RMB40.4 million, RMB41.6 million and RMB33.0 million, respectively. We may not be able to collect all such trade and bills receivables due to various factors that are beyond our control, including long payment cycle of public sector customers, adverse operating condition or financial condition of customers, and distributors' inability to pay caused by their customers' delay in payment. If our customers and/or distributors delay or default in their payments to us, we may have to make impairment provisions and write-off the relevant receivables, and our liquidity and financial condition would be adversely affected.

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

We had inventories of RMB70.9 million, RMB131.8 million, RMB141.5 million and RMB155.3 million as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. In 2021, 2022, 2023 and the six months ended June 30, 2024, our inventory turnover days were 248, 256, 304 and 395 days, respectively. In the same years/period, we had write-down of inventories of RMB5.4 million, RMB8.6 million, RMB17.1 million and RMB6.5 million, respectively. According to the CIC Report, the cobot industry is characterized by evolving technologies, increasing competition, changing industry standards, and changing market demands, among others. Therefore, our cobot products 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 have granted, and may continue to grant, share-based awards, which may further increase our share-based payments expenses, adversely affect our financial performance, and dilute existing Shareholders' stake.

We recorded share-based payments expenses of RMB12.6 million, RMB21.5 million and RMB13.7 million in 2022, 2023 and the six months ended June 30, 2024, respectively. We believe such share-based awards are important to our ability to attract, retain and motivate our key individuals, and we may continue to grant share-based awards in the future. As a result, our share-based payment expenses may increase, which may further increase our share-based payments expenses, adversely affect our financial performance, and dilute existing Shareholders' stake.

If we fail to perform our contractual obligations, our liquidity and financial positions may be materially and adversely affected in the future.

Our contract liabilities primarily represent the advance consideration received from our customers before we transfer the related goods or services. Our contract liabilities were RMB27.1 million, RMB35.6 million, RMB10.9 million and RMB10.6 million as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. If we fail to fulfill our obligations with respect to our contract liabilities, we may not be able to convert such contract liabilities into revenue as expected. Furthermore, if we fail to fulfill our obligations with respect to our contract liabilities, our customers may request not to prepay us in the future. Any of these circumstances could materially and adversely affect our business, results of operations, cash flow and liquidity condition.

Our operations may be subject to transfer pricing adjustments by competent authorities.

Our tax position may be subject to review and possible challenge by the relevant government authorities and any possible change in laws. If our tax position is subject to review and possible challenge by the relevant government authorities or there is a change in the tax policy and relevant tax laws in the relevant jurisdictions, it may adversely affect our results of operations and financial position. In preparing our financial information, our Directors have reviewed and assessed our transfer pricing risk as it is possible that the tax authorities may challenge our transfer pricing arrangements. There can be no assurance that we will not be found to be operating in breach of the relevant transfer pricing laws and regulations, or that such laws will not be modified, which, as a result, may require changes to our transfer pricing arrangements. Any determination of income reallocations or modifications of the relevant transfer pricing laws and regulations could result in an income tax assessment and other relevant charges on the portion of income deemed to be derived from the taxing jurisdiction that so reallocates the income or modifies its relevant transfer pricing-related laws.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

The economic and social conditions in China could affect our business, results of operations, financial conditions and prospects.

During the Track Record Period, considerable amount of our revenue was derived from our businesses in China. Accordingly, our business, financial condition, results of operations and prospects are, to a material extent, subject to economic, political and legal developments in China. In particular, factors such as consumer, 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.

Any uncertainties embedded in the legal systems of certain jurisdictions where we operate could adversely affect our business, financial condition and results of operations and our [REDACTED] could be affected as a result.

The legal systems of the jurisdictions where we operate vary significantly. Some jurisdictions have a civil law system based on written statutes and others are largely based on common law. Unlike common

law systems where the case laws have binding effects, prior court decisions under civil law systems may be cited for reference but have limited precedential value. We are based in China and our business in China are governed by PRC laws and regulations. The PRC legal system is a civil law system based on written statutes. As the legal system in China continues to develop, laws and regulations may continue to evolve and be subject to interpretation. As these laws and regulations are continually evolving in response to changing economic and other conditions, we cannot foresee how these laws, rules and regulations will be interpreted and enforced, which may adversely affect the legal protections and remedies that are available to us and our [**REDACTED**].

Government control of currency conversion and restrictions on the remittance of RMB into and out of China could limit our ability to utilize our revenues effectively, to pay dividends and other obligations, and affect the value of our H Shares.

The remittance of currency in and out of China is subject to various laws and regulations. Considerable amount of our revenues and expenses are denominated in Renminbi, and the [**REDACTED**] from the [**REDACTED**] and any dividends we pay on our H Shares will be in Hong Kong dollars. Under China's existing foreign exchange regulations, following the completion of the [**REDACTED**], we will be able to make current account foreign exchange transactions, including paying dividends in foreign currencies without prior approval from the State Administration of Foreign Exchange ("SAFE").

Foreign exchange transactions under our capital account are subject to foreign exchange controls under relevant regulations and require SAFE's approval. These limitations could affect our ability to obtain foreign exchange through offshore financing.

Furthermore, the [**REDACTED**] from the [**REDACTED**] are expected to be deposited in currencies other than Renminbi until we obtain necessary approvals from relevant PRC regulatory authorities to convert these [**REDACTED**] into onshore Renminbi. If we cannot convert the [**REDACTED**] into onshore Renminbi in a timely manner, our ability to deploy these [**REDACTED**] efficiently may be affected as we will not be able to [**REDACTED**] these [**REDACTED**] on Renminbi denominated assets onshore or deploy them in uses onshore where Renminbi is required. All of these factors could affect our business, results of operations, financial condition and prospects.

Fluctuations in exchange rates of Renminbi against Hong Kong dollar, U.S. dollar or other foreign currencies could affect our results of operations and the value of your [REDACTED].

Fluctuations in the exchange rate of Renminbi against Hong Kong dollar, U.S. dollar and other foreign currencies are affected by, among other things, the changes in China's and international political and economic conditions. The [**REDACTED**] from the [**REDACTED**] will be denominated in Hong Kong dollars. As a result, any appreciation of Renminbi against U.S. dollar, Hong Kong dollar or any other foreign currencies may result in a decrease in the value of our foreign currency-denominated assets and our [**REDACTED**] from the [**REDACTED**]. Conversely, any depreciation of Renminbi may adversely affect the value of, and any dividends payable on our H Shares in foreign currencies. We have not utilized, and may not in the future utilize, any instrument to reduce our foreign currency risk exposure. All of these factors could affect our business, results of operations, financial condition and prospects, and could affect the value of, and dividends payable on, our H Shares in foreign currency terms.

We may be subject to the approval or other requirements of the China Securities Regulatory Commission or other PRC governmental authorities in connection with future security activities.

On July 6, 2021, the General Office of the CPC Central Committee and the General Office of the State Council jointly promulgated the Opinions on Strictly Combatting Illegal Securities Activities (關於依法從嚴打擊證券違法活動的意見) (the "July 6 Opinion"), which called for the enhanced administration and supervision of overseas-listed China-based companies, proposed to revise the relevant regulation governing the overseas issuance and listing of shares by such companies and clarified the responsibilities of competent domestic industry regulators and government authorities. The July 6 Opinion aims to achieve this by establishing a regulatory system and revising the existing rules for overseas listings of Chinese entities and affiliates including potential extraterritorial application of Chinese securities laws.

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) (the "Overseas Listing Trial Measures") and relevant supporting guidelines, which came into effect on March 31, 2023. The Overseas Listing Trial Measures comprehensively improve and reform the existing regulatory regime for overseas offering and listing of PRC domestic companies' securities and regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities. Pursuant to the Overseas Listing Trial Measures, where a PRC domestic company submits an application for [**REDACTED**] 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 addition, according to the Overseas Listing Trial Measures, any future share issuance or listing after this [**REDACTED**] will also be subject to filing procedures of CSRC and we are also required to report certain material matters to CSRC after this [**REDACTED**]. Any failure to complete such filing or reporting procedures would subject us to administrative penalties by CSRC which could harm our reputation and may adversely affect our results of operations and financial condition.

We cannot guarantee that new rules or regulations promulgated in the future pursuant to the July 6 Opinion and any other related PRC rules and regulations will not impose any additional requirement on us or otherwise tightening the regulations on us. If it is determined that we are subject to any CSRC approval, filing, other governmental authorization or requirements for future capital raising activities, we may fail to obtain such approval or meet such requirements in a timely manner or at all. Such failure may adversely affect our ability to finance the development of our business and may have a material adverse effect on our business and financial conditions. Furthermore, any uncertainty and/or negative publicity regarding such an approval, filing or other requirements may also have a material adverse effect on the price of our H Shares.

[REDACTED] of our H Shares may become subject to PRC taxation on dividends received from us and gains from the disposition of our H Shares.

Non-Chinese resident individual holders of H Shares whose names appear on the register of members of H Shares ("Non-Chinese Resident Individual Holders"), are subject to Chinese individual income tax on dividends received from us. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知(國税函[2011]348號)) dated June 28, 2011 and issued by the State Tax Administration (the "SAT"), the tax rate applicable to dividends paid to Non-Chinese Resident Individual Holders of H Shares varies from 5% to 20% (usually 10%), depending on whether there is any applicable tax treaty between China and the jurisdiction in which the Non-Chinese Resident Individual Holder of H Shares resides, as well as the tax arrangement between China and Hong Kong. Non-Chinese Resident Individual Holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20.0% withholding tax on dividends received from us. See "Regulatory Overview—Laws and Regulations in Relation to Taxation." In addition, under the Individual Income Tax Law of the PRC (中華人民共和國個人所得税法) (the "Individual Income Tax Law") and its implementation regulations, Non-Chinese 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 the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (關於個人轉讓股票所得繼續暫免徵收個人所得税的通知) issued by the Ministry of Finance and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. As of the Latest Practicable Date, none of the aforesaid provisions had expressly provided that whether individual income tax shall be levied from non-mainland China resident individual holders on the transfer of shares in mainland China resident enterprises listed on overseas stock exchanges. To the best of our knowledge, the Chinese tax authorities have not in practice sought to collect individual income tax on such gains. If such tax is collected in the future, the value of such individual holders' [**REDACTED**] in H Shares may be materially and adversely affected.

Under the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法) (the "EIT Law") and its implementation regulations, a non-Chinese resident enterprise is generally subject to enterprise income tax at a rate of 10% with respect to its income sourced from China, including dividends received from a Chinese company and gains derived from the disposition of equity interests in a Chinese company. This rate may be reduced under any special arrangement or applicable treaty between the China and the jurisdiction in which the non-Chinese resident enterprise resides. Pursuant to the Circular on Questions Concerning Withholding of Enterprise Income Tax for Dividends Distributed by Resident Enterprises in China to Non-resident Enterprises Holding H-shares of the Enterprises (Guo Shui Han [2008] No. 897) (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繳企業所得税有關問題的通知(國税函[2008]897號)) promulgated by the SAT on November 6, 2008, we intend to withhold tax at 10% from dividends payable to non-Chinese resident enterprise holders of H Shares (including HKSCC Nominees). Non-Chinese 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 Chinese 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 Chinese tax authorities' approval. See "Regulatory Overview—Laws and Regulations in Relation to Taxation." There are uncertainties as to the interpretation and implementation of the EIT Law and its implementation rules by the Chinese tax authorities, including whether and how enterprise income tax on gains derived upon the sale or other disposition of H Shares will be collected from non-Chinese resident enterprise holders of H Shares. If such tax is collected in the future, the value of such non-Chinese resident enterprise holders' [**REDACTED**] in H Shares may be materially and adversely affected.

Payment of dividends is subject to restrictions under PRC law.

Under PRC law, dividends may be paid only out of distributable profits. Distributable profits are defined as our profits after taxes as determined under PRC GAAP less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient, if any, distributable profits to enable us to make dividend distributions to our Shareholders in the future, including periods for which our financial statements indicate that our operations have been profitable. Any distributable profits not distributed in a given year are retained and available for distribution in subsequent years.

Moreover, because the calculation of distributable profits under PRC GAAP is different from the calculation under IFRSs in certain respects, our subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRSs, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our subsidiaries to pay dividends to us could have a negative impact on our cash flow and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

It may be difficult to effect service of process, enforce foreign judgments or bring original actions against us, our Directors, Supervisors and senior management residing in China.

We are a company incorporated under the laws of China, and a substantial majority of our assets are located in China. In addition, most of our Directors, Supervisors and senior management reside within mainland China. As a result, the service of process, investigation, collection of evidence, ratification, and enforcement procedure inside China should follow the rules set forth in the Civil Procedure Law of the People's Republic of China as well as other applicable laws, regulations and interpretations. It would generally require you to commit more time and economic cost. On July 14, 2006, the Supreme People's Court of China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the "2006 Arrangement"). Pursuant to the 2006 Arrangement, a party with a final judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China, and vice versa. However, it is subject to the parties in the dispute agreeing to enter into a choice of court agreement in writing under the 2006 Arrangement.

On January 18, 2019, the Supreme People's Court of China and Hong Kong entered into 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") and the 2019 Arrangement was issued on January 25, 2024 and became effective on January 29, 2024. The 2019 Arrangement will supersede the 2006 Arrangement and afford greater clarity and certainty for reciprocal recognition and enforcement of judgments in civil and commercial matters. The 2006 Arrangement will remain applicable to a "choice of court agreement in writing" entered into before the 2019 Arrangement taking effect. However, there remains uncertainties as to the outcome of any specific applications to recognize and enforce such judgments and arbitral awards in China.

The custodians or authorized users of our controlling non-tangible assets, including chops and seals, may fail to fulfill their responsibilities, or misappropriate or misuse these assets.

Under the PRC law, legal documents for corporate transactions, including agreements and contracts are executed using the chop or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with relevant PRC market regulation administrative authorities. In order to secure the use of our chops and seals, we have established internal control procedures and rules for using these chops and seals. In any event that the chops and seals are intended to be used, the responsible personnel will submit a formal application, which will be verified and approved by authorized employees in accordance with our internal control procedures and rules. In addition, in order to maintain the physical security of our chops, we generally have them stored in secured locations accessible only to authorized employees. The procedures, however, may not be sufficient to prevent all instances of abuse or negligence. There is a risk that our employees could abuse their authority, for example, by entering into a contract not approved by us or seeking to gain control of one of our subsidiaries or our affiliated entities or their subsidiaries. If any employee obtains, misuses or misappropriates our chops and seals or other controlling non-tangible assets for whatever reason, we could experience disruption to our normal business operations. We may have to take corporate or legal action, which could involve significant time and resources to resolve and divert management from our operations, and we may not be able to recover our loss due to such misuse or misappropriation if the third party relies on the apparent authority of such employees and acts in good faith.

RISKS RELATING TO INTERNATIONAL SANCTIONS

We could be adversely affected as a result of any transactions with persons in countries that are, or become, subject to sanctions administered by the Relevant Sanctions Authorities.

Through executive orders, passing of legislation or other governmental means, the Relevant Sanctions Authorities, including certain authorities of the U.N., the U.S., the E.U., the U.K., and Australia, have implemented measures that impose economic sanctions against the Relevant Countries or targeted industry sectors, groups of companies, persons or organizations from the Relevant Countries.

During the Track Record Period, we sold our products to customers located in Armenia, Azerbaijan, Bosnia and Herzegovina, Egypt, Iran, Hong Kong, Lebanon, Myanmar/Burma, Romania, Russia (excluding Crimea, Luhansk, Donetsk, Zaporizhzhia and Kherson regions), Serbia, Tunisia, Turkey, Ukraine (excluding Crimea, Luhansk, Donetsk, Zaporizhzhia and Kherson regions) and Venezuela. These Relevant Countries are subject to certain forms of International Sanctions programs administered by the Relevant Sanctions Authorities. In particular, Iran was subject to comprehensive sanctions during the

Track Record Period, and since February 2022, Russia has been subject to expanding sanctions scope by the Relevant Sanctions Authorities. We recorded revenue from Russia (excluding Crimea, Luhansk, Donetsk, Zaporizhzhia and Kherson regions) of RMB11.3 million, RMB23.5 million, RMB15.0 million, RMB4.8 million and RMB10.6 million in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, respectively. See "Business—Relevant Activities in Respect of the Relevant Countries with International Sanctions Exposure" for details of Relevant Activities relating to the Relevant Countries.

During the Track Record Period, some of our cobots sold to Russia (excluding Crimea, Luhansk, Donetsk, Zaporizhzhia and Kherson regions) were under certain custom codes (the "Relevant Custom Codes"), such codes stand for (1) industrial robots, (2) parts of machines and mechanical appliances having individual functions, (3) machines for additive manufacturing by rubber or plastic deposit, and (4) parts of machines for additive manufacturing. As advised by our International Sanctions Legal Advisor, such cobots falling under the Relevant Custom Codes were prohibited from being exported to Russia under sanctions laws and regulations of the E.U. and the U.K. On the other hand, as advised by our International Sanctions Legal Advisor, our cobots that do not fall under the Relevant Custom Codes are not subject to such sanctions laws and regulations. During the Track Record Period, our sales to Russia (excluding Crimea, Luhansk, Donetsk, Zaporizhzhia and Kherson regions) mostly consisted of Magician Series cobots and relevant accessories that do not fall under the Relevant Custom Codes. In 2021, 2022, 2023 and the six months ended June 30, 2024, our revenue derived from the sales of cobots to Russia (excluding Crimea, Luhansk, Donetsk, Zaporizhzhia and Kherson regions) which falls under the Relevant Custom Codes, such as our CR series (*industrial robots*), MG400 (*industrial robots*), integrated cobots for printing (*machines for additive manufacturing by rubber or plastic deposit*), and the accessories (*parts of machines and mechanical appliances having individual functions*; *parts of machines for additive manufacturing*), was nil, RMB2.2 million, RMB1.6 million and RMB3.1 million, respectively, accounting for nil, 0.9%, 0.5% and 2.6% of our total revenue in the same periods, respectively. During the Track Record Period and up to the Latest Practicable Date, no cobots or products were sold to Crimea, Luhansk, Donetsk, Zaporizhzhia and Kherson regions, and since June 2024, our Group has ceased sales of all cobots to Russia falling under the Relevant Custom Codes. We have been advised by our International Sanctions Legal Advisor that the potential breaches could be corrected by taking the position that from now on, our Group will no longer make sales of cobots in Russia under the Relevant Custom Codes that would breach the sanctions laws and regulations of the Relevant Jurisdictions. Since our Group has no relevant "nexus" with the E.U. and the U.K., for the sales of cobots to Russia falling under the Relevant Custom Codes by the relevant Group company, we have been advised by our International Sanctions Legal Advisor that (1) it is unlikely that such Group company will be fined or such fine could be enforced against such Group company; and (2) in the unlikely event that such Group company is fined, and considering as a first offender of such sanctions, it is expected that such penalty should not exceed RMB1.8 million.

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 Sanctioned Targets administered by the Relevant Sanctions Authorities. Further, new laws or restrictions could increase the obstacles for us to conduct our business internationally, and some or all of our products may be deemed subject to sanctions restrictions in the future.

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 Sanctions Authorities or other relevant authorities of the Relevant Jurisdictions or other jurisdiction determine that any of our future activities as a violation of the sanctions imposed by these authorities or designate our Group, 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.

In addition, any association with customers, suppliers and service providers in countries that are subject to any form of sanctions programs could subject us to reputational harm, which may lead to the loss of customers, suppliers or service providers, and in turn adversely affect our business, results of operations and financial condition.

Export control or trade restrictions may impact our business, results of operations and financial conditions.

In recent years, the Relevant Sanctions Authorities, in particular the U.S. government, have imposed targeted export control and trade restrictions on China and Russia and a number of their companies and institutions, including them in the list of Sanctioned Targets, which limits our ability to sell, procure and conduct other business activities with them. Any additional target and programs of International Sanctions or other laws and regulations regarding export controls could have an unpredictable effect on our business.

We generally procure raw materials, parts, components and equipment used in our manufacturing from domestic suppliers located in China, although these raw materials, parts, components, equipment may include certain U.S. origin raw materials, parts, components and equipment. Since June 2024, we require all of our suppliers to certify their compliance with U.S. export control regulations with respect to any U.S.-origin products, raw materials, parts, components or equipment supplied to us as part of our export control compliance measures. Furthermore, during the Track Record Period, we did not import any products, raw materials, parts, components or equipment directly from the U.S. and E.U. into China that were material to our business operation. During the Track Record Period, we did not sell our products to or procure raw materials, parts, components and equipment from companies on the list of Sanctioned Targets administered by the Relevant Sanctions Authorities. However, International Sanctions for export controls and trade laws, policies and regulations are complex and constantly evolving, and we cannot guarantee all time compliance with such laws, policies and regulations. Failure to do so may result in material and adverse effect on our business.

In addition, the interpretation and enforcement of the relevant International Sanctions laws and regulations involve substantial uncertainties, which may be driven by geo-politics, geo-economy, national interests and/or other factors at the relevant time that are well beyond our control. Any potential International Sanctions related restrictions, inquiries or investigations, government actions or other proceedings may be difficult or costly to comply with and may, among other things, disrupt or delay the development of our technologies, manufacturing of our products, and materially affect our business operations. These actions could result in negative publicity, require significant time and attention of our Directors and senior management and may subject us to fines, penalties or orders. If any of these occur, we may be required to cease or adapt part or all of our existing business activities, which may have a material and adverse effect on our business, results of operations and financial condition.

RISKS RELATING TO THE [REDACTED]

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

Prior to the [**REDACTED**], there has been no public market for our H Shares. The [**REDACTED**] range for our H Shares was the result of negotiations between us, the [**REDACTED**] and the [**REDACTED**] on behalf of the [**REDACTED**], and the [**REDACTED**] may differ significantly from the market price for our H Shares following the [**REDACTED**]. We have applied for [**REDACTED**] of, and permission to deal in, our H Shares on the Stock Exchange. A [**REDACTED**] on the Stock Exchange, however, does not guarantee that an active and liquid [**REDACTED**] for our H Shares will develop, or if it does develop, that it will be sustained following the [**REDACTED**] or that the [**REDACTED**] of our H Shares will not decline following the [**REDACTED**]. Furthermore, the [**REDACTED**] and [**REDACTED**] volume of our H Shares may be volatile. The following factors may affect the [**REDACTED**] volume and [**REDACTED**] of our H Shares:

- actual or anticipated fluctuations in our operating performance and revenue;

- our failure to execute our strategies;
- an unexpected business interruption resulting from operational breakdowns, natural disasters, or major changes in our key personnel or senior management;
- adverse market reaction to any indebtedness that we may incur or securities that we may issue in the future;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- potential litigation or regulatory investigations;
- general market conditions or other developments affecting us or our industry;
- changes or proposed changes in laws or regulations, or differing interpretations thereof, affecting our ability to obtain or maintain regulatory approval for our products;
- inadequate protection of our intellectual property rights or legal proceedings brought against us for infringement of third parties' intellectual property rights;
- the operating and stock price performance of other companies in our industry, and other events or factors beyond our control; and
- the release of lock-up or other transfer restrictions on our outstanding H Shares or sales or perceived sales of H Shares by us or other Shareholders.

Moreover, the capital market has from time to time experienced significant [**REDACTED**] and [**REDACTED**] volume fluctuations that were unrelated or not directly related to the operating performance of the underlying companies in the market. These broad market and industry fluctuations may have a material and adverse effect on the [**REDACTED**] and [**REDACTED**] volume of our H Shares.

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

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

Because the [REDACTED] of our H Shares is substantially higher than the consolidated net tangible book value per share, purchasers in the [REDACTED] may experience immediate dilution.

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

We have significant discretion as to how we will use the [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may spend the [**REDACTED**] from the [**REDACTED**] in ways you may not agree with or that do not yield a favorable return. See "Future Plans and [**REDACTED**]" for details of our intended [**REDACTED**]. However, our management will have discretion as to the actual application of our [**REDACTED**]. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific use we will make of the [**REDACTED**] from this [**REDACTED**].

Future sales or perceived sales or conversion of substantial amounts of our securities in the public market, such as conversion of our Domestic Shares into H Shares, could have a material and adverse effect on the prevailing [REDACTED] of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholdings.

Future sales of substantial amounts of our H Shares or other securities relating to our H Shares in the [**REDACTED**] market, or the [**REDACTED**] of new H Shares or other securities relating to our H Shares, or the perception that such [**REDACTED**] or [**REDACTED**] may occur could all cause a decline in the [**REDACTED**] price of our H Shares. Future sales, or perceived sales, of substantial amounts of our securities or other securities relating to our H Shares, including part of any future [**REDACTED**], could also materially and adversely affect the prevailing [**REDACTED**] price of our H Shares and our ability to raise capital in the future at a time and at a price which we deem appropriate.

Although our existing shareholders are subject to restrictions on their sales of H Shares within 12 months from the [**REDACTED**] as described in "History and Corporate Structure," future sales of a significant number of our H Shares by our Controlling Shareholders or other existing shareholders in the [**REDACTED**] market after the [**REDACTED**], or the perception that these sales could occur, could cause the [**REDACTED**] of our H Shares to decline and could materially impair our future ability to raise capital through [**REDACTED**] of our H Shares. We cannot assure you that our Controlling Shareholders, or other existing shareholders will not dispose of H Shares held by them or that we will not issue H Shares upon the expiration of restrictions set out above.

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

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

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

The [**REDACTED**] market of our H Shares may be influenced by research reports that industry or securities analysts publish about us or our business. If one or more analysts who cover us downgrade our H Shares or publish negative opinions about us, the market price of our H Shares would likely decline regardless of the accuracy of the information. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the [**REDACTED**] or [**REDACTED**] volume of our H Shares to decline.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain [**REDACTED**] information and other matters.

The words "anticipate," "believe," "could," "potential," "continue," "expect," "intend," "may," "plan," "seek," "will," "would," "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, among others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessary estimates reflecting the best judgment of our Directors, Supervisors and senior management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a result, these forward-looking statements should be considered in light of various important factors, including those set out in "Risk Factors" in this document. Accordingly, such statements are not a guarantee of future performance, and you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

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

This document includes industry data and forecasts extracted from the report prepared by CIC, which was commissioned by us, and from various official governmental publications and other publicly available publications. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, we cannot assure you of the accuracy or completeness of information obtained from these sources. We have not independently verified any of the data, forecasts and other statistics from such sources, nor have we ascertained that the underlying economic assumptions relied upon in those sources. The information from official government sources has not been independently verified by us or any other parties involved in the [**REDACTED**], or any of our or their respective directors, senior management, representatives, advisers or any other persons involved in the [**REDACTED**] and no representation is given as to its accuracy. Moreover, such facts, forecasts and other statistics may not be prepared on the same basis or with the same degree of accuracy (as the case may be) in other publications or jurisdictions. For these reasons, the information from various government publications contained in this document may not be accurate and should not be given undue reliance as a basis for making your [**REDACTED**] in our H Shares.

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

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

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

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

WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES

In preparation for the [**REDACTED**], 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 of the Listing Rules, all applicants applying for a primary [**REDACTED**] 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 of the Listing Rules, provided that our Company implements the following arrangements:

(1) We have appointed Mr. Lang Xulin (郎需林) ("Mr. Lang"), our executive Director, and Ms. Ching Shuk Wah Shirley (程淑華) ("Ms. Ching"), 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. Lang and Ms. Ching 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. In addition, each Director has provided his/her contact details, including phone numbers and email addresses, to our authorized representatives and to the Stock Exchange. 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 Guotai Junan 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 [**REDACTED**].

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.

WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES

Our Company has appointed Mr. Wang Yong (王勇) ("Mr. Wang") as one of our joint company secretaries. Mr. Wang joined our Group in 2022 and possesses relevant understanding and knowledge relating to the business operations and corporate culture of our Group. In his capacity as the executive Director, chief financial officer and Board secretary, Mr. Wang has actively participated in the preparation of the application for the [**REDACTED**] and possesses experience in matters relating to our Board and corporate governance of our Company. Having considered Mr. Wang's expertise and backgrounds, our Directors consider that Mr. Wang is capable of discharging the functions of a company secretary and is suitable to perform such role.

As Mr. Wang 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. Ching, a Chartered Secretary, a Chartered Governance Professional and a member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, 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. Wang for an initial period of three years commencing from the [**REDACTED**].

The following arrangements have been, or will be, put in place to assist Mr. Wang 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 [**REDACTED**], Mr. Wang 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. Wang 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 [**REDACTED**] 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. Wang and Ms. Ching will seek and have access to the advice from our Hong Kong legal advisors and other professional advisors as and when required.

(3) Ms. Ching will assist Mr. Wang 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. Wang will be assisted by Ms. Ching for an initial period of three years commencing from the [**REDACTED**]. As part of the arrangement, Ms. Ching will act as one of the joint company secretaries and communicate regularly with Mr. Wang 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. Wang 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.

WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER 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 of Rules 3.28 and 8.17 of the Listing Rules. Such waiver will be revoked immediately if and when Ms. Ching 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 [**REDACTED**]. We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Mr. Wang, having had the benefit of Ms. Ching'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, Supervisors and Senior Management" for the biographical details of Mr. Wang and Ms. Ching.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
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Mr. Wang Yong (王勇)	12D, Unit 1, Block C, Xiangge Mingyuan Mianshan Road Nanshan District Shenzhen PRC	Chinese
Mr. Lang Xulin (郎需林)	Room 16B, Unit 1, Block 1 Jindimeilong Town Garden Longhua District Shenzhen PRC	Chinese
Non-executive Director		
Mr. Jing Liang (景亮)	42/F, 2012 Shennan Avenue Futian District Shenzhen PRC	Chinese
Independent non-executive Directors		
Mr. Li Yibin (李貽斌)	1-1011, Building 3, Dongcun 44 Wenhua West Road Lixia District Jinan PRC	Chinese
Mr. Ng Jack Ho Wan (吳浩雲)	Flat A, 16/F, Tower 3A, Seanorama 1 Choi Sha Street Ma On Shan New Territories Hong Kong	Chinese

Name	Address	Nationality
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SUPERVISORS

Name	Address	Nationality
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Mr. Li Liuwei (李劉偉)	14D, Building 89 Taoyuan Village, Longzhu Avenue Nanshan District Shenzhen PRC	Chinese
Ms. Ma Jingxian (馬靜嫻)	Building 25E 16 Lianhuachi East Road Xicheng District Beijing PRC	Chinese

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

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Joint Sponsors

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26/F-28/F, Low Block
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181 Queen's Road Central
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ABCI Capital Limited
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[**REDACTED**]

[**REDACTED**]

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Auditors and Reporting Accountants	**Ernst & Young** *Certified Public Accountants* *Registered Public Interest Entity Auditors* 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Independent Industry Consultant	**China Insights Industry Consultancy Limited** 10F, Block B, Jing'an International Center 88 Puji Road Jing'an District Shanghai PRC
	[**REDACTED**]

CORPORATE INFORMATION

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Principal Place of Business in Hong Kong	40/F, Dah Sing Financial Centre 248 Queen's Road East Wan Chai Hong Kong
Company Websites	**www.dobot.cn** (with respect to Chinese version) **www.dobot-robots.com** (with respect to English version) *(Information contained on these websites does not form part of this document)*
Joint Company Secretaries	**Mr. Wang Yong (王勇)** 12D, Unit 1, Block C, Xiangge Mingyuan Mianshan Road Nanshan District Shenzhen PRC **Ms. Ching Shuk Wah Shirley (程淑華)** 40/F, Dah Sing Financial Centre 248 Queen's Road East Wan Chai Hong Kong
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	Ms. Ching Shuk Wah Shirley (程淑華) 40/F, Dah Sing Financial Centre 248 Queen's Road East Wan Chai Hong Kong
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Audit Committee	Mr. Ng Jack Ho Wan (吳浩雲) *(Chairman)* Mr. Li Yibin (李貽斌) Mr. Jing Liang (景亮)
Remuneration and Appraisal Committee	Mr. Li Yibin (李貽斌) *(Chairman)* Dr. Hou Lingling (侯玲玲) Mr. Wang Yong (王勇)
Strategy Committee	Mr. Liu Peichao (劉培超) *(Chairman)* Mr. Li Yibin (李貽斌) Mr. Wang Yong (王勇)
Compliance Advisor	**Guotai Junan Capital Limited** 26/F-28/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
	[**REDACTED**]
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The information and statistics set out in this section and other sections of this document were extracted from the report prepared by CIC, which was commissioned by us, and from various official governmental publications and other publicly available publications. We engaged CIC to prepare the CIC Report, an independent industry report, in connection with the [**REDACTED**]. *The information from official government sources has not been independently verified by us or any other parties involved in the* [**REDACTED**]*, or any of our or their respective directors, senior management, representatives, advisers or any other persons involved in the* [**REDACTED**] *and no representation is given as to its accuracy.*

OVERVIEW OF THE GLOBAL AND CHINA'S ROBOT AND COBOT INDUSTRIES

Overview of Robot Industry

Amidst aging global population and the rapid advancements in robotics and AI technologies, the efficiency and capability of robots have been greatly enhanced. The integration of AI-based robot algorithms allows robots to undertake complex tasks with agility, boosting an increased penetration of robots in various downstream fields, spanning industrial, commercial, medical and healthcare, scientific research and education sectors.

The advancement of robotics is gradually liberating humans from mundane tasks. As the functionality, human-robot interaction and safety of robots improve, robots become more flexible and adaptive, enabling them to perform a wider range of tasks. At the same time, advancements in AI are significantly enhancing the intelligent processing capabilities, i.e., the brain function, of the new generation of robots, enabling them to undertake more complex tasks. The global robot industry as measured by sales revenue, has grown from US$39.0 billion in 2019 to US$61.4 billion in 2023, at a CAGR of 12.0%. The market size is expected to reach US$131.4 billion in 2028, at a CAGR of 16.4% between 2023 and 2028.

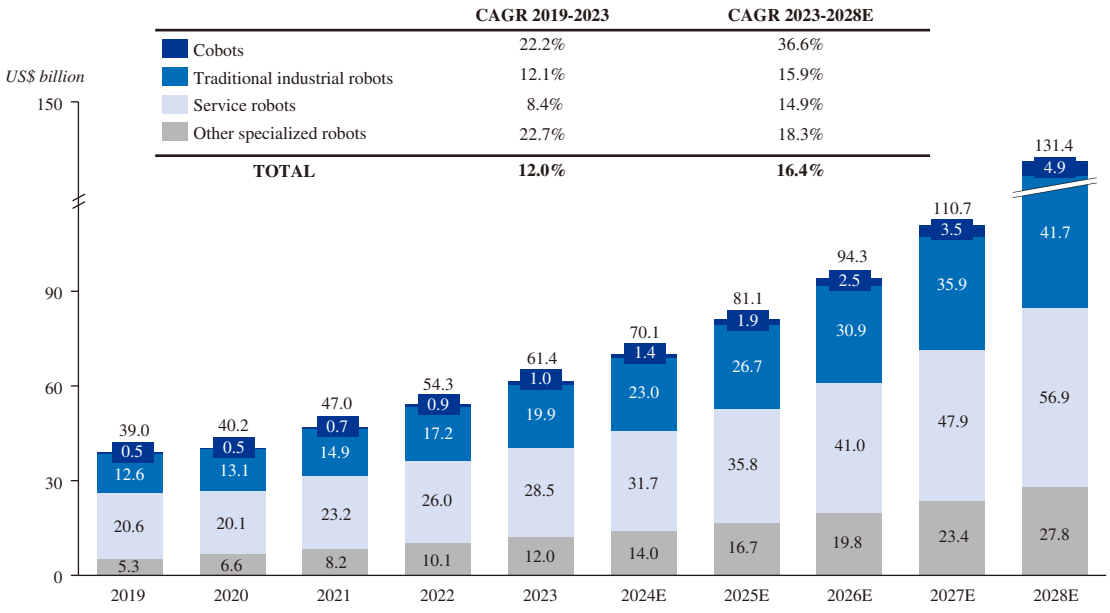
Definition and classification of robots

Robots are machines capable of semi-autonomous or fully autonomous operations, with the ability to perceive, make decisions, and execute tasks. Robots can be classified into four categories.

Type	Definition
Cobots	Cobots are robots with operational robotic arm intended for direct human-robot interaction or collaboration within a shared space or where humans and robots are in proximity. The key features of cobots include safety standards, ease of use, higher flexibility, and their inherent ability to collaborate with human workers. Cobots are widely adopted in many industries, such as industrial, commercial, medical and healthcare, and scientific research and education sectors.
Traditional industrial robots	Traditional industrial robots are automated, programmable robots used in dedicated industrial workplaces, often restricted by safety barriers as they are not designed for direct human interactions. It is more bulky and heavier as compared with other robots.
Service robots	Service robots are robots designed to perform functional tasks for humans or equipment, excluding industrial automation applications. Service robots can be categorized into domestic service robots and professional service robots.
Other specialized robots	Other specialized robots are used in specialized fields such as the military, aerospace, medical, and agriculture sectors, designed for specific tasks. Specialized robots are typically controlled by human operators under special conditions.

Sources: ISO, IFR, CIC

Market Size of the Global Robots Market by Revenue, Categorized by Robot Type, 2019-2028E



Sources: IFR, Mordor Intelligence, CIC

Overview of Cobot Industry

Classification of cobots

Cobots are primarily categorized by degrees of freedom and payload capacity. In terms of degrees of freedom, there are four-axis, six-axis and seven-axis cobots. In general, a higher number of axes corresponds to greater flexibility. Cobots can also be categorized by payload into light payload (<7kg), medium payload (7-12kg), heavy payload (12-20kg), super heavy payload (20-30kg) and extra heavy payload (>30kg). In 2023, six-axis and four-axis cobots accounted for 53.2% and 40.9% of the global market shares as measured by shipment volume, respectively, while seven-axis cobots had a market share of 5.9%. The world's first cobot was a six-axis cobot. Six-axis cobots are expected to continue to take the lead in the industry in the foreseeable future, which is expected to take up 62.8% of the total global market share in 2028. The six-axis design offers ample flexibility and precision to meet the needs of most industrial applications while maintaining the advantages of cost-effectiveness and ease of programming, effectively replicating the motion range of the human arms. The shipment volume distribution by payload in 2023 indicates a strong preference for light payload and medium payload cobots, with light payload and medium payload cobots accounting for a global market share of 65.0% and 25.0%, respectively.

	Four-axis cobots	Six-axis cobots	Seven-axis cobots
Typical applications	• Four-axis cobots are used in applications such as adhesive application, material handling, inspection and testing, and assembly of small components.	• Six-axis cobots are extensively used in complex applications such as loading and unloading on production lines, material and palletizing. They streamline automated operations in shared space within production lines and are well-suited for labor-intensive environments. They are also widely used in commercial and healthcare sectors.	• Seven-axis cobots are often deployed in applications such as medical surgical assistance, intricate precision manufacturing and research.

Source: CIC

Development of cobots

The first generation of cobots was introduced in 2008 primarily for manufacturing purposes, addressing the safety challenges of human-robot collaboration and demonstrating high adaptability to various production lines. In 2015, a number of companies specialized in cobot development started to emerge in both China and abroad, and traditional industrial robot companies also began building cobot production lines. In 2020, smart cobots with vision sensors reached a milestone of 10 thousand units shipment, demonstrating their commercialization and showcasing greater flexibility and versatility. With the development of AI, smart cobots are expected to be commercialized more extensively in the foreseeable future, with a wider variety of applications.

Comparative Analysis of Cobots, Traditional Industrial Robots, and Service Robots

	Cobots	Traditional industrial robots	Service robots
Typical use cases	• Various scenarios such as industrial, commercial, medical and healthcare, and scientific research and education	• Industrial scenarios such as automotive manufacturing, characterized by fixed assembly lines, high speed, heavy loads, long reach, and minimal need for human interaction	• Non-industrial scenarios such as education, logistics, reception, food delivery, vacuum and floor cleaning
Structure and function	• Equipped with robotic arm, emphasis on upper body operations	• Equipped with robotic arm, emphasis on upper body operations	• Not equipped with robotic arm, emphasis on the lower body movement, including wheeled, tracked, or legged mobile platform
Execution, flexibility and interaction	• Strong execution capability with flexibility • More interaction with human through graphical programming with drag-and-drop functionality	• Strong execution capability • Limited interaction with human	• Moderate execution capability • Moderate interaction with human, mainly through voice interaction and touch screen operation
Load and precisions	• Emphasizing low self-weight with integrated joints, flexibility and safety • With rated loads typically under 20kg, and generally not exceeding 30kg	• High rigidity, prioritizing precision and speed • With a wide range of rated loads, typically ranging from 20kg to 1,000kg for medium to heavy loads	• Lightweight design with mobility • Low self-weight
Technical difficulties	• High-precision position control and force control • Integration of complex components and control algorithms • Collision avoidance and human-robot interaction techniques	• High-precision position control and moderate force control • Integration of complex components and control algorithms	• Navigation and path planning • Energy efficiency and endurance duration • Human-robot interaction techniques
Safety	• Human-robot collaboration with features enabling safe co-working in the same shared space	• Requires a physical barrier, such as a fence, to ensure safety by separating humans from machinery	• High security with obstacle avoidance function, ensuring no harm when interacting with human
Price	◑	◕	◔

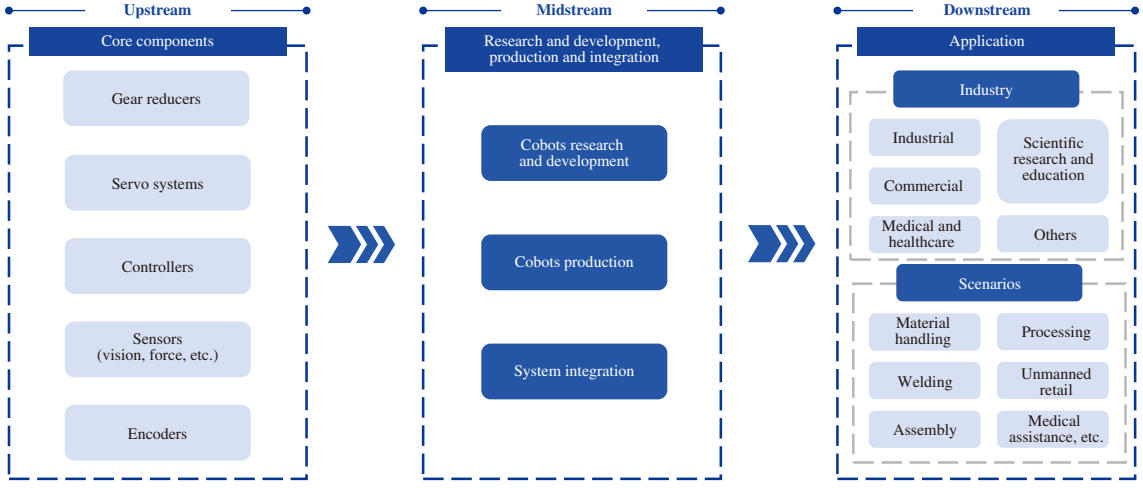
Price range from low ◔ to high ◕

Source: CIC

Industry chain of the global cobot industry

The cobot industry chain includes upstream core components, midstream research and development, production and integration, and downstream applications. The following table sets forth the details of these industry participants.

Industry Chain Analysis of the Global Cobot Market



Source: CIC

Key technology of the cobot industry

Key technologies primarily consist of cobot algorithms and hardware technologies. Cobot algorithms enable robots to sense, decide and act with precision. For example, human-robot interaction algorithms ensure safe and efficient collaboration between human and cobots. In addition, hardware technologies form the physical foundation for cobots. Looking ahead, AI's role is pivotal, empowering cobots with the ability to learn from demonstrations, adapt to varying conditions, and collaborate effectively with human in shared workspaces. For example, a cobot on a factory floor can learn to assemble a product by perceiving a worker's movements and autonomously adjust its actions when introduced to a new component, improving workflow efficiency and safety.

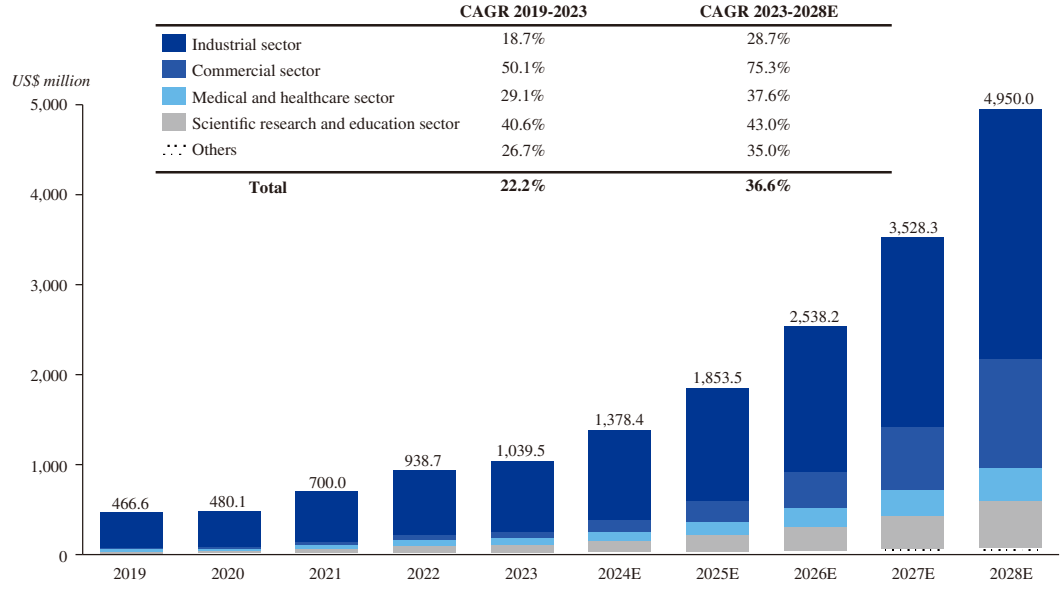
Category	Key technology	Analysis
Core robot algorithms	Perception algorithm	• It enables robots to sense and interpret their environment through sensory inputs. They process data from cameras, force sensors and other sensors to provide the robot with an understanding of its surroundings. Examples of perception algorithms include sensor fusion algorithms, visual demonstration learning technology.
	Decision-making algorithm	• It is responsible for planning and executing actions based on the robot's perception of the environment and its objectives.
	Motion control algorithm	• It manages the robot's physical movement, ensuring precise and smooth motion of its actuators and joints. Examples of motion control algorithms include kinematic compensation algorithm, continuous trajectory control algorithm, force control algorithm.
	Dual-arm collaborative operation technology	• It refers to an advanced control strategy that enables a pair of robotic arms to work in unison, sharing information and coordinating their movements for efficient and precise task execution. This technology broadens the applicability of cobots to scenarios that demand intricate synchronization and flexibility.
Human-robot interaction algorithms	User interface algorithm	• For cobots with touch screens, graphic programming with drag-and-drop teaching functionality, or other interactive interfaces, these algorithms manage the interaction flow and user inputs.
	Teleoperation technology	• It allows users to operate cobots remotely in complex or hazardous environments, with force feedback capabilities, achieving high real-time performance and operational transparency.
	Collision avoidance algorithm	• It ensures that the cobot stops or adjusts its trajectory when a human is in close proximity in order to prevent collisions.
AI-based robot algorithms	Intelligent perception algorithm	• It takes the capabilities of perception algorithms a step further by using machine learning and deep learning to improve the robot's ability to interpret complex sensory data and adapt to new situations. It provides a higher level of understanding and context awareness, allowing the robot to make more informed decisions and interact more naturally with its environment.
	Autonomous learning algorithm	• It refers to a set of algorithms that enable a system to improve its performance on tasks through experience without being explicitly programmed, which is particularly important for advancing the capabilities of robots to operate autonomously, learn new skills, and handle unpredictable situations.
	Intelligent interaction algorithm	• It allows for seamless and intuitive communication between humans and machines, such as speech recognition, gesture recognition, and force sensing.
Hardware technologies	Core component manufacturing technology	• It involves the production of essential components such as gear reducers, servo systems, controllers, and sensors. Advanced manufacturing techniques improve the quality, precision, and reliability of these components, enhancing the overall performance of cobots.
	Flexible electronic skin technology	• It provides tactile feedback and environmental perception. This technology enables cobots to interact with objects and humans more intuitively and safely in shared workspaces.
	Integrated joint technology	• It integrates torque output, transmission, and control into a single joint, featuring a decoupled design for easy maintenance and a bearing structure to enhance operational stability.
	Complete machine design and manufacturing technology	• It includes the design and fabrication of the entire robot system, integrating various components into a cohesive and functional unit. Efficient design methodologies and manufacturing processes optimize robot performance while minimizing production costs.

Source: CIC

Market size of the global cobot industry

The global cobot industry as measured by sales revenue has grown from US$466.6 million in 2019 to US$1,039.5 million in 2023, at a CAGR of 22.2%. The global cobot market experienced a slowdown in growth between 2022 and 2023 in view of the weaker-than-expected recovery of the global economy after the COVID-19 pandemic, a high-interest-rate financial environment that restrained some manufacturers' investment intentions, geopolitical conflicts, and a slow reshaping of supply chains in the post-pandemic era. However, it is expected that the market will grow exponentially from 2024 onwards, with the market size projected to reach US$4,950.0 million in 2028, at a CAGR of 36.6% from 2023 to 2028. The rapid growth of the cobot market is primarily driven by several key factors. The U.S. Federal Reserve's decision to lower interest rates is instrumental in reducing global financing costs, which in turn stimulates investment and consumer spending, providing momentum for the global economic recovery. Concurrently, the field of general AI technology is experiencing explosive growth. The integration of AI and machine vision technologies not only greatly enhances the performance of cobots but also contributes to economies of scale, reducing costs and making cobots more affordable. Additionally, labor shortages and rising labor costs due to an aging population have resulted in an increasing demand for automation. As a result, businesses in commercial sectors are increasingly adopting cobots for use cases such as unmanned retail, assisted meal preparation, and other services to improve the operational economic efficiency. In particular, China is playing an increasingly important role in the global cobot market, with its share in the global cobot market projected to increase from 26.3% in 2023 to 37.2% in 2028, at a CAGR of 46.5% from 2023 to 2028.

Market Size of the Global Cobot by Revenue, Categorized by Downstream Industry Sectors, 2019-2028E



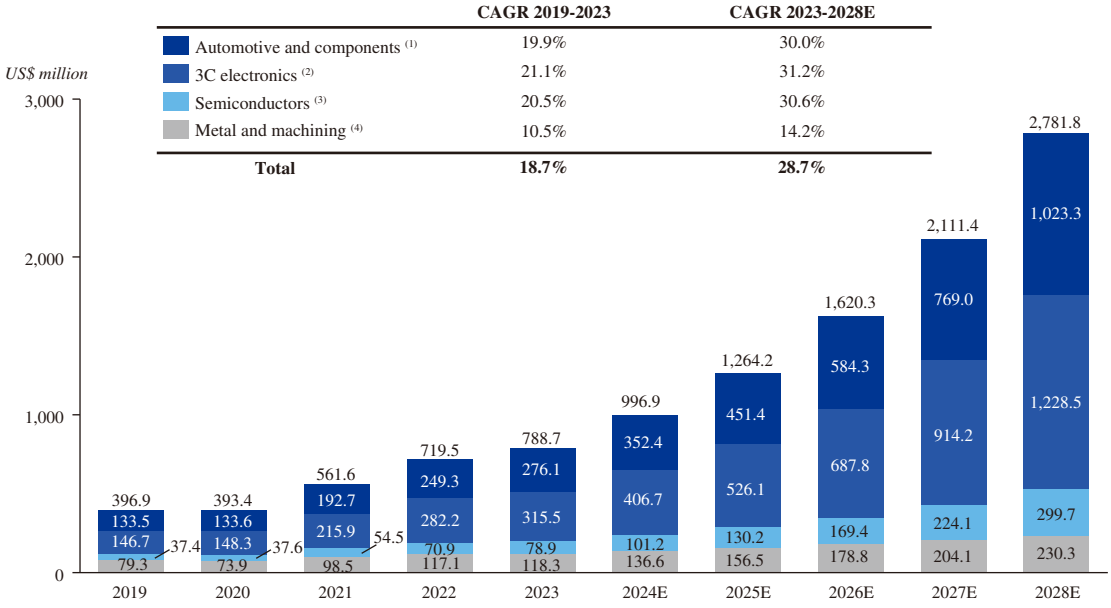
	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Industrial sector	396.9	393.4	561.6	719.5	788.7	996.9	1,264.2	1,620.3	2,111.4	2,781.8
Commercial sector	14.3	20.9	35.6	60	72.7	129.0	229.9	408.0	708.6	1,204.7
Medical and healthcare sector	27.2	31.3	47.2	70.4	75.7	105.5	147.4	205.3	279.8	373.2
Scientific research and education sector	22.3	27.9	45.8	74.5	87.2	126.3	183.6	265.8	376.6	522.3
Others	5.9	6.6	9.8	14.4	15.1	20.7	28.4	38.8	51.9	67.9
Total	466.6	480.1	700.0	938.7	1,039.5	1,378.4	1,853.5	2,538.2	3,528.3	4,950.0
China's market share of the global cobot market:	18.6%	23.7%	29.8%	25.6%	26.3%	27.6%	29.2%	31.1%	33.9%	37.2%

Sources: IFR, Mordor Intelligence, CIC

(1) Others include agricultural sector, entertainment sector and specialized sector.

The global cobot market for the industrial sectors has grown from US$396.9 million in 2019 to US$788.7 million in 2023, at a CAGR of 18.7%. The market size is expected to reach US$2,781.8 million in 2028, at a CAGR of 28.7% between 2023 and 2028. With the rapid growth of advanced manufacturing and automation, cobots can be utilized in various use cases, such as material handling, welding, assembly and processing.

Market Size of the Global Industrial Cobot by Revenue, Categorized by Industrial Market Segments, 2019-2028E



Sources: IFR, Mordor Intelligence, CIC

(1) In the automobile and components factories, cobots are widely deployed in the manufacturing process. Specific use cases include windshield adhesive application, screwdriving in smart cockpits, inspection for engines and vehicle bodies, and material handling for various automotive components.

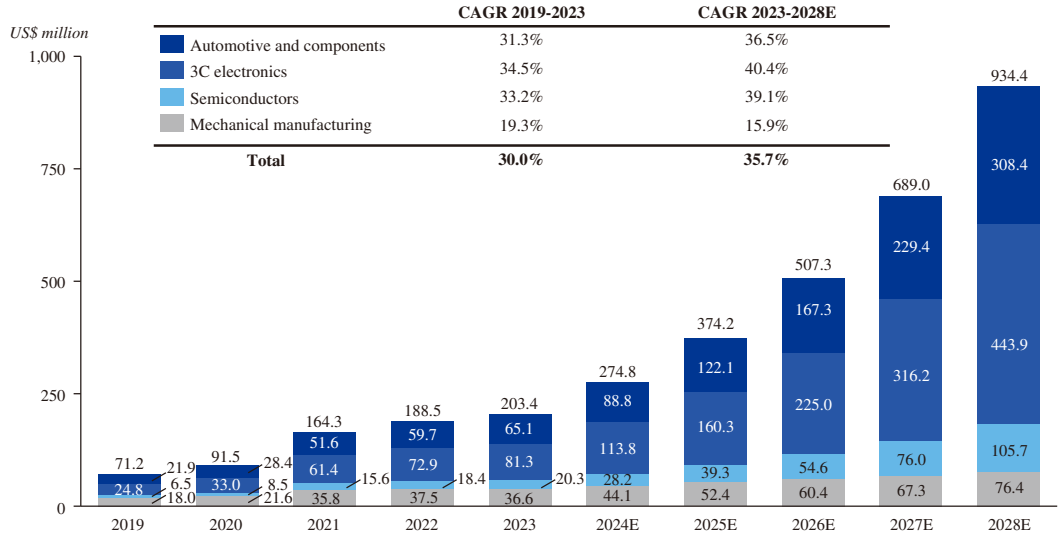
(2) In the 3C electronics industry, cobots are applied in the manufacturing processes of component assembly, final product assembly, testing and packaging.

(3) In the semiconductor industry, cobots are applied in production, manufacturing, handling, and inspection processes. This includes tasks such as wafer handling, wafer inspection, chip testing, sorting, and packaging.

(4) In the metal and machining industry, cobots are applied in cutting, forming, welding, and parts inspection.

The China's cobot market for the industrial sectors has grown from US$71.2 million in 2019 to US$203.4 million in 2023, at a CAGR of 30.0%. The market size is expected to reach US$934.4 million in 2028, at a CAGR of 35.7% between 2023 and 2028.

Market Size of the China's Industrial Cobot by Revenue, Categorized by Industrial Market Segments, 2019-2028E



Sources: IFR, Mordor Intelligence, CIC

Market Drivers of the Global & China's Industrial Cobots

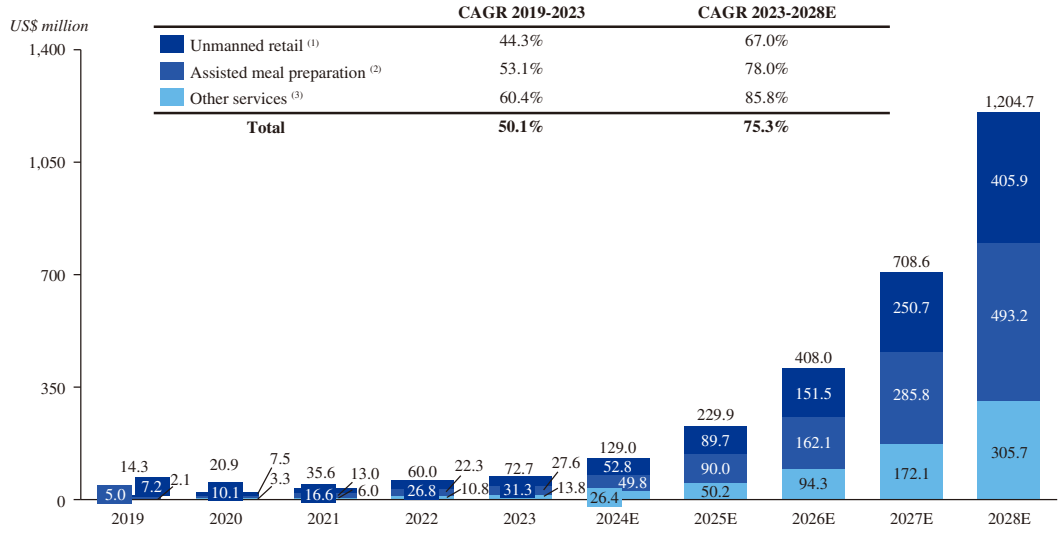
- *Diversifying Industrial Demands.* Industrial cobots are increasingly handling tasks including assembly, packaging, inspection, and material handling across industrial sectors such as automotive, 3C electronics, and semiconductor. The rapid growth of the downstream markets is an important support to ensure the rapid expansion of the global industrial cobot industry. The sales volume of global new energy vehicle is expected to increase from 14.6 million in 2023 to 38.2 million in 2028, with a CAGR of 21.2%, driven by carbon neutrality policy, autonomous driving advancements, and consumer demand for upgrades. Similarly, the global AR/VR market is expected to increase from US$47.6 billion in 2023 to US$146.7 billion in 2028, with a CAGR of 25.2%, driven by hardware upgrades, application diversification, and cost reductions. Additionally, the global automotive semiconductor market is expected to increase from US$67.0 billion in 2023 to US$115.2 billion in 2028, with a CAGR of 11.5%, driven by AI-driven chip demand, technological innovations, and electrification and intelligent development of vehicles.

- *Industrial Automation and Intelligent Upgrading.* With the fourth industrial revolution, automation and intelligent upgrading have become pivotal to manufacturing's evolution. Industrial cobots excel at executing high-precision, repetitive tasks and are designed to safely work alongside humans, enhancing production line efficiency and reducing costs. With the growing demand for intelligent and flexible manufacturing, the application scope and demand for industrial cobots will continue to expand.

- *Global Labor Shortage.* By 2030, a projected deficit of 85.0 million workers worldwide is expected to drive industrial cobot demand. Aging populations in developed countries and rising inflation rates have caused a general increase in labor costs. As labor costs continue to increase and labor markets tighten, factories are turning to industrial cobots to enhance production efficiency and reduce operational costs.

The global cobot market for the commercial sectors has grown from US$14.3 million in 2019 to US$72.7 million in 2023, a CAGR of 50.1%. The market size is expected to reach US$1,204.7 million in 2028, at a CAGR of 75.3% between 2023 and 2028. Cobots are expected to enhance operational flexibility, reduce labor costs, and improve service quality in commercial sector.

Market Size of the Global Commercial Cobot by Revenue, Categorized by Commercial Market Segments, 2019-2028E



Sources: IFR, Mordor Intelligence, CIC

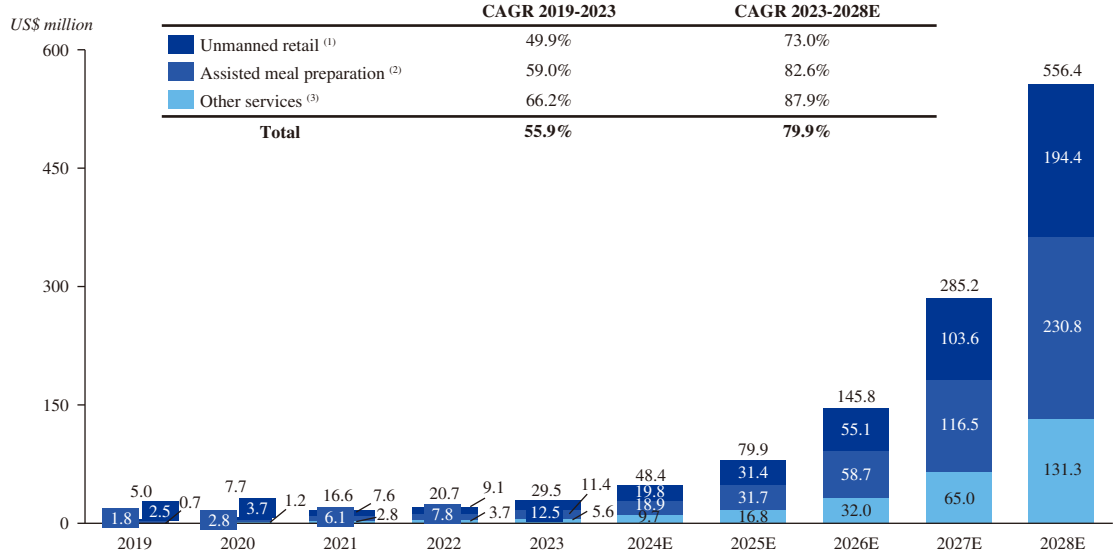
(1) In the unmanned retail industry, cobots are adopted for item sorting and delivery in the unmanned stores, hotels, pharmacies and warehouses, or integrated into unmanned vending machines in commercial space such as shopping malls and supermarkets.

(2) In the catering industry, cobots are used for assisting workers in meal preparation, such as making pancakes, cooking noodles, creating latte art, brewing tea drinks and making ice creams.

(3) Cobots can also be used in a variety of innovative use cases such as refueling and charging in the gas stations and e-commerce photography.

The China's cobot market for the commercial sectors has grown from US$5.0 million in 2019 to US$29.5 million in 2023, at a CAGR of 55.9%. The market size is expected to reach US$556.4 million in 2028, at a CAGR of 79.9% between 2023 and 2028.

Market Size of the China's Commercial Cobot by Revenue, Categorized by Commercial Market Segments, 2019-2028E



Sources: IFR, Mordor Intelligence, CIC

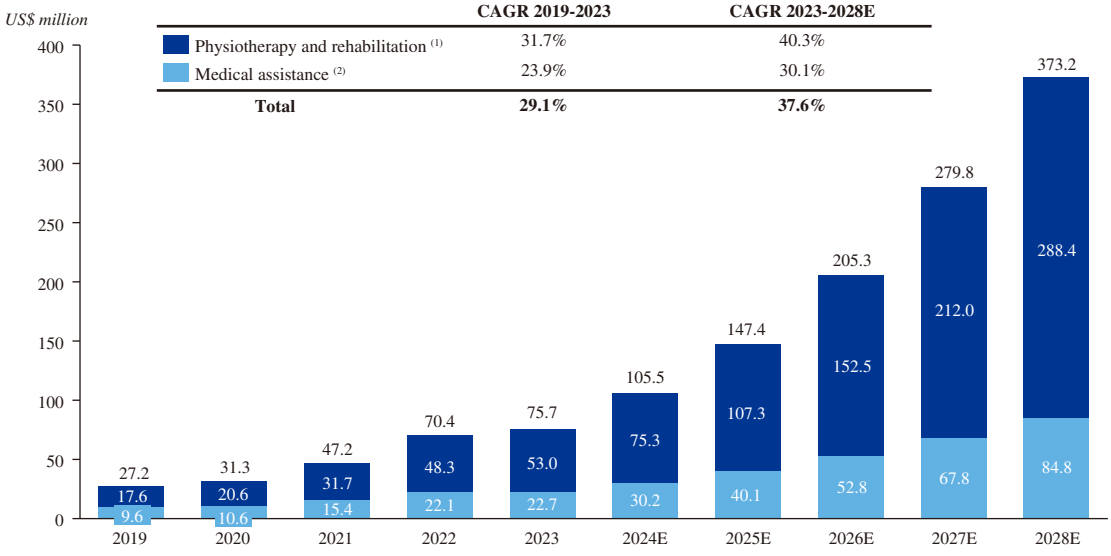
Market Drivers of the Global & China's Commercial Cobots

- *Commercial Digitalization and AI+*. The integration of commercial digitalization and AI has elevated the technological standards of new retail formats, enabling unmanned retail. These innovations have enhanced transaction efficiency and curtailed labor costs. In 2023, the global unmanned retail market reached US$72.8 billion, and is expected to grow to US$229.6 billion by 2028, at a CAGR of 25.8% between 2023 and 2028. Unmanned retail emerges as a novel retail model that economizes on human resource costs, signaling a promising developmental outlook.

- *Increasing Labor Costs*. A 3.6% increase in the global Total Labor Cost (TLC) per worker in 2023 due to rising wages has driven up labor costs significantly. This upward trend in labor expenses is accelerating the adoption of commercial cobots as businesses seek operational efficiency enhancements while reducing labor costs. The shift towards automation offers a strategic solution for companies to maintain competitiveness in an increasingly cost-sensitive environment.

The global cobot market for the medical and healthcare sector has grown from US$27.2 million in 2019 to US$75.7 million in 2023, at a CAGR of 29.1%. The market size is expected to reach US$373.2 million in 2028, at a CAGR of 37.6% between 2023 and 2028. As society ages and caregiver costs rise, physiotherapy and rehabilitation will become important areas for the development of cobots in the medical and healthcare sectors.

Market Size of the Global Medical and Healthcare Cobot by Revenue, Categorized by Medical and Healthcare Market Segments, 2019-2028E



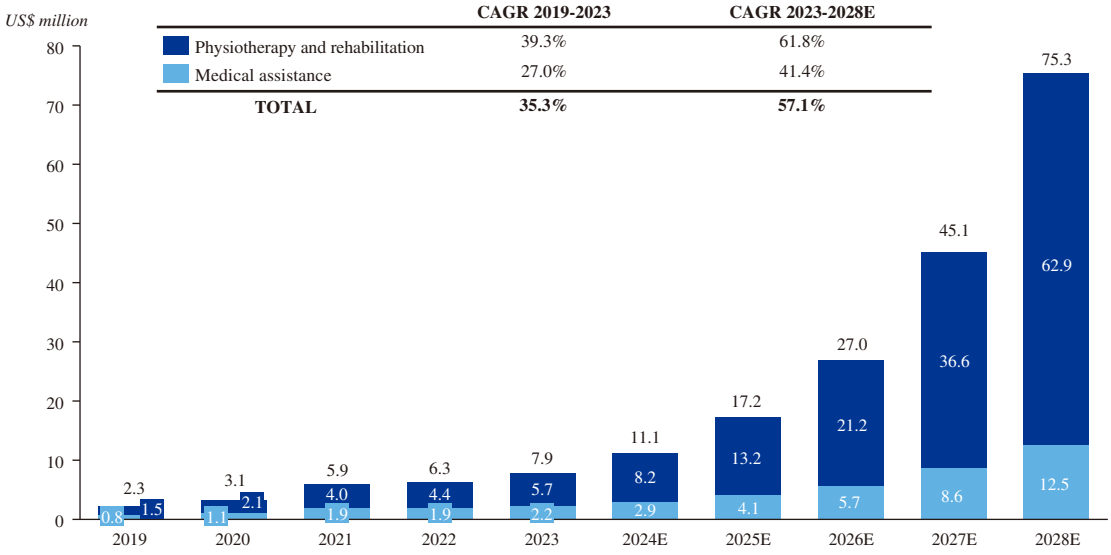
Sources: IFR, Mordor Intelligence, CIC

(1) Cobots are used for moxibustion physiotherapy and physical rehabilitation.

(2) Cobots are used for surgical assistance and laboratory automation, such as drug development and testing as well as blood testing.

The China's cobot market for the medical and healthcare sector has grown from US$2.3 million in 2019 to US$7.9 million in 2023, at a CAGR of 35.3%. The market size is expected to reach US$75.3 million in 2028, at a CAGR of 57.1% between 2023 and 2028.

Market Size of the China's Medical and Healthcare Cobot by Revenue, Categorized by Medical and Healthcare Market Segments, 2019-2028E



Sources: IFR, Mordor Intelligence, CIC

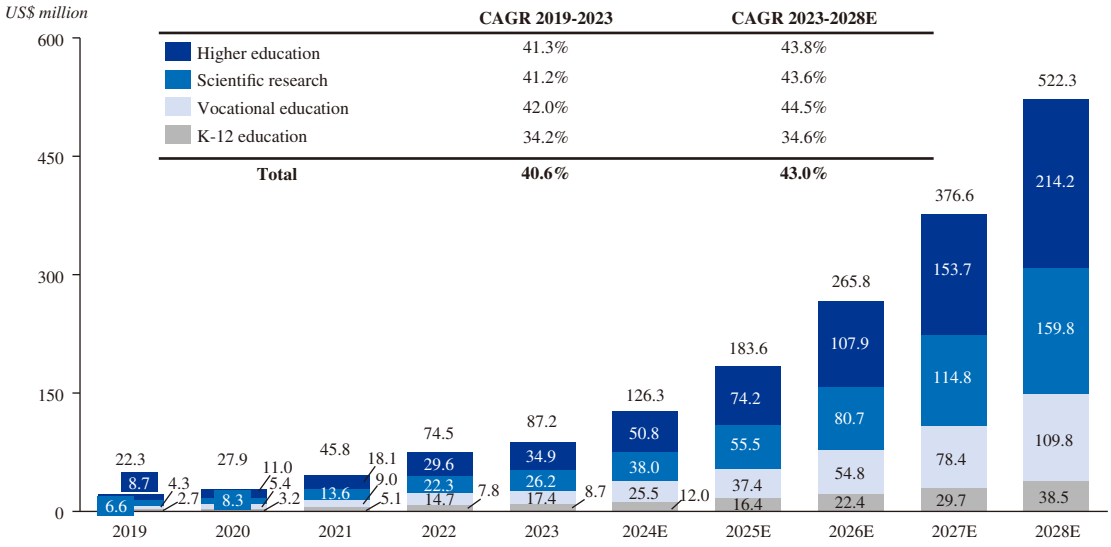
Market Drivers of the Global & China's Medical and Healthcare Cobots

- *Expanding Healthcare Market.* In 2023, the global digital healthcare market reached US$224.2 billion, and is expected to grow to US$784.3 billion by 2028, at a CAGR of 28.5% between 2023 and 2028. The development of the global digital healthcare industry is driven by the growing popularity of digital healthcare, and the continuous penetration of digital technologies such as cloud computing and artificial intelligence in the medical field. Meanwhile, the global shortage of medical service personnel against the backdrop of an aging population and the growing demand for automation equipment in the healthcare service industry will drive the rapid expansion of the global medical and healthcare cobot industry.

- *Aging Population.* In 2023, the global population aged 65 and above reached 761.0 million, and is expected to grow to 1.6 billion by 2050. China's demographic is aging rapidly, with the number of people aged 65 and above surpassing 220.0 million in 2023, accounting for 28.9% of the global population in that age group. This trend is intensifying the demand for elderly care, signaling a profound societal shift. The development of medical and healthcare cobots is poised to benefit from these trends, offering round-the-clock assistance, alleviating staffing shortages in elderly care and enhancing the quality of care through automated and precise services.

The global cobot market for the scientific research and education sector has grown from US$22.3 million in 2019 to US$87.2 million in 2023, at a CAGR of 40.6%. The market size is expected to reach US$522.3 million in 2028, at a CAGR of 43.0% between 2023 and 2028. Cobots are extensively adopted in the fields of scientific research and education due to their ability to offer hands-on practical experience, which is highly valued in vocational training. Additionally, the focus on emerging and high-potential areas of robotics and AI in scientific research makes cobots an indispensable tool for exploration and learning in these cutting-edge domains.

Market Size of the Global Scientific Research and Education Cobot[(1)] by Revenue, Categorized by Scientific Research and Education Market Segments, 2019-2028E

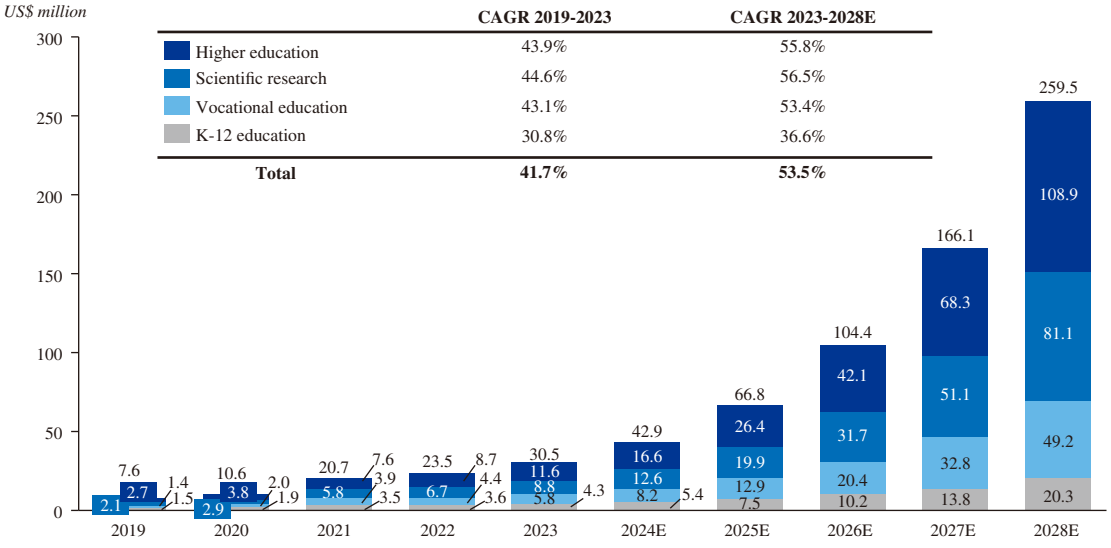


Sources: IFR, Mordor Intelligence, CIC

(1) Cobots are used in scientific research and education for industry-academia-research integration projects (產學研一體化項目), STEAM education, research assistance and training simulations.

The China's cobot market for the scientific research and education sector has grown from US$7.6 million in 2019 to US$30.5 million in 2023, at a CAGR of 41.7%. The market size is expected to reach US$259.5 million in 2028, at a CAGR of 53.5% between 2023 and 2028.

Market Size of the China's Scientific Research and Education Cobot by Revenue, Categorized by Downstream Industry Sectors, 2019-2028E



Sources: IFR, Mordor Intelligence, CIC

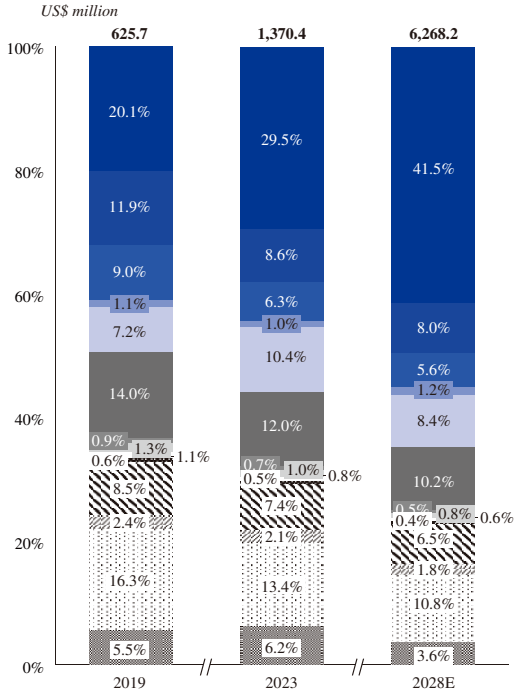
Market Drivers of Global & China's Scientific Research and Education Cobots

- *Digital Transformation of Education.* Driven by the increasing demands for higher education quality and efficiency, the growth of personalized learning needs, and the in-depth application of digital technology in the field of education, the digital transformation and upgrading of the education industry is accelerating. In 2023, the global digital education market reached US$19.7 billion, and is expected to grow to US$66.7 billion by 2028, at a CAGR of 28.0% between 2023 and 2028. Higher vocational education places greater emphasis on practical experience accumulation, and university courses in AI and robotics also require robotic equipment as an important teaching aid. Therefore, the demand for cobot products in training laboratories is expected to continue to grow. Meanwhile, the progressive integration of AI courses in K-12 and higher education is broadening the role of cobots in educational settings. Beyond being practical teaching tools, they also foster STEM education and encourage interdisciplinary dialogue.

- *Continuously Improving Research Capabilities.* In 2023, the global research investment reached approximately US$2.3 trillion. AI is vigorously advancing the transformation of research paradigms, and it is expected that the scale of global research investment will continue to grow. Given the high precision, repetition, and extensive data processing and collection inherent in scientific research tasks, cobots can assist with accomplishing these tasks more accurately and swiftly. Therefore, more cobots will be applied to scientific research in the future, promoting the development of global scientific research, as they are intertwined with the progress of AI.

The growth of the global cobot market is primarily driven by demand from major economies such as China, Japan, South Korea, Germany, and the United States. Moreover, China and the Asia-Pacific region are the fastest-growing market segments. China stands out with a projected CAGR of 45.1% between 2023 and 2028, indicating substantial growth potential for the cobot market and suggesting that it will continue to be a key driver of growth in the global landscape.

Market Size of the Global Cobot Industry, by Installation Value, Categorized by End-use Countries and Regions, 2019-2028E



	CAGR 2019-2023	CAGR 2023-2028E
China	33.8%	45.1%
Japan	12.4%	33.5%
South Korea	11.1%	32.4%
Southeast Asia	20.4%	40.1%
Other Asian Pacific countries	33.3%	29.8%
United States	17.2%	31.2%
Canada	15.2%	24.6%
Mexico	14.4%	30.0%
Brazil	12.5%	30.6%
Other South American countries	14.4%	29.3%
Germany	17.5%	32.0%
France	17.5%	31.4%
Other European countries	15.7%	29.9%
Other countries and regions	25.2%	21.8%
Total	**21.7%**	**35.5%**

Sources: IFR, CIC

Market drivers of the global cobot market

- *Favorable policies promoting research and applications of cobots.* Many countries are introducing policies to provide both macro-level guidance and concrete support for the development of cobots in terms of technology, funding, and applications. Certain policies issued by the Chinese government have positive impact on our business, including (1) the *14th Five Year Plan for the Development of China's Robot Industry* which seeks to promote breakthroughs in core robot technologies and high-end products and (2) the *Implementation Plan for "Robot+" Application Action* which aims to expand the use of robots manufacturing, agriculture, and healthcare, fostering the digital transformation of the economy and society. In particular, the *14th Five Year Plan for the Development of China's Robot Industry* fosters breakthroughs in core robotic technologies, boosting development of cobots with large load capacity, lightweight, flexible, dual-arm and mobile capabilities, promoting the going-global strategy of robot products and solutions, which aligns with our global strategic sales plan for cobots, and providing cobot companies like us with the impetus for technological upgrades and product innovation; the *Implementation Plan for "Robot+" Application Action* promotes the application of robots across various industries, accelerates the digital transformation and business expansion of cobot companies, and encourages robot companies to cooperate with universities and vocational colleges to establish robot talent internship and training bases, providing cobot companies like us with broader market opportunities.

- *Aging population and rising labor cost.* As population ages, the workforce shrinks in proportion to the overall population, putting pressure on labor supply, reducing the pool of available workers, and driving up labor costs. The projected working-age population will decrease by 10% in OECD countries on average by 2060, while the proportion of population aged 65 and above globally is projected to increase from 10% in 2022 to 16% by 2050. The global labor participation rate declined from 71.2% in 2018 to 65.1% in 2022. As a result of the shortage of labor force, a 19% increase in global income from 2019 to 2023 further drove up labor costs, creating a significant demand for automation solutions such as cobots in various industries to address labor shortages and cost challenges.

- *Advancements in smart cobots.* Smart cobots, with advanced technology such as AI and vision sensors, are enhancing human-robot interactions. New interaction methods like manual drag teaching, voice control, and motion capture are also emerging. The global market of the smart cobots is expected to grow from US$0.4 billion in 2023 to US$3.6 billion in 2028, at a CAGR of 58.1%. Technologies such as machine vision and AI touch are equipping cobots with abilities to "see" and "touch," making cobots capable of performing more complex tasks. The economic benefit of artificial labor costs that can be collaborated by smart cobots globally is projected to reach US$19.6 billion in 2028.

Development Trends Analysis of the Global Cobot Market

- *Diversification in downstream use cases.* The downstream use cases in the global cobot market are becoming increasingly diversified, driven by industry-specific demands, customization for various applications and integration with AI technologies. Enhanced safety measures have enabled closer human-robot collaborations, expanding global market reach. In commercial settings, customized cobots are increasingly used for inventory management, shelf stocking, unmanned retail, assisted meal preparation and other services. The global cobot market for commercial sectors experienced rapid growth, reaching a value of US$72.7 million in 2023, and is expected to reach US$1,204.7 million by 2028, at a CAGR of 75.3%.

- *Integrating lightweight designs with automated production.* Drive and control integration technology has advanced the development of cobot joints towards more compact, integrated, and intelligent designs. This has facilitated the application of cobots in a broader range of fields. Technologies such as intelligent perception and integrated joint design have propelled the trend towards greater flexibility and automation. These advancements have enhanced cobot safety, usability and flexibility and enabled them to adapt to the ever-changing demands of production and various working environments.

- *Integration of AI into cobots.* The integration of AI into cobots is driving the development of smart cobots that are more versatile and adaptive than before. Smart cobots with AI perception and decision-making ability are empowered to perform complex tasks with greater autonomy, make intelligent decisions based on real-time data, and collaborate seamlessly with human workers in various settings, from manufacturing floors to healthcare facilities. This evolution results in a new generation of cobots that can engage in a wider range of functions, adapt to dynamic work environments, and significantly enhance the efficiency and innovation of the industries they serve.

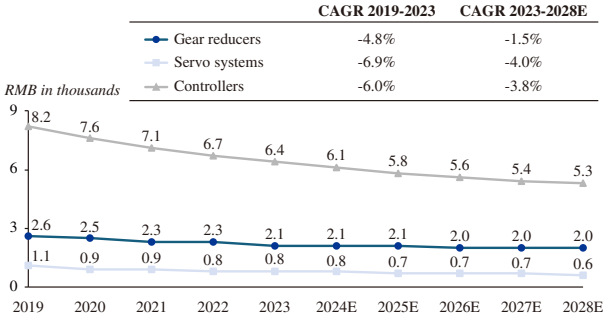
- *China's cobot industry driving global expansion.* The escalating export volume of Chinese cobots underscores China's growing dominance in the global cobot market, reflecting key industry trends. Bolstered by technological advancements and favorable policies, China has improved domestic production, boosting competitiveness and cost-effectiveness. Chinese cobots, known for their quality and affordability, are gaining significant traction in international markets. Projections suggest that China's share in the global cobot industry as measured by shipment volume is expected to increase from 37.1% in 2023 to 50.1% in 2028.

Historical and projected trends of the cost in China's cobot industry

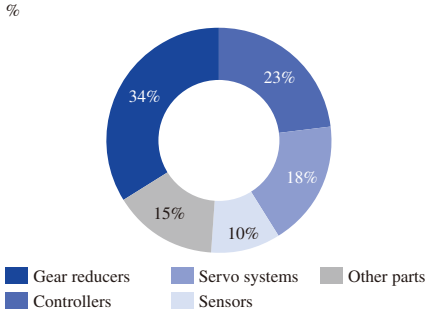
Gear reducers, servo systems and controllers are core components of cobots, accounting for over 70% of the total manufacturing cost of a cobot. The average price of core components in China's cobot shows a downward trend, benefiting from accelerated localization and simplified deployment methods. For instance, a six-axis cobot with a 5kg payload comprises six gear reducers, six servo systems, one motion controller, sensors and other components. The gear reducers, motion controllers, servo systems, sensors and other components account for 34%, 23%, 18%, 10% and 15% of the total cost, respectively. Increasing the number of axes in a cobot typically raises the cost of components like gear reducers and servo systems, as each additional axis requires dedicated gear mechanisms and motor controls for precise movement. Similarly, enhancing the payload capacity increases the costs for gear reducers and other structural components, as it requires stronger materials and more powerful motors to support the heavier load.

Cobot prices are influenced by factors such as degrees of freedom, payload, branding and use cases. Cobots with higher degrees of freedom and greater payloads are typically priced higher, but other factors can also impact the price. For example, the price for four-axis cobots typically ranges from RMB3,000 to RMB50,000, while the price for cobots with six or more axes ranges from RMB20,000 to RMB200,000, primarily due to higher component costs. The pricing for integrated cobots is subject to the complexity of integration, customization and application. The specific needs of each project also influence the pricing. As a result, there is no standard pricing range or fixed criteria that generally apply to integrated cobots.

Historical and Projected Trends of the Average Price of the Core Components in China's Cobot Industry, 2019-2028E



Cost Structure of Cobots' Core Components, Using a Six-axis 5kg Load Cobot as an Example, 2023



Sources: CRIA, MIR, CIC

COMPETITIVE LANDSCAPE OF THE GLOBAL COBOT INDUSTRY

Manufacturers in the global cobot industry can be largely categorized into two groups. The first group is manufacturers of traditional industrial robots who have entered the cobot industry leveraging their experience in traditional industrial robot development. The second group comprises emerging manufacturers dedicated to the development and commercialization of cobots since their inception.

In addition, the global cobot industry is dominated by market players from a few key countries, including China, Japan, Germany, the United States, and Denmark, among others. Notably, Chinese manufacturers have been growing rapidly in recent year, benefiting from a more comprehensive product matrix and cost advantages.

The global cobot industry is relatively concentrated, with the top five market players accounting for approximately 46.3% of the market share in 2023 in terms of global cobot shipment volume. Notably, four of those leading players are Chinese manufacturers, underscoring the significant role that China is playing in shaping the global market landscape. In 2023, we ranked second among all market players in the global cobot industry and ranked first among all Chinese cobot companies, each measured by global cobot shipment volume. Our revenue has grown at a CAGR of 28.3% between 2021 and 2023, outpacing the industry average.

Ranking of the Top Five Market Players in the Global Cobot Industry

The following table sets forth the ranking of the top five market players in the global cobot industry in terms of global cobot shipment volume in 2023.

Ranking	Company	Overview	Listing status	Geographical coverage of products	Global cobots shipment volume, 2023 (units in ten thousands)	Market share (%)
1	Universal Robots[1]	• Established in 2005, headquartered in Denmark. It launched the world's first cobot in 2008 and focuses on the development and commercialization of cobots that enable automation upgrades in the industrial sector.	• Acquired by a publicly-listed company in the U.S.	• China and over 50 overseas countries and regions	1.6	14.8
2	Our Company	• Established in 2015, headquartered in Shenzhen, China. Our Company is a company that specializes in the development, manufacturing and commercialization of cobots.	• [REDACTED]	• China and over 80 overseas countries and regions	1.4	13.0
3	AUBO	• Established in 2015, headquartered in Beijing, China. It is a high-tech enterprise specializing in the research, development, production, and sale of cobots.	• Not listed	• China and over 50 overseas countries and regions	0.8	7.4
4	Elephant Robotics	• Established in 2016, headquartered in Shenzhen, China. It focuses on the development and manufacturing of cobots as well as the development of relevant platform software.	• Not listed	• China and over 50 overseas countries and regions	0.7	6.5
5	JAKA	• Established in 2014, headquartered in Shanghai, China. It focuses on the research, development, manufacturing, and sales of cobots, as well as the integration of cobot systems.	• Applied for listing on SSE STAR Market	• China and over 50 overseas countries and regions	0.5	4.6
	Sub-total				**5.0**	**46.3**
	Others				**5.8**	**53.7**
	Total				**10.8**	**100.0**

Sources: Annual reports, expert interviews, GGII, MIR, CIC

(1) Universal Robots focuses on the development and commercialization of cobots that can be used in a wide range of industrial production environments. It commercially launched the world's first cobot in 2008, making it a well-recognized cobot brand in the industry.

Comparison of the Top Five Market Players in the Global Cobot Industry

As of the Latest Practicable Date, we offered a total of 27 cobot models in four series with payload capacity ranging from 0.25kg to 20kg, among which 22 were six-axis models and five were four-axis models, representing one of the most extensive product portfolios in the global cobot industry.

Comparative analysis of product indicators, 2023

Company	Axis models of cobots	Payload capacity of six-axis cobots[1]					
		<3kg	3-7kg (excluding 7kg)	7-12kg (excluding 12kg)	12-20kg (excluding 20kg)	20-30kg (excluding 30kg)	≥30kg
Our Company	Four-axis and six-axis	√	√	√	√	√	×
Universal Robots	Six-axis	×	√	√	√	√	√
AUBO	Six-axis	×	√	√	√	√	√
Elephant Robotics	Four-axis and six-axis	√	×	×	×	×	×
JAKA	Six-axis	√	√	√	√	×	×

Sources: Annual reports, expert interviews, CIC

(1) The payload capacity of six axis is chosen for the comparison, as major comparable companies generally offer six-axis cobots. Cobots can be categorized into light payload (<7kg), medium payload (7-12kg), heavy payload (12-20kg), super heavy payload (20-30kg) and extra heavy payload (>30kg). Specifically, the light payload cobots for the commercial sector typically feature a payload capacity of less than 3kg, which are classified as a distinct category. The selected payload range for the above comparison aligns with the industry classification.

According to the CIC Report, in the cobot industry, performance standards focus on five key dimensions: accuracy, stability, reliability, flexibility, and safety. Key technical indicators include repeat positioning accuracy, absolute positioning accuracy, non-contact detection distance and payload-to-weight ratio. These performance indicators, as listed by cobot manufacturers in the market, subtly influence the way end-users evaluate and select cobot products. The smaller the repeat positioning accuracy value, the higher the precision of the cobot when performing the same task repeatedly. Similarly, the smaller the absolute positioning accuracy value, the more accurate the cobot can achieve the desired position when executing tasks. Additionally, the non-contact detection distance reflects the distance at which the cobot can detect objects without physical contact. The greater the non-contact detection distance, the higher the reliability and safety of the cobot in human-robot interaction. Furthermore, a higher payload-to-weight ratio indicates greater safety and flexibility of the cobot.

Our cobots have achieved an absolute positioning accuracy of 0.229 mm and a repeat positioning accuracy of ±0.02 mm, with each parameter representing a leading standard in the global cobot industry. At the same time, our proprietary flexible e-skin technology, SafeSkin, allows our cobots to detect approaching objects 15 cm away while operating at a 1 m/s safety speed during the human-robot interaction.

Comparative analysis of technical indicators[(1)], 2023

Company	Repeat positioning accuracy (mm)	Absolute positioning accuracy (mm)	Non-contact detection distance (cm)	Payload-to-weight ratio
Our Company	**±0.02**	**0.229**	**15[(2)]**	**0.2**
Universal Robots	±0.03	~0.5	/	0.2
AUBO	±0.02	~0.5	/	0.2
JAKA	±0.02	~0.5	/	0.2

Sources: Annual reports, expert interviews, GGII, MIR, CIC

(1) The above comparison is based on six-axis cobot models with a payload of 5 kg, which are commonly offered by major comparable companies as a mainstream model in the market. Elephant Robotics only offers cobots of a payload up to 2kg and is therefore not included in the comparison.

(2) This is primarily achieved through our propriety flexible e-skin technology. Such e-skin technology is a non-contact collision prevention technology achieved by the working principle of capacitive proximity sensors, which enable cobots to detect approaching objects while operating at a safety speed during the humanrobot interaction. This technology allows cobots to respond rapidly to approaching objects by either ceasing movement or taking evasive action to effectively prevent the imminent collisions.

Key Success Factors of the Global Cobot Industry

- *Leading research and development strength and technology.* Experienced research and development teams are adept at identifying and leveraging cutting-edge technology trends. An innovative research and development team, coupled with advanced technologies and know-how of the application scenarios, facilitates the development of new products, enhances product competitiveness, and influences market trends.

- *Product diversification for various use cases.* An extensive product matrix enhances a company's ability to adapt its cobots to various end-user use cases, meet personalized customer needs, and increase market share and industry influence.

- *High cost-performance ratio.* Companies must ensure product excellence while controlling costs in order to offer competitive pricing for customers. A high cost-performance ratio reflects a cobot company's comprehensive strengths in research and development, production, and supply chain management.

- *Strong channel expansion capabilities.* Effective channel expansion capabilities enable companies to swiftly respond to market changes, establish extensive sales and service networks, and build strong relationships with local distributors and integrators, which is crucial for market penetration and brand promotion.

Entry Barriers to the Global Cobot Industry

- *Research and development investment costs.* Developing cobots requires significant investment in research and development, as well as substantial financial resources. The emergence of 5G communication and AI technologies is driving cobots into niche applications and enhancing their perceptive capabilities. This means manufacturers must invest heavily in technological advancements to develop new products and improve existing ones, ensuring they maintain market leadership.

- *Technological accumulation.* The cobot industry is characterized by high technological barriers that require extensive experience and accumulated knowledge. Established manufacturers benefit from years of technological development in core components like gear reducers, servo systems, and controllers, creating significant entry barriers for new players. Without this deep industry knowledge, new entrants struggle to produce competitive products and align them with specific market needs.

- *Talent requirements.* Success in the cobot industry demands a diverse talent pool with expertise in mechanics, electronics, control systems, and algorithms. Leading companies have already built robust research and development teams and talent pipelines. In contrast, newcomers must invest heavily in attracting and developing skilled professionals to build an effective workforce.

- *Scenarios know-how.* Cobot companies rely on a wealth of project experience and client case studies to thrive. This experience helps companies understand customer requirements and refine product designs to fit the end user's scenario. New entrants, lacking practical project experience and industry insights, face significant challenges in establishing themselves in the market.

COMPETITIVE LANDSCAPE OF THE GLOBAL COBOT INTEGRATOR INDUSTRY

The global cobot integrator market is highly fragmented, dominated by numerous small to medium-sized integrators with industry-specific and regional experiences. It is estimated that there are over 50 thousand cobot integrators globally. Cobot integrators generally operate in small scale, primarily due to their focuses on certain integration fields for cobots to perform specific tasks, such as welding, material handling and palletizing. Cobot integrators rely on their specific integration expertise and business relationships with downstream customers, which, to certain extent, limit their expansion to large scale operations. As a result, the global cobot integrator market remains dispersed with no clear competitive hierarchies.

SOURCE AND RELIABILITY OF INFORMATION

We commissioned CIC, a market research and consulting company founded in Hong Kong and engaged in the provision of professional consulting services across multiple industries, to conduct an analysis and report of the global and China's cobot markets. We have agreed to pay a fee of RMB0.4 million to CIC in connection with the preparation of the CIC Report. We have extracted certain information from the CIC Report in this section, as well as the "Summary," "Risk Factors," "Business," and "Financial Information" sections, and elsewhere in this document to provide our potential [**REDACTED**] with a more comprehensive presentation of the industries where we operate. Unless otherwise noted, all data and forecasts contained in this section derive from the CIC Report.

The information and data collected by CIC have been analyzed, assessed, and validated using CIC's in-house analysis models and techniques. Primary research was conducted via interviews with key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, such as the National Bureau of Statistics of PRC and various industry associations. The information and data collected by CIC have been analyzed, assessed, and validated using CIC's in-house analysis models and techniques.

The market projections in the CIC Report are based on the following key assumptions: (1) the overall social, economic, and political environment in China is expected to remain stable during the forecast period; (2) related key industry drivers are likely to continue driving growth in the robot market during the forecast period, such as the advancement of technology and infrastructure, supportive policies, and increasing downstream demands; and (3) there will be no extreme force majeure or unforeseen industry regulations in which the market may be affected in either a dramatic or fundamental way during the forecast period.

This section sets out a summary of certain aspects of the laws and regulations which are relevant to the business and operations of our Group. The principal objective of this summary is to provide potential [**REDACTED**] *with an overview of the key laws and regulations applicable to us. This summary does not purport to be a comprehensive description of all the laws and regulations applicable to our business and operations and/or which may be important to potential* [**REDACTED**]. [**REDACTED**] *should note that the following summary is based on laws and regulations in force as at the date of this document, which may be subject to change.*

PRC LAWS AND REGULATIONS

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

Laws and Regulations in Relation to Product Quality

The Product Quality Law of the People's Republic of China (中華人民共和國產品質量法) (the "Product Quality Law") promulgated by the Standing Committee of the National People's Congress (the "SCNPC") on February 22, 1993, which was last amended and became effective on December 29, 2018, is the principal governing law related to the supervision and administration of product quality. According to the Product Quality Law, manufacturers shall be liable for the quality of products they produce, and sellers shall take measures to ensure the quality of the products they sell. A manufacturer shall be liable to compensate for any physical injuries or damage to property other than the defective product itself resulting from the defects in the product unless the manufacturer can prove that: (1) the product has not been put into circulation; (2) the defects causing injuries or damage did not exist at the time when the product was put into circulation; or (3) the science and technology at the time when the product was put into circulation were at a level incapable of detecting the existence of the defect. A seller shall be liable to compensate for any physical injuries or damage to the property of others caused by the defects in the product. Where a product is defective due to a mistake made by the seller and such defect causes physical injury or damage to the property of others, the seller shall bear liability for compensation. Where a seller cannot specify the producer of a defective product nor the supplier of such defective product, the seller shall be liable for compensation. Where a defect in a product causes physical injuries to others or damages to the property of others, the victim may claim compensation from the producer of the product or the seller of the product.

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

The Law of the PRC on the Protection of the Rights and Interests of Consumers (中華人民共和國消費者權益保護法), which was promulgated by the SCNPC on October 31, 1993, last amended on October 25, 2013 and became effective on March 15, 2014, was aimed at protecting consumers' rights when they purchase or use goods and accept services. All business operators must comply with this law when they manufacture or sell goods or provide services to customers. Under the amendments made on October 25, 2013, all business operators must pay high attention to protecting customers' privacy and must strictly keep confidential any personal information of consumers obtained during their business operations.

The Regulations on the Implementation of the Law on the Protection of Consumer Rights and Interests of the People's Republic of China (中華人民共和國消費者權益保護法實施條例) was promulgated by the State Council of the People's Republic of China (the "State Council") on March 15, 2024 and implemented on July 1, 2024 (the "Regulations on the Implementation of the Law on the Protection of Consumer Rights and Interests"). The Regulations on the Implementation of the Law on the Protection of Consumer Rights and Interests mainly refine and supplement the obligations of operators and improve the relevant provisions on online consumption, strengthen the obligations of prepaid consumer operators, regulate the behavior of consumer claims and clarify the responsibilities of the government for the protection of consumer rights and interests.

Laws and Regulations in Relation to the Industry

According to the Administrative Regulations for Compulsory Product Certification (強制性產品認證管理規定), which was promulgated by the former General Administration of Quality Supervision, Inspection and Quarantine of the PRC (which merged into the State Administration of Market Regulation (the "SAMR")) on July 3, 2009, amended on September 29, 2022 and became effective on November 1, 2022, products specified by the state shall not be delivered, sold, imported or used in other business activities until they have been certified (the "Compulsory Product Certification") and labeled with China Compulsory Certification (中國強制認證) mark. For products subject to Compulsory Product Certification, the state implements unified product catalogs (the "3C Catalog"), unified compulsory requirements, standards and compliance assessment procedures in technical specification, unified certification marks and unified charging standards.

Pursuant to the Tendering and Bidding Law of the People's Republic of China (中華人民共和國招標投標法) (the "Tendering and Bidding Law") promulgated by the SCNPC on August 30, 1999, revised on December 27, 2017 and effective from December 28, 2017, tenderers shall not collude with each other in setting bidding prices, nor shall they exclude other tenderers from fair competition and harm the lawful rights and interests of the tenderee and other tenderers. Tenderers shall not participate in the bidding competition by offering a price lower than the cost, nor shall they attempt to win the bid in the name of other persons or through other fraudulent means.

According to the Implementation Regulations for the Law of the People's Republic of China on Tenders and Bids (中華人民共和國招標投標法實施條例), which was promulgated on December 20, 2011, last amended on March 2, 2019 and became effective on the same day, where the tender invitation and bidding activities of a project required by law to call for tenders violate the provisions of the Tendering and Bidding Law and such regulations, and have a substantive influence on the outcome of award of tender, if it is impossible to adopt remedial measures to rectify the tender invitations, the bidding and award of tender shall be void, and the tender exercise or bid evaluation shall be organized anew pursuant to the law.

According to the Law of the PRC on Government Procurement (中華人民共和國政府採購法) (the "Procurement Law") promulgated by the SCNPC on June 29, 2002 and last amended and implemented on August 31, 2014, the government procurement methods include public tender invitation, bidding invitation, competitive negotiation, single-source procurement, inquiry about quotations and other methods confirmed by the department for supervision over government procurement under the State Council. Public tender invitation is the principal method of government procurement, and the term "government procurement" means the use of fiscal funds by all levels of state authorities, institutions and social organizations to procure goods, projects and services that fall within the catalog for centralized procurement formulated in accordance with the law or that are above the procurement limits. Pursuant to

Article 73 of the Procurement Law, if any unlawful act made pursuant to Article 71 results in or may result in the supplier winning the bid, the procurement contract shall be canceled if it has not been performed.

Laws and Regulations in Relation to Intellectual Property

Trademarks

The Trademark Law of the People's Republic of China (中華人民共和國商標法) (the "Trademark Law") was promulgated by the SCNPC on August 23, 1982 and became effective on March 1, 1983, and was last amended on April 23, 2019 and came into effect from November 1, 2019. The Implementation Rules of the Trademark Law of the People's Republic of China (中華人民共和國商標法實施條例) was promulgated by the State Council on August 3, 2002 and came into effect on September 15, 2002, and was last amended on April 29, 2014 and became effective from May 1, 2014. The Trademark Law and its implementation rules provide the basic legal framework for regulating trademarks in the PRC. According to relevant laws and regulations, registered trademarks include commodity trademarks, service trademarks, collective marks and certification marks. Registered trademarks are protected under the Trademark Law and related rules and regulations. If a trademark applied for registration does not comply with relevant regulations or is identical or similar to the trademark already registered or preliminarily approved by others on the same or similar goods, the Trademark Office shall reject the application. The validity period of a registered trademark is 10 years, calculated from the date of approval for registration approval.

Patents

Pursuant to the Patent Law of the People's Republic of China (中華人民共和國專利法) promulgated by the SCNPC on March 12, 1984, last amended on October 17, 2020, and effective from June 1, 2021, and the Implementation Rules of the Patent Law of the People's Republic of China (中華人民共和國專利法實施細則) promulgated by the State Council on June 15, 2001, last amended on December 11, 2023 and effective from January 20, 2024, there are three types of patents, namely, invention, utility model and design. Invention patents are valid for 20 years, design patents are valid for 15 years and utility model patents are valid for 10 years from the date of application. The PRC patent system adopts a "first come, first file" principle, which means that where more than two persons file a patent application for the same invention, a patent will be granted to the person who applies first. Inventions and utility model patents must meet three criteria: novelty, inventiveness and practicability. Unless otherwise stipulated by relevant laws and regulations, a third party must obtain consent or a proper license from the owner to use the patent. Otherwise, the use constitutes an infringement of the patent rights.

Copyright and software copyright

Pursuant to the Copyright Law of the People's Republic of China (中華人民共和國著作權法) promulgated by the SCNPC on September 7, 1990, last amended on November 11, 2020 and effective from June 1, 2021, and the Implementing Rules of the Copyright Law of the People's Republic of China (中華人民共和國著作權法實施條例) promulgated by the State Council on August 2, 2002, last amended on January 30, 2013 and effective from March 1, 2013, Chinese citizens, legal persons or other organizations enjoy copyright protection over their works, whether published or not, in the domain of literature, art and science.

In addition, internet activities, products disseminated over the internet, and software products also enjoy copyright. Pursuant to the Regulation on Protection of Computer Software (計算機軟件保護條例) promulgated by the State Council on June 4, 1991, effective on November 1, 1991, last amended on January 30, 2013 and implemented on March 1, 2013, the software registration authority shall grant certificates of registration to computer software copyright applicants in compliance with the Regulation on Protection of Computer Software.

Domain names

Pursuant to the Administrative Measures on Internet Domain Names (互聯網域名管理辦法) promulgated by the Ministry of Industry and Information Technology of the PRC (the "MIIT") on August 24, 2017 and effective from November 1, 2017, and the Implementation Rules for the Registration of National Top-level Domain Names (國家頂級域名註冊實施細則) promulgated by China Internet Network Information Center and effective on June 18, 2019, the MIIT is in charge of the administration of PRC internet domain names. Domain owners need to register their domain names. The domain name services follow a "first come, first file" principle. The applicants will become the holders of such domain names upon the completion of the registration procedure.

Laws and Regulations in Relation to Labor Protection, Social Insurance and Housing Provident Funds

Labor security

Under the Labor Contract Law of the People's Republic of China (中華人民共和國勞動合同法) (the "Labor Contract Law") promulgated on June 29, 2007, effective on January 1, 2008, and last amended on December 28, 2012 and effective on July 1, 2013, labor contracts must be concluded in writing if labor relationships are to be or have been established between enterprises, individual economic organizations, private non-enterprise entities, etc. and the employees. Employers are forbidden to force employees to work overtime or to do so in a disguised manner and employers must pay employees overtime wages in accordance with the regulations of the state. In addition, wages may not be lower than local standards on minimum wages and must be paid to the employees timely. According to the Labor Law of the People's Republic of China (中華人民共和國勞動法) promulgated by SCNPC on July 5, 1994, effective on January 1, 1995 and last amended and implemented on December 29, 2018, employers shall establish and improve a system of labor safety and sanitation and shall strictly abide by national rules and standards on labor safety and sanitation as well as educate employees on labor safety and sanitation so as to prevent accidents during work and reduce occupational hazards. Labor safety and sanitation facilities shall comply with national standards. The employers must also provide employees with labor safety and sanitation conditions that comply with national standards and necessary articles for labor protection.

According to the Provisional Regulations on Labor Dispatch (勞務派遣暫行規定) promulgated by the Ministry of Human Resources and Social Security on January 24, 2014 and effective on March 1, 2014, employers can only use dispatched workers in temporary, auxiliary or alternative jobs. The employer shall strictly control the number of dispatched workers, which shall not exceed 10% of total number of workers. In addition, according to the Labor Contract Law, employers that violate the provisions on labor dispatch shall be ordered by the labor administrative department to make corrections within a time limit. If the correction is not made within the time limit, a fine of not less than RMB5,000 but not more than RMB10,000 per person shall be imposed.

Social insurance and housing provident fund

According to the Social Insurance Law of the People's Republic of China (中華人民共和國社會保險法) passed by the SCNPC on October 28, 2010, effective on July 1, 2011 and amended and implemented on December 29, 2018, each employer and individual in the PRC shall make social insurance fund, including basic pension insurance, basic medical insurance, work injury insurance, unemployment insurance and maternity insurance. An employer who fails to make adequate contributions to social insurance fund shall be ordered to pay or supplement within a stipulated period, and shall be subject to a late fee computed from the date of default at the rate of 0.05% per day. Where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times of the overdue amount.

According to the Administrative Regulations on the Housing Provident Fund (住房公積金管理條例) passed by the State Council on April 3, 1999, last amended and implemented on March 24, 2019, each employer and individual in the PRC shall make housing provident fund. Where, in violation of the provisions of the regulations, an employer is overdue in the contribution of, or underpays, the housing provident fund, the competent PRC government authority shall order it to make the housing provident fund within a stipulated period. If the payment is not made within such stipulated period, an application may be made to the People's Court for compulsory enforcement.

Regulations on Work Safety

According to the Work Safety Law of the People's Republic of China (中華人民共和國安全生產法) promulgated by the SCNPC on June 29, 2002, revised on June 10, 2021 and effective on September 1, 2021, production and business operation entities must formulate safety production objectives and measures, improve the working environment and conditions of workers in a planned and step-by-step manner, establish a safety production guarantee system and implement a safety production post responsibility system. In addition, production and business operation entities must arrange safety production training and provide employees with personal protective equipment that meets national or industry standards. In addition, the production and business operation entities shall report the major hazard sources and related safety measures and emergency measures to the emergency management department and other relevant departments for the record, and formulate a safety risk rating control system and take corresponding control measures.

Laws and Regulations in Relation to Foreign Exchange

According to the Regulations of the People's Republic of China on Foreign Exchange Administration (中華人民共和國外匯管理條例) (the "Foreign Exchange Regulations") promulgated by the State Council on January 29, 1996, effective on April 1, 1996, and last amended and effective on August 5, 2008, international payments in foreign currencies and transfers of foreign currencies under current account in PRC shall not be subject to any restriction. Foreign currency transactions under the capital account, such as direct investment and capital contribution, are still restricted and require approvals from, or registration with, the foreign exchange administrative authorities.

According to the Circular of the State Administration of Foreign Exchange on Issues concerning the Administration of Foreign Exchange Involved in 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) announced by SAFE on February 1, 2005, effective on March 1, 2005 and amended and implemented on December 26, 2014, SAFE and its branch offices and administrative offices shall oversee, regulate and inspect domestic companies regarding their business registration, opening and use of accounts, trans-border payments and receipts, exchange of funds and other conduct involved in overseas listing. The domestic company shall, within 15 working days upon the end of its overseas public offering, handle registration formalities for overseas listing with the foreign exchange authority at its place of registration with the required materials.

According to the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies for the Administration over Foreign Exchange Settlement of Capital Accounts (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) announced by SAFE and effective on June 9, 2016, and the Notice of the State Administration of Foreign Exchange on Further Deepening Reform to Promote Cross-border Trade and Investment Facilitation (國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知) announced and effective on December 4, 2023, the foreign exchange receipts under capital accounts of domestic institutions are subject to discretionary settlement policies. The foreign exchange receipts under capital accounts (including foreign exchange capital, foreign debts, and repatriated funds raised through overseas listing) subject to discretionary settlement as expressly prescribed in the relevant policies may be settled with banks according to the actual need of the domestic institutions for business operation. Domestic institutions may, at their discretion, settle up to 100% of foreign exchange receipts under capital accounts for the time being. SAFE may adjust the above proportion in due time according to the balance of payments. While eligible for the discretionary settlement of foreign exchange receipts under capital accounts, domestic institutions may also opt to use their foreign exchange receipts according to the payment-based settlement system. A bank shall, in handling each transaction of foreign exchange settlement for a domestic institution according to the principle of payment-based settlement, review the authenticity and compliance of the use of the funds settled in the previous foreign exchange settlement (including discretionary settlement and payment-based settlement) of such domestic institution. Domestic institutions' foreign exchange receipts under the capital account and the Renminbi funds obtained from the settlement thereof shall not, directly or indirectly, be used for expenditure beyond the enterprise's business scope or expenditure prohibited by laws and regulations of the state. Unless otherwise specified, the funds shall not, directly or indirectly, be used for investments in securities or other investments or wealth management other than banks' principal-secured products. The funds shall not be used for the granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business scope. The funds shall not be used for the construction or purchase of real estate for purposes other than self-use (except for real estate enterprises).

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business by the State Administration of Foreign Exchange (國家外匯管理局關於優化外匯管理支持涉外業務發展的通知) issued by SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using receipts under capital accounts, such as their capital funds, foreign credits and the income from overseas listing, with no need to provide the evidentiary materials concerning authenticity on a transaction-by-transaction basis to banks in advance, provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of receipts under capital accounts. Local foreign exchange authorities shall strengthen monitoring analysis and interim and post regulation.

Laws and Regulations in Relation to Taxation

PRC Enterprise Income Tax Law

According to the EIT Law promulgated on March 16, 2007, effective on January 1, 2008 and last amended and implemented on December 29, 2018, and the Implementing Rules of the Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得税法實施條例) (the "Implementing Rules of the Enterprise Income Tax Law") promulgated on December 6, 2007, effective on January 1, 2008 and last amended and implemented on April 23, 2019, enterprise income taxpayers shall include resident and non-resident enterprises. Resident enterprise refers to an enterprise established within China or is established under the law of a foreign country (region) but whose actual institution of management is within China. Non-resident enterprise refers to an enterprise established under the law of a foreign country (region), whose actual institution of management is not within China but has offices or establishments within China, or which does not have any offices or establishments within China but has incomes sourced from China. The rate of enterprise income tax shall be 25%. Qualified small low-profit enterprises are given the reduced enterprise income tax rate of 20%.

According to the Administrative Measures for Accreditation of High-tech Enterprises (高新技術企業認定管理辦法) jointly promulgated by Ministry of Science and Technology, Ministry of Finance and the SAT on April 14, 2008, amended on January 29, 2016 and effective on January 1, 2016, enterprises which recognized as high-tech enterprises are entitled to enjoy the preferential enterprise income tax rate of 15%. The validity period of the high-tech enterprise qualification shall be three years from the date of issuance of the certificate of high-tech enterprise. After the certificate expires, the enterprise can re-apply for such recognition as a high-tech enterprise.

Value-added tax

According to the Interim Value-Added Tax Regulations of the People's Republic of China (中華人民共和國增值税暫行條例), as announced by the State Council on December 13, 1993 and last amended and effective on November 19, 2017, entities and individuals selling goods, providing labor services of processing, repairing or maintenance, selling services, intangible assets and real property in China, and importing goods to China, shall be identified as taxpayers of value-added tax. Unless otherwise provided by laws, the value-added tax rate is 17% for taxpayers selling goods, labor services, or tangible movable property leasing services or importing goods; 11% for taxpayers selling transportation, postal, basic telecommunication, construction, immovable property or immovable property leasing services, transferring the land use rights, or selling or importing specific goods; 6% for taxpayers selling services or intangible assets; 0% for domestic entities and individuals selling services or intangible assets within the scope prescribed by the State Council across national borders; and 0% for exported goods, except as otherwise specified by the State Council.

Pursuant to the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (財政部、國家税務總局關於全面推開營業税改徵增值税試點的通知) promulgated by the Ministry of Finance and the SAT on March 23, 2016, the pilot program of replacing business tax with value-added tax nationwide should be comprehensively promoted. All taxpayers of business tax engaged in the construction industry, real estate industry, financial industry and life service industry should be included in the pilot scope with regard to payment of value-added tax instead of business tax.

According to the Circular on Policies for Simplifying and Consolidating Value-added Tax Rates (財政部、國家稅務總局關於簡並增值稅稅率有關政策的通知) announced by the Ministry of Finance and the SAT on April 28, 2017, the structure of value-added tax rates will be simplified and consolidated from July 1, 2017, and the 13% value-added tax rate shall be canceled. The scope of goods with 11% value-added tax rate and the provisions for deducting input tax are specified.

According to the Circular on Adjusting Value-added Tax Rates (財政部、國家稅務總局關於調整增值稅稅率的通知) announced by the Ministry of Finance and the SAT on April 4, 2018, from May 1, 2018, where a taxpayer engages in a value-added tax taxable sales activity or imports goods, the previous applicable 17% and 11% tax rates are adjusted to be 16% and 10%, respectively.

According to the Announcement of the Ministry of Finance, the SAT and the General Administration of Customs on Relevant Policies for Deepening Value-Added Tax Reform (關於深化增值稅改革有關政策的公告) promulgated on March 20, 2019, with respect to value-added tax taxable sales or imported goods of a value-added tax general taxpayer, the originally applicable value-added tax rate of 16% shall be adjusted to 13%, and the originally applicable value-added tax rate of 10% shall be adjusted to 9%.

According to the Announcement on Further Enhancing the Implementation of the End-of-Period Value-Added Tax Refund Policy (關於進一步加大增值稅期末留抵退稅政策實施力度的公告) issued by the Ministry of Finance and the SAT on March 21, 2022, eligible enterprises in manufacturing and other industries may apply to the competent tax authorities for the refund of the remaining recoverable value-added tax from the tax declaration period in April 2022. Taxpayers who have benefited from the value-added tax refund policy of "immediate refund upon collection" (即徵即退) and "levy and refund later" (先徵後返(退)) since April 2019 may apply for end-of-period value-added tax refund, provided that, taxpayers shall apply after returning all the value-added tax refunds enjoyed since April 2019 to relevant tax authorities before October 31, 2022 in one go.

Transfer pricing

Pursuant to the EIT Law, the business transactions between enterprises and their affiliates that reduce the taxable income or income of such enterprises and their affiliates are not in compliance with the arm's length principle, the taxation authority has the right to make an adjustment with reasonable methods. Where enterprises submit to the tax authority the annual enterprise income tax return, they shall enclose a statement of the annual business transactions in respect of the business transactions of the enterprises and their affiliates. If an enterprise fails to provide the information of business transactions with their affiliates, or provides false or incomplete information, which cannot faithfully reflect their affiliated business transactions. The tax authority has the right to verify its taxable income legally, if it is necessary to pay additional taxes, the additional taxes and interest in accordance with the regulations of the State Council should be collected. In addition, in accordance with the Implementing Rules of the Enterprise Income Tax Law, the business transactions between the enterprise and its affiliates do not conform to the principle of independent transactions, or the enterprise arrangements that do not have reasonable commercial purposes, the taxation authorities shall have the right to make the aforesaid tax adjustment within 10 years as from the tax year when such transactions are happened.

According to the Administrative Measures for Special Tax Audits and Adjustments and the Mutual Agreement Procedure (特別納税調查調整及相互協商程序管理辦法) promulgated by the SAT on March 17, 2017 and effective on May 1, 2017, tax authorities shall carry out special tax adjustments-focused monitoring and administration of enterprises, and may issue a notice of tax matters to enterprises found with any special tax adjustment risks to prompt their existing tax risks. Enterprises can also make a self-adjustment and pay the underpaid tax, and the tax authorities can still perform special tax audits and adjustments thereafter. Tax authorities shall initiate the special tax audit procedure upon request by an enterprise for confirmation of its tax position on special tax adjustment items, such as the pricing principle or method adopted for related-party transactions.

Pursuant to the Administration of Tax Collection Law of the PRC (中華人民共和國税收徵收管理法) promulgated by the SCNPC on September 4, 1992 and last amended and implemented on April 24, 2015, if a taxpayer fails to pay taxes or a withholding agent fails to remit taxes within the time limit in accordance with the provisions, in addition to ordering the payment within a time limit, the relevant tax authorities may impose a fine on a daily basis at the rate of 0.05% of the amount of tax in arrears. Where a taxpayer fails to file a tax return or fails to pay or underpays the tax due, the tax authorities may impose a fine not less than 50% of and not more than five times the amount of taxes unpaid or underpaid. Criminal liability shall be pursued in accordance with the law if a crime is constituted.

Taxation on dividends

According to the Individual Income Tax Law promulgated on September 10, 1980, last amended on August 31, 2018 and effective on January 1, 2019, and the Regulations for the Implementation of the Individual Income Tax Law of the People's Republic of China (中華人民共和國個人所得税法實施條例) (the "Implementing Rules of the Individual Income Tax Law") last amended on December 18, 2018 and effective on January 1, 2019, income from interest, dividends, bonuses, property leasing, property transfer and incidental income shall be subject to a proportional tax rate of 20%. In addition, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies for Dividends and Bonuses of Listed Companies (關於上市公司股息紅利差別化個人所得税政策有關問題的通知) issued on September 7, 2015 by the Ministry of Finance, the SAT and the CSRC, where an individual acquires stocks of a listed company from public offering of the company or from the stock transfer market and holds the stocks for more than one year, the income from dividends is exempted from individual income tax. If the individual holds the stocks for one month or less, the income from dividends is fully taxable. If the individual holds the stocks for one month to one year (one year inclusive), 50% of the income from dividends is taxable. The aforesaid income is subject to an individual income tax at a flat rate of 20%.

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

The Circular of the State Administration of Taxation on Issues Relating to the Withholding of Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to H Share Shareholders of Overseas Non-Resident Enterprise (國家税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税有關問題的通知), which was issued by the SAT on November 6, 2008, further clarified that a PRC-resident enterprise unified withhold enterprise income tax at a rate of 10% on dividends paid to H Share shareholders of overseas non-resident enterprise for 2008 and subsequent years. After receiving dividends, the shareholder of a non-resident enterprise may apply to the competent tax authority for the treatment under the tax treaty (arrangement), and after the examination and verification by the competent tax authority, shall refund the balance between the tax paid and the tax payable calculated according to the tax rate stipulated in the tax treaty (arrangement). In addition, the Response to Issues on Levying Enterprise Income Tax on Dividends Received by Non-resident Enterprise from Holding Stock such as B-shares (國家税務總局關於非居民企業取得B股等股票股息徵收企業所得税問題的批覆), which was issued by the SAT 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 modified pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

Pursuant to 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税和防止偷漏税的安排) signed on August 21, 2006, the PRC government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of total dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese 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 issued by the State Administration of Taxation (國家税務總局關於〈內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排〉第五議定書) effective on December 6, 2019 states that such provisions shall not apply to those arrangements or transactions, of which the main purpose includes gaining such tax benefit. The application of the dividend clause of tax agreements must comply with the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (國家税務總局關於執行税收協定股息條款有關問題的通知) and other Chinese tax laws and regulations.

Pursuant to Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (關於國税發[1993] 045號文件廢止後有關個人所得税徵管問題的通知) issued by the SAT on June 28, 2011, for domestic non-foreign-invested enterprises issuing shares in Hong Kong, its overseas individual shareholders may enjoy relevant preferential tax treatment in accordance with the tax treaties between the PRC and its country of residence, and the tax treaties between the PRC and Hong Kong (or Macao). Domestic non-foreign-invested enterprises that issue shares in Hong Kong generally are subject to withhold personal income tax at 10% of dividends and profits without application. If the individual receiving dividends is a resident of an treaties country with a tax rate of less than 10%, the withholding agent shall apply on their behalf for the relevant preferential treatment in accordance with the provisions and upon approval by the competent tax authority, over-withheld taxes will be refunded. If the individual is a resident of an treaties country with a tax rate higher than 10% but lower than 20%, the withholding agent shall withhold personal income tax at the treaties effective rate when paying dividends and bonuses, and no application is required in such cases. If the individual receiving dividends is a resident of a country without a tax treaties with the PRC or other circumstances exist, the withholding agent shall withhold personal income tax at the rate of 20% when paying dividends.

Tax treaties

Non-PRC resident investors residing in countries which have entered into treaties for the avoidance of double taxation with the PRC are entitled to a reduction of the withholding taxes imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties/Arrangements with a number of countries and regions including 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.

Income tax

According to the Individual Income Tax Law and its Implementing Rules of the Individual Income Tax Law, gains realized on the sale of equity interests in the PRC-resident enterprises are subject to the individual income tax at a rate of 20%. Pursuant to the Circular of the Ministry of Finance and the State Administration of Taxation on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (財政部及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) issued on March 30, 1998, as of January 1, 1997, income of individuals from the transfer of shares of listed enterprises shall continue to be exempted from individual income tax. On December 31, 2009, the Ministry of Finance, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知), which states that individuals' income from transferring at Shanghai Stock Exchange or Shenzhen Stock Exchange (the "SZSE") the shares of a listed company acquired from the public offerings of the company or from the transfer market shall continuously be exempted from the individual income tax, except for the relevant shares which are subject to sales restriction as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知) jointly issued by the three aforementioned authorities on November 10, 2010.

Stamp duty

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

Laws and Regulations in Relation to Environmental Protection and Fire

Environment protection

The Environmental Protection Law of the PRC (中華人民共和國環境保護法), which was promulgated by the SCNPC on December 26, 1989, effective on the same day and last amended on April 24, 2014 and effective on January 1, 2015, outlines the authorities and duties of environmental protection regulatory agencies. The Ministry of Environmental Protection under the State Council is authorized to issue national standards for environmental quality and discharge of pollutants, and to exercise unified supervision and administration over environmental protection scheme of the PRC. Meanwhile, local environment protection authorities may formulate local standards for discharge of pollutants which are

more rigorous than the national standards, in which case, the concerned enterprises must comply with both the national standards and the local standards.

Environmental impact appraisal

According to the Administration Rules on Environmental Protection of Construction Projects (建設項目環境保護管理條例), which was promulgated by the State Council on November 29, 1998, last amended on July 16, 2017 and became effective on October 1, 2017, depending on the impact of the construction project on the environment, a 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 the environmental impact report or the environmental impact statement to the relevant authority at 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.

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

Pollutant discharge

Pursuant to the Administrative Measures for Pollutant Discharge 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 Regulation on Pollutant Discharge Permit Administration (排污許可管理條例) issued by the State Council on January 24, 2021 and effective on March 1, 2021, the administration on pollutant discharge units are divided into key management and simplified management pursuant to the amount of pollutants generated, the amount of pollutants discharged and the degree of impact on the environment. The review, decision and information disclosure of pollutant discharge licenses shall be handled through the management information platform of the national pollutant discharge license. The pollutant discharge license is valid for five years and the discharging units should apply for renewal 60 days to the approval authority before the expiry of the pollutant discharge license if they need to discharge pollutants on a continuous basis.

Acceptance inspection on environmental protection facilities

According to the Administration Rules on Environmental Protection of Construction (建設項目環境保護管理條例), upon completion of construction for which an environment impact report or environment impact statement is formulated, the constructor shall conduct acceptance inspection of the environmental protection facilities pursuant to the standards and procedures stipulated by the environmental protection administrative authorities of the State Council and formulate the acceptance inspection report. The constructor needs to disclose to the public the acceptance inspection report pursuant to the law, except for circumstances where there is a need to keep confidentiality pursuant to the provisions of the state. Where the environmental protection facilities have not undergone acceptance inspection or failed on acceptance inspection, the construction project shall not be put into production or use.

Fire prevention design and acceptance

The Fire Prevention Law of the PRC (中華人民共和國消防法) (the "Fire Prevention Law") was issued by the SCNPC on April 29, 1998, became effective on September 1, 1998 and was last amended and implemented on April 29, 2021. According to the Fire Prevention Law, for special construction projects stipulated by the housing and urban-rural development authority of the State Council, the developer shall submit the fire safety design documents to the housing and urban-rural development authority for examination, while for construction projects other than those stipulated as special development projects, the developer shall, at the time of applying for the construction permit or approval for work commencement report, provide the fire safety design drawings and technical materials which satisfy the construction needs. According to Interim Regulations on Administration of Examination and Acceptance of Fire Control Design of Construction Projects (建設工程消防設計審查驗收管理暫行規定) issued by the Ministry of Housing and Urban-Rural Development of the PRC on April 1, 2020, last amended on August 21, 2023 and effective on October 30, 2023, an examination system for fire prevention design and acceptance only applies to special construction projects, and for other projects, a record-filing and spot check system would be applied.

Laws and Regulations in Relation to Exportation of Goods

According to the Regulations of the PRC on the Administration of Import and Export of Goods (中華人民共和國貨物進出口管理條例) promulgated by the State Council on December 10, 2001, which came into effect on January 1, 2002 and was last amended on March 10, 2024 and effective on May 1, 2024, the Foreign Trade Law of the PRC (中華人民共和國對外貿易法) promulgated by the SCNPC on May 12, 1994 which came into effect on July 1, 1994 and last amended on December 30, 2022, the Customs Law of the PRC (中華人民共和國海關法) promulgated by the SCNPC on January 22, 1987, which came into effect on July 1, 1987 and last amended on April 29, 2021, the Measures for Record Filing and Registration by Foreign Trade Dealer (對外貿易經營者備案登記辦法) promulgated by the Ministry of Commerce of China ("MOFCOM") on June 25, 2004, which came into effect on July 1, 2004 and was last amended on May 10, 2021 and the

Administrative Provisions of the Customs of the People's Republic of China on Record-filing of Customs Declaration Entities (中華人民共和國海關報關單位備案管理規定) promulgated by the General Administration of Customs of the PRC on November 19, 2021, which came into effect on January 1, 2022, foreign trade business operators engaging in the import or export of goods or technology must go through the record filing and registration formalities with MOFCOM or the agency entrusted by MOFCOM. Unless otherwise provided, the declaration of import or export goods and the payment of duties may be made by the consignees or consignors themselves, or by entrusted customs brokers. Customs declaration entities refer to consignees or consignors of imported or exported goods or customs brokers that have filed for record with Customs. Customs declaration entities may conduct customs declaration business within the customs territory of the PRC.

In accordance with 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 SCNPC on February 21, 1989, implemented on August 1, 1989 and last amended on April 29, 2021, and the Implementation Regulations of the Import and Export Commodity Inspection Law of the People's Republic of China (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 and implemented on December 1, 2005, after the latest revision on March 29, 2022, the General Administration of Customs is in charge of the inspection of import and export commodities nationwide. Exit and entry inspection and quarantine authorities shall inspect the import and export commodities listed in the catalogue and other import and export commodities that are subject to inspection by exit and entry inspection and quarantine authorities as stipulated by laws and administrative regulations. The entry-exit inspection and quarantine authorities shall conduct random inspection and inspection of import and export commodities other than those mentioned above in accordance with the provisions of the state. Imported commodities subject to inspection shall not be sold or used without inspection. Export commodities subject to inspection shall not be allowed to be exported if they have not been inspected or fail to pass the inspection.

Laws and Regulations Relating to Data, Network and Information Security

According to the Cybersecurity Law of the People's Republic of China (中華人民共和國網絡安全法) (the "Cybersecurity Law") promulgated by the SCNPC on November 7, 2016 and effective on June 1, 2017, network operators must abide by applicable laws and administrative regulations and fulfill their cybersecurity protection obligations when conducting business and service activities. To build or operate a network or provide services through a network, technical and other necessary measures shall be taken in accordance with the provisions of laws and administrative regulations and the mandatory requirements of national standards to ensure the security and stable operation of the network, effectively respond to network security incidents, prevent illegal and criminal activities on the network and maintain the integrity, confidentiality and availability of network data.

The Data Security Law of the People's Republic of China (中華人民共和國數據安全法) (the "Data Security Law") was promulgated by the SCNPC on June 10, 2021 and took effect on September 1, 2021. The Data Security Law provides for measures to support the promotion of data security and development, establishes and improves the national data security management system and clarifies the responsibilities of organizations and individuals with regard to data security. The Data Security Law introduces a classification and classification protection system for data based on the importance of data in economic and social development, as well as the degree of harm to national security, public interests or the legitimate rights and interests of individuals and organizations once it is tampered with, destroyed, leaked or illegally obtained or illegally used.

The Cyber Administration of China (the "CAC") and several other regulatory authorities in China jointly issued the Cybersecurity Review Measures (網絡安全審查辦法) on December 28, 2021, which came into effect on February 15, 2022. Where critical information infrastructure operators purchase network products and services, and network platform operators carry out data processing activities that affect or may affect national security, network security reviews shall be conducted in accordance with the Cybersecurity Review Measures.

The Personal Information Protection Law of the People's Republic of China (中華人民共和國個人信息保護法) (the "Personal Information Protection Law") was promulgated by the SCNPC on August 20, 2021 and took effect on November 1, 2021. The Personal Information Protection Law stipulates the scope of personal information and the methods of processing personal information, establishes rules on personal information processing and rules on cross-border provision of personal information and clarifies the rights of individuals in personal information processing activities and the obligations of personal information processors.

According to the Regulations on the Administration of Network Data Security promulgated by the State Council on September 24, 2024 and to be implemented on January 1, 2025, network data processors carrying out network data processing activities that affect or may affect national security shall conduct national security reviews in accordance with relevant state regulations.

According to the Measures for Data Exit Security Assessment (數據出境安全評估辦法) promulgated by the CAC on July 7, 2022 and effective on September 1, 2022 (the "Security Assessment Measures"), if the data processor provides data overseas, under any of the following circumstances, it shall report the data exit security assessment to the national network information Department through the local provincial network information department: (1) the data processor provides important data outside China; (2) critical information infrastructure operators and data processors processing the personal information of more than one million people provide personal information abroad; (3) since January 1 of the previous year, data processors who have provided personal information of 100,000 people or sensitive personal information of 10,000 people abroad have provided personal information abroad; and (4) other situations required to declare data exit security assessment as stipulated by the national network information department.

Laws and Regulations in Relation to Foreign Investment

The Company Law of the People's Republic of China (中華人民共和國公司法) (the "Company Law") was promulgated by the SCNPC on December 29, 1993, implemented on July 1, 1994, and revised and implemented on October 26, 2018. It was last revised on December 29, 2023 and became effective on July 1, 2024. According to the Company Law, companies are generally divided into two categories, namely limited liability companies and joint stock limited companies. The Company Law shall also apply to joint stock limited companies with foreign investment.

The Foreign Investment Law of the People's Republic of China (中華人民共和國外商投資法) (the "Foreign Investment Law") was promulgated by the NPC on March 15, 2019 and became effective on January 1, 2020. The Law of the People's Republic of China on Sino-Foreign Equity Joint Ventures, the Law of the People's Republic of China on Wholly Foreign-Owned Enterprises and the Law of the People's Republic of China on Sino-Foreign Contractual Joint Ventures were abolished at the same time. Since then, the Foreign Investment Law has become the basic law regulating foreign-invested enterprises wholly or partially invested by foreign investors. The organization form, institutional framework and standard of conduct for foreign-invested enterprises shall be subject to the provisions of the Company

Law and other laws. China implements the management system of pre-entry national treatment and the negative list for foreign investment, and abolished the original approval and filing administration system for the establishment and change of foreign-invested enterprises. Pre-entry national treatment refers to the treatment accorded to foreign investors and their investments at the stage of investment entry, which is no less favorable than the treatment accorded to domestic investors and their investments.

The Negative List refers to a special administrative measure for the entry of foreign investment in specific sectors as imposed by the PRC. The PRC accords national treatment to foreign investment outside of the Negative List. The current negative list is the Special Management Measures 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 National Development and Reform Commission of China (the "NDRC") and MOFCOM on September 6, 2024, effective on November 1, 2024, which lists the special management measures for foreign investment access for industries regulated by the Negative List, such as equity requirements and senior management requirements. In the current implementation of the Negative List, the Company's industry, industrial robot manufacturing, is not explicitly listed as a negative regulatory object.

While strengthening investment promotion and protection, the Foreign Investment Law further regulates foreign investment management and proposes the establishment of a foreign investment information reporting system that replaces the original foreign investment enterprise approval and filing system of MOFCOM. The foreign investment information reporting is subject to the Foreign Investment Information Reporting Method (外商投資信息報告辦法) jointly developed by MOFCOM and the SAMR, which came into effect on January 1, 2020. According to the Foreign Investment Information Reporting Method, foreign investors who directly or indirectly carry out investment activities in China shall submit investment information to the competent commercial department through the enterprise registration system and the National Enterprise Credit Information Publicity System. The reporting methods include initial reports, change reports, cancellation reports, and annual reports.

Laws and Regulations in Relation to Overseas Listing

On February 17, 2023, with the approval of the State Council, the CSRC issued relevant rules and regulations for the administration of overseas listing filings which took effect on March 31, 2023. There are six institutional rules issued this time, including the Overseas Listing Trial Measures and five supporting guidelines.

According to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, shall file with the CSRC and submit relevant information within three business days after submitting the application documents for issuance and listing overseas.

The Overseas Listing Trial Measures provides that an overseas listing or offering is explicitly prohibited, if any of the following applies: (1) such securities offering or listing is explicitly prohibited by provisions in PRC laws, administrative regulations or relevant state rules; (2) the proposed securities offering or listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with laws; (3) the domestic company intending to be listed or offer securities in overseas markets, or its controlling shareholder(s) and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (4) the domestic company intending to be listed or offer securities in overseas markets is currently under investigations for suspicion of criminal

offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (5) there are material ownership disputes over equity held by the domestic company's controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

In addition, Chinese domestic enterprises seeking overseas listing shall strictly abide by the laws, administrative regulations and relevant provisions of the Chinese government on foreign investment, state-owned assets, industry supervision, overseas investment, etc., and shall not disturb the domestic market order, nor harm the national interests, public interests or the legitimate rights and interests of domestic investors.

The Overseas Listing Trial Measures also specify corresponding legal responsibilities, if a domestic enterprise violates its relevant provisions, the domestic enterprise may be ordered to correct, warned, fined, and other penalties, its controlling shareholders, actual controllers, directly responsible executives, and other directly responsible personnel may also be warned, fined, and other penalties.

Laws and Regulations in Relation to the H Share "Full Circulation"

The Company shall comply with regulations on the H share "full circulation" to converse its domestic shares into H shares and circulate on the Stock Exchange. Pursuant to the Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (H股公司境內未上市股份申請「全流通」業務指引) (the "Full Circulation Guidelines") promulgated and implemented by the CSRC on November 14, 2019, and last revised and effective on August 10, 2023, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met. After domestic unlisted shares are listed and circulated on the Stock Exchange, they may not be transferred back to China.

According to the Full Circulation Guidelines, "Full Circulation" represents the shareholders of domestic unlisted shares of domestic companies (including the unlisted domestic shares held by domestic shareholders before overseas listing, the unlisted domestic shares issued in the territory after overseas listing and the unlisted shares held by foreign shareholders) are listed and circulated on the Stock Exchange. The shareholders of domestic unlisted shares shall authorize the domestic company to file the "Full Circulation" application with the CSRC by filing materials on key compliance issues, including whether the "Full Circulation" has fulfilled adequate internal decision-making procedures, necessary internal approvals and authorizations, and whether the "Full circulation" involves approval or filing procedures set out in the laws, regulations and policies for state-owned asset administration, industry supervision and foreign investment, and if so, whether such approval or filing procedures have been performed.

According to the Measures for Implementation of H-share "Full Circulation" Business (H股「全流通」業務實施細則) (the "Measures for Implementation"), promulgated by the China Securities Depository and Clearing Corporation Limited (the "CSDC") and the SZSE on December 31, 2019, the businesses of cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of participants, services of nominal holders, etc. in relation to the H-share "full circulation business," are subject to the Measures for Implementation. Where there is no provision in the Measures for Implementation, it shall be handled with reference to other business rules of the CSDC and China Securities Depository and Clearing (Hong Kong)

Company Limited (the "CSDC (Hong Kong)"), and the SZSE. In order to fully promote the reform of H-shares "Full Circulation" and clarify the business arrangement and procedures for the relevant shares' registration, custody, settlement and delivery, CSDC (Hong Kong) promulgated the Circular on Issuing the amendment and publication of the "Guidelines for the Full Circulation" of H-Shares of China Securities Depository and Clearing (Hong Kong) Company Limited on September 20, 2024, effective on September 23, 2024, which specifies the business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody, etc. According to the Notes on the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (關於〈境內企業境外發行證券和上市管理試行辦法〉的說明), the new regulations aims to strengthening institutional inclusiveness and deepening opening-up, and lays out "full circulation" arrangements. For the overseas offering and listing by a domestic company, holders of its domestically-based domestic unlisted shares are allowed after filing to convert the shares into overseas listed shares to be circulated on overseas trading venues.

U.S. LAWS AND REGULATIONS

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

Laws and Regulations in relation to Product Liability and Consumer Protection

As a manufacturer and seller of robotics products, we may be liable for injuries and damages caused by our products under broad and consumer-friendly products liability laws if the products are proven to be defective. Each of the 50 states in the United States has different laws and judicial precedents that can vary significantly from one another. While circumstances and jurisdictions can differ in significant ways, the following provides a broad overview of the product liability law concepts that are generally followed in the majority of the states within the United States.

Product liability lawsuits may be brought against manufacturers by individual plaintiffs who have sustained injury, death, or property damage due to a defective product. In addition, lawsuits may be brought by groups of plaintiffs who have suffered similarly-situated claims relating to a defective product and who are certified by a court as a proper class of plaintiffs to act together to bring a class action suit in the United States. Manufacturers may also be subject to cross-claims or third-party claims for indemnity or contribution brought by other defendants in a product liability suit who may be upstream or downstream in the supply chain.

The types of product liability claims brought by plaintiffs generally fall into three broad categories: (1) design defect claims, which are based upon inherent flaws in the intended design or make-up of the product, (2) manufacturing defect claims, which are based on product flaws caused during the construction or production of the particular item that deviate from the intended design, and (3) failure to warn claims, which are based on inadequate product warnings or instructions, and whether inherent dangers could have been mitigated or avoided through adequate warnings to the user. Some states have also added an additional post-sale duty to warn of later discovered latent defects, designed to prevent future injuries involving the same product.

If a product liability claim is proven, the following types of damages, among others, may be recoverable by the plaintiff depending on the particular facts and the specific jurisdiction: (1) money damages for pain and suffering; (2) money damages for lost earnings or medical expenses; (3) long-term care expenses; (4) loss of financial support; (5) loss of consortium; (6) damage to property; and (7)

punitive damages in the event the plaintiff can demonstrate reckless or intentional behavior on the part of the manufacturer. Punitive damages awards can be many times higher than the amount of compensatory damages and they are not awarded to compensate an injured party but rather to punish past and deter future misconduct. In some jurisdictions, plaintiffs may also be able to recover statutory damages and attorneys' fees if a state or U.S. federal statute permits such recovery. Usually, such statutes target specific goods or industries. The sources for these regulations are either state statutes or administrative regulations that place specific requirements on certain industries. Such requirements often take the form of labeling or licensing requirements and are usually enforced by public health or state safety agencies or by state attorneys-general. Civil and/or criminal penalties may be imposed for violations of the safety-driven consumer product regulations.

In addition to the state laws and regulations, some of our products are also governed by the federal Consumer Product Safety Act and its regulations, which are enforced by the U.S. Consumer Product Safety Commission (the "CPSC"). These safety oriented laws and regulations govern consumer products. The laws require affirmative reporting to the CPSC of consumer product defects that constitute substantive product hazards. Failure to timely report substantial product hazards can result in significant fines and penalties.

The CPSC also governs recalls of consumer products. Product recalls are normally implemented to remove or repair defective products in the market to help avoid injuries and limit product liability risk. The broad public notification issued for consumer product recalls can often provide a defense to product liability claims where plaintiffs were aware of but failed to participate in a recall.

The U.S. Magnuson-Moss Warranty-Federal Trade Commission Improvements Act ("Magnuson-Moss") addresses both written and implied warranties for consumer products. Magnuson-Moss authorizes the adoption of federal regulations concerning both written and implied warranties, governs disclosure and designation standards for written warranties, specifies standards for full warranties, and affords consumers with remedies for breach of warranty obligations and/or obligations under service contracts for consumer products. Consumer products sold in the United States are not required to have warranties, but any warranties provided by a manufacturer must comply with Magnuson-Moss. The statute governs the manner in which warranties must be communicated to consumers. In general, the terms and conditions of warranties must be conspicuously and fully disclosed, in simple and readily understood language, and any ambiguities are to be construed against the drafter of the warranty. The U.S. Federal Trade Commission has authority to enforce the requirements of Magnuson-Moss and regulations thereunder, and may seek an injunction to stop violations. Consumers may seek recourse for Magnuson-Moss violations in individual or class actions, and a prevailing consumer may recover the costs of suit (including attorneys' fees) in addition to damages.

Laws and Regulations in relation to Labor and Employment

The employment of individuals in the United States is governed by federal, state and sometimes local laws. Labor and employment laws can generally be categorized under the headings of (1) equal employment opportunity, (2) wage and hour, (3) medical/disability, (4) union rights, and (5) workplace safety. Typically, national laws set the minimum legal standard for employee rights, and state and local laws, if adopted, enhance those rights. Most employees in the United States are hired "at-will," meaning that their employment can be terminated at any time, with or without notice, cause, or government mandated severance pay. However, individual employment agreements between an employee and employer may vary this status, and even an at-will employee may not be terminated for an illegal reason (such as discrimination), nor may an employee be terminated or otherwise retaliated against for engaging

in protected activity under the law. In addition, employers are required to maintain workplaces that are free of harassment based on protected characteristics such as sex, race, etc.

Employees who believe they have suffered discrimination, harassment, or other alleged wrongs may pursue claims against us through state and U.S. federal governmental agencies and the courts.

Laws and Regulations in relation to International Trade

Our cross-border operations include the importation of goods into the United States and the exportation of goods from the United States. As a result, our business requires compliance with tariffs and other import controls, anti-dumping rules and regulations, export controls, U.S. economic and other sanctions programs, and anti-bribery laws and regulations.

Importation of goods into the United States

Importation of goods into the customs territory of the United States is governed principally by the Tariff Act of 1930, as amended, the Customs Modernization Act of 1983, and the regulations of U.S. Customs and Border Protection ("CBP"). Under these laws and regulations, U.S. importers have primary legal responsibility for initially valuing, classifying, and determining the rate of duty applicable to imported merchandise. The importer is required to exercise "reasonable care" in entering merchandise into the United States. This includes when providing to CBP information and documentation necessary for it to assess duties on imported merchandise, collect accurate import statistics, and determine whether an import complies with applicable laws.

Civil penalties may be assessed against any person who uses false or misleading statements to enter goods into the United States. In determining the applicable penalty for such a wrongdoing, CBP first determines the applicable degree of culpability of the offending party. In general, higher penalties are assigned to more egregious offenses, which are classified according to degree of culpability as due to negligence, gross negligence, or fraud. CBP considers that a violation is a result of negligence "if it results from failure to exercise reasonable care and competence: (a) to ensure that statements made and information provided in connection with the importation of merchandise are complete and accurate; or (b) to perform any material act required by statute or regulation." Gross negligence and fraud are found in more egregious cases where circumstances indicate more than a lack of due care. Gross negligence is assigned where CBP finds a violation done "with actual knowledge of or wanton disregard for the relevant facts and with indifference to or disregard for the offender's obligations under the statute." Fraud is assigned where the act was "committed (or omitted) knowingly, i.e. was done voluntarily and intentionally, as established by clear and convincing evidence." Where false statements affect the assessment of duties on imports, the statutory maximum civil monetary penalties vary depending on whether the violation is due to fraud, negligence, or gross negligence.

Anti-dumping laws and regulations

U.S. federal anti-dumping laws and regulations prohibit unfair global competition by prohibiting non-U.S. entities from selling products in the U.S. for unreasonably low prices. The usual test is whether the goods are being sold in the U.S. for less than they are sold for in the home market. If a company is found to be violating anti-dumping regulations, U.S. customs can impose additional duties on the imported goods.

Tariffs

The United States imposes a variety of tariffs on imported goods. While the U.S. Constitution grants Congress the authority to impose tariffs, several statutes have shifted that authority to the President under certain circumstances. Within the United States, agencies involved in international trade regulation include the CBP, the U.S. International Trade Commission ("ITC"), and the Office of the U.S. Trade Representative ("USTR"). CBP is responsible for collecting tariffs on goods imported to the United States during the customs clearance process. The ITC is a quasi-judicial agency that administers U.S. laws governing trade remedies and provides analysis, information, and other support concerning tariffs and other international trade matters for the President, U.S. Congress, and the USTR. The ITC also investigates alleged violations of U.S. trade law, including unfair trade practices under Section 337 of the Tariff Act of 1930, illegal foreign financial subsidies, and violations, and Section 201 of the Trade Act of 1974 (imports of goods into the U.S. at an increased quantity that is a substantial cause of serious injury to a U.S. domestic industry). The USTR is a cabinet-level position within the office of the President of the United States, and serves as the President's principal adviser, negotiator, and spokesperson regarding matters of international trade.

The USTR is authorized to take certain action under Section 301 of the Trade Act of 1974 ("Section 301"), including without limitation the imposition of tariffs or other restrictions on imports, if it determines after investigation that a foreign government has engaged in unfair trade practices. In 2018, following a USTR investigation and report, the United States imposed tariffs on certain imported goods of Chinese origin. Section 301 tariffs are assessed and collected in addition to any other duties that may apply (including, without limitation, anti-dumping duties). Both the United States and China have brought claims against one another before the World Trade Organization in connection with this trade dispute.

For details of certain export controls, U.S. economic and other sanctions programs that are relevant to our international and cross-border operations, please refer to the sections headed "Regulatory Overview—U.S. Sanctions Regimes—Economic Sanction" and "Regulatory Overview—U.S. Sanctions Regimes—Export Control Regulations" in this document.

Laws and Regulations in relation to Tax

Federal government

The U.S. federal government can levy a variety of taxes on U.S. businesses, non-U.S. businesses engaging in certain activities in the United States, and business owners and their employees. Our business activities in the U.S. require us to pay U.S. federal income tax, taxes on the sale of certain assets, income tax on dividends, distributions, and interest, sales and other transfer taxes, employee payroll taxes, withholding obligations, and other taxes.

State and local governments

In addition to the federal government, the 50 U.S. states and their political subdivisions play an important role in taxing and regulating business activity within their respective jurisdictions. For example, our business activities within a U.S. state may be subject to the state's business and personal income tax, payroll tax, sales tax, real and personal property tax, franchise tax, withholding obligations, and other taxes. In addition, some local governments, such as counties and cities, may impose their own similar taxes.

Laws and Regulations in relation to Registration and Regulation

Corporations in the United States are registered and organized in one of the 50 states. In addition to its legal formation in a particular state, a corporation that does business in more than one state may need to qualify or register to do business in other states if the corporation's activities establish "minimum contacts" for tax purposes in those states. Individual state laws apply to business transactions occurring in each state, unless such laws conflict with, or are superseded by, U.S. federal law, which takes precedence over state and local law. For this reason, U.S. businesses frequently must comply with separate federal, state and local regulations.

JAPAN LAWS AND REGULATIONS

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

Laws and Regulations in relation to Product Liability and Consumer Protection

Pursuant to the Product Liability Act of Japan (Act No. 85 of 1994), in the case where a defect in a product causes damage to the life, body, or property of others, "the manufacturer, etc." is liable for such damage. If such product is imported, the importer is included in definition of "manufacturer, etc."

Laws and Regulations in relation to Labor and Employment

In Japan, there are various labor-related laws, such as the Labor Standards Act of Japan (Act No. 49 of 1947), the Industrial Safety and Health Act of Japan (Act No. 57 of 1972), and the Labor Contract Act of Japan (Act No. 128 of 2007). The Labor Standards Act of Japan stipulates the minimum standards for working conditions, such as working hours, vacation periods, and vacation days. The Occupational Safety and Health Act of Japan mandates the implementation of measures to ensure worker safety and for the protection of workers' health in the workplace. The Labor Contract Act of Japan provides for changes in employment contracts and rules, dismissal, and disciplinary action.

Laws and Regulations in relation to International Trade/Cross-border Trade

Under the Customs Act of Japan (Act No. 61 of 1954), in the case where an importer is accepting goods arriving in Japan from a foreign country, an import declaration shall be filed with Japan Customs in principle and customs duties, if any, shall be paid. When an import declaration is made, Japan Customs shall inspect the goods as necessary, and after confirming that the importer has paid the corresponding customs duties, permit the importation of the goods.

If goods require a permit upon importation under laws and regulations other than the Customs Act of Japan, it would be necessary for an importer to obtain a permit prior to filing the import declaration. However, industrial robots do not require special permission for importation.

Laws and Regulations in relation to Tax

Japanese companies are obliged to pay corporate tax. Corporate tax is broken down into two parts: one part is levied based on the annual income of the previous year, and the other part is levied uniformly regardless of the annual income. Corporate tax rates and amounts vary depending on a company's income and size (capital and number of employees), ranging from 15% to 23.2%.

GERMANY LAWS AND REGULATIONS

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

Product Liability and Consumer Protection

Manufacturer and seller of robotics products who bring their products into the German market must ensure their products designed, manufactured and provided with appropriate user information so that any hazardous situation in the course of product use can be avoided. The most important legal framework relating to product safety and compliance are the German Product Safety Act (the "ProdSG") and German Product Liability Act (the "ProdHaftG"). Other than that, a product could be subject to further legal requirements imposing formal requirements on the economic operators.

The ProdSG stipulates that a product may only be introduced onto the market if it does not jeopardize the safety and the health of persons if used in a regular and foreseeable way. Insofar as a product is subject to one or more legal regulations under the ProdSG, it may only be made available on the market if it additionally meets the requirements provided for therein. Under the ProdSG, the assessment whether a product is secure is based in particular on the characteristics of the product, on the impact of the product on other products, on the product-related information (presentation, marking, warnings and instructions for use and operation, etc.) as well as on the group of users of the product (consumer or particularly endangered user groups). The ProdSG establishes uniform federal safety standards for products by prescribing regulations on the safety requirements of consumer products. The manufacturer's labelling according to the ProdSG provides, among other things, for the indication of the manufacturer's data on consumer products. This is to enable traceability as well as identification in case of e.g. consumer warnings or product recalls. The manufacturer, his authorized representative and the importer must affix a clear identification mark on the consumer product. The marking, in conjunction with the manufacturer's data, must ensure the identification of a product, e.g. in the event of a recall. The responsible persons must also ensure that the user is informed about risks associated with the consumer product during its period of use (e.g. instructions for use).

Under the ProdSG, a manufacturer is anyone who manufactures, remanufactures or significantly modifies a product. He does not have to manufacture the product himself, but can also place it on the market under his name or trademark (as a so-called quasi-manufacturer). The authorized representative is established in the European Economic Area and is commissioned in writing by the manufacturer to fulfil the manufacturer's obligations on his behalf; he is the contact person for the authorities. The importer and the distributor are also subject to the ProdSG.

According to the ProdHaftG, either the seller or the producer, or both jointly, can be held liable if the products turn out to be defective. The harmed person may raise claims arising from product liability, producer liability, and warranty for defects. In the event a product has caused damage to persons or items (other than the defective product), the producer is strictly liable pursuant to the ProdHaftG. Liability under the ProdHaftG can neither be restricted nor excluded in advance. The ProdHaftG applies, if the harmed person has its habitual residence in Germany and the defective product was placed on the German market or if the defective product was bought in Germany and was placed on the German market or if the harm arose in Germany and the defective product was placed on the German market. It is sufficient that the producer could reasonably foresee that a product might be placed on the German market by another market participant, e.g. one of its customers, to be liable under the ProdHaftG. Thus, it is not necessary that the defective product was imported to Germany by the producer. Comparable regulations also apply in the other member States of the E.U.

Labor and Employment Laws

In Germany, the employment law is not completely codified. Basically, the employment relationships are governed by German Civil Code with employment specifications. Rather, the German employment law is to the extent that is governed by written legal norms and different specific laws with regard to termination protection, working hours, minimum wages, employee protects and etc. also governed and formed by judicial cases and development. It should also be noted that the employment disputes are jurisdiction of a specific court, namely the labor court.

The most important specific laws regarding the German employment relationships are, among others, the following:

German Protection Against Unfair Dismissal Act (the "KSchG")

An employer's ability to (unilaterally) terminate an employment relationship is substantially restricted by the KSchG. The KSchG is applicable if the operation has more than 10 employees and the employee to be dismissed has been employed for more than 6 months. Under the KSchG, an ordinary dismissal (i.e. with notice) will only be effective if based on one of the three reasons for termination explicitly permitted by the KSchG. These are conduct-related dismissal, dismissal for reasons connected with the individual employee and dismissal for operational reasons.

Federal Vacation Act (the "BUrlG")

The BUrlG sets forth the rules regarding the minimum vacation entitlement of employees, the granting of vacation as well as the expiry of the vacation entitlement.

German Part-Time and Limited Term Employment Act (the "TzBfG")

The TzBfG sets forth rules to promote part-time work, to define the requirements for the permissibility of employment agreements for limited terms and to prevent discrimination against part-time and limited term employees.

German Works Constitution Act (the "BetrVG")

The BetrVG stipulates employee codetermination within an establishment. The most important codetermining body under the BetrVG is the works council, an elected employee representative body which has rights of its own vis-a-vis the employer. It exercises most of the codetermination rights governed by the BetrVG.

German Collective Bargaining Agreements Act (the "TVG")

The TVG regulates the right to and content of collective bargaining agreements. Collective bargaining agreement, inter alia, set forth a minimum standard for working conditions, such as remuneration, working hours and holiday entitlement.

Regulations on the Importation and Distribution of the Company's Products in Germany

In accordance with Foreign Trade and Payment Act, as part of import clearance, checks will be made to ensure that all legal provisions regulating the import of the goods in question have been observed. There are a large number of regulations governing imports into the European Union and to Germany. Besides customs regulations and foreign trade regulations, attention must also be paid to prohibitions and restrictions, most of which serve non-commercial interests such as protecting human health interests or environmental protection.

In Germany, in accordance with German Foreign Trade and Payment Act, in principle, goods, services, capital, payments and other business transactions with foreign countries as well as foreign assets and gold within member countries (external trade transactions) may be transported freely. Import restrictions are dictated by European Community Law and the German Foreign Trade Ordinance from August 2, 2013. In principle, quantitative restrictions on imports are no longer imposed. However, for particular goods originating from particular countries, import permits are needed, and quantitative restrictions can on occasion be imposed. Approval must be obtained from the Federal Office of Economics and Export Control (for commercial products).

Tax Laws

The German tax system comprises two basic categories, namely direct and indirect taxes. For direct taxes, the taxable entities bear the ultimate tax burden, e.g. income tax, corporation tax and trade tax. For indirect taxes, the tax debtor transfers the tax burden to another party.

Direct tax

The taxation of German companies depends on the entity's legal form. Corporations are treated as nontransparent for tax purposes, i.e. that the taxable profit is subject to taxation at the level of the corporation itself. Profits of corporations are subject to corporation tax (Körperschaftssteuergesetz, KStG), solidarity surcharge and trade tax (Gewerbesteuergesetz, GewStG). Partnerships are treated as transparent for tax purposes, i.e. that the taxable profit will be allocated to the partners and depending on the legal form of the partner is subject to income tax or corporation tax at the level of the partner. If the partnership has a commercial business, the partnership must pay trade tax.

Corporation Tax Act (KStG)

Corporation tax is the income tax for corporations such as a liability limited company (Gesellschaft mit beschränkter Haftung, GmbH) or a stock corporation (Aktiengesellschaft. AG). The basis of taxation is the income earned during the calendar year. Corporation tax is levied at the rate of 15% on the taxable profits. An additional solidarity surcharge of 5.5% of the tax amount is levied on corporation tax so that the total tax rate (corporate tax and solidarity surcharge) currently amounts to 15.825%. Partnerships are treat as transparent entities for tax purpose and subject to income tax (Einkommensteuergesetz, EStG).

Trade Tax Act (GewStG)

All commercial businesses, including partnerships, that operate in Germany are liable for trade tax. Businesses are deemed to operate in Germany if they have a permanent establishment, i.e. a place of business, in the country. The activities of a corporation such as a GmbH are always deemed commercial business operations. Trade tax is collected by the relevant local authority who also determines its rate of

tax. Therefore, the rates differ in accordance with the city in which the business is located. Current effective rates range from around 14% to 18% of business income, whereby smaller towns are on the lower, larger towns on the higher end.

Indirect tax

The most important indirect tax is the value added tax (the "VAT").

Value Added Tax Act (UStG)

Principally, VAT is chargeable on all public and private consumption (i.e. goods and service purchased by final consumers). The main tax rates under the VAT Act are 19%, the general rate and 7%, the reduced rate. The tax base is the consideration for the goods or services provided. If certain requirements are met, goods are exempt from VAT if they are delivered to another E.U. Member State (intra-Community deliveries of goods), as are goods delivered to a non-E.U. country (export deliveries). Also exempt are certain activities as medical treatments and the granting and brokering of loans. Land rentals are also exempt from value-added tax, although in some cases one may opt to be subject to VAT.

Customs Law

In principal, Germany's Constitution grants exclusive authority to legislate customs duties to domestic federal competence. The core regulation is the Customs Administration Act and the Customs Regulation. However, as a member of the E.U., Germany has transferred this authority to the European Union to a vast extent. The legal foundation for the levying of customs duties arises on the one hand from Community customs law, in particular the Union Customs Code.

The responsibility for legislative measures and the entitlement to this revenue lies with the federal government. Customs duties (import or export duties) are therefore administered by the Federal Finance Administration. As a result of developments in Community customs law, legislative and revenue competence has been transferred almost entirely to the European Union as the legal successor to the European Community.

INTERNATIONAL SANCTIONS LAWS AND REGULATIONS

Set out below is a summary of the sanctions regimes imposed by the U.N., the U.S., the E.U., the U.K. and Australia. This summary has not and is not intended to set out all relevant laws and regulations relating to the sanctions regimes of the U.N., the U.S., the E.U., the U.K. and Australia in their entirety.

U.N. Sanctions Regimes

The United Nations Security Council (the "UNSC") can take action to maintain or restore international peace and security under chapter VII of the United Nations Charter. Sanctions measures encompass a broad range of enforcement options that do not involve the use of any armed force.

The UNSC sanctions may take a number of different forms, in pursuit of a variety of different goals. The measures have ranged from comprehensive economic and trade sanctions to targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions. The UNSC has applied sanctions to support peaceful settlement of conflicts, counter-terrorism, protect human rights, promote non-proliferation and deter non-constitutional changes. There are a number of ongoing sanctions regimes

which focus on supporting political settlement of conflicts, nuclear non-proliferation and counter-terrorism. Each regime is administered by a sanctions committee chaired by a non-permanent member of the UNSC. There are 10 monitoring groups, teams and panels that support the work of the sanctions committees.

U.N. sanctions are imposed by the UNSC, usually acting under chapter VII of the United Nations Charter. Decisions of the UNSC bind members of the U.N. and override other obligations of U.N. member states, but are not enforceable against private parties, and, therefore, U.N. member states are required to implement the relevant U.N. sanctions. Each U.N. member states shall determine how the sanctions imposed by the UNSC are implemented and enforced against private parties under its own domestic laws.

U.S. Sanctions Regimes

Economic sanction

The United States Department of Treasury's Office of Foreign Assets Control ("OFAC") is the primary agency responsible for administering U.S. sanctions programmes against countries, entities and individuals targeted by the U.S.

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

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

OFAC's sanctions programmes currently apply to Afghanistan, Balkans, Belarus, Burma, Central African Republic, Cuba, Democratic Republic of the Congo, Ethiopia, Hong Kong, Iran, Lebanon, Libya, Mali, Nicaragua, North Korea, the PRC, Somalia, South Sudan, Sudan and Darfur, Syria, the Crimea region and the Luhansk People's Republic and Donetsk People's Republic regions of Ukraine, Venezuela, West Bank and Yemen, amongst other specialist sanctions programmes targeting particular sectors or regions. In addition, OFAC prohibits virtually all business dealings with persons and entities identified in the Specially Designated Nationals And Blocked Persons List (the "SDN List") maintained by OFAC, which sets forth individuals and entities that are subject to its sanctions and restricted from dealings with U.S. persons. Entities that a party on the SDN List owns (defined as a direct or indirect ownership interest of 50% or more, individually or in the aggregate) are also blocked, regardless of whether that entity is expressly named on the SDN List. Additionally, U.S. persons, wherever located, are prohibited from

approving, financing, facilitating or guaranteeing any transaction by a non-U.S. person where the transaction by that non-U.S. person would be prohibited if performed by a U.S. person or within the U.S.

Export control regulations

The Export Administration Regulations (the "EAR"), administered by the U.S. Department of Commerce, Bureau of Industry and Security ("BIS"), govern the export and re-export of items "subject to the EAR."

Currently, "items subject to the EAR" generally include all U.S.-origin commodities, software and technology. In limited circumstances, services are also covered. More specifically, items "subject to the EAR" include (1) all items in the U.S. (except publicly available technology and software); (2) all U.S.-origin items located outside the U.S.; (3) certain foreign-made items that include more than de minimis amounts of controlled U.S. content; and (4) foreign-made national security items that are the direct product of U.S.-origin national security technology or software.

BIS through the EAR maintains, amongst others, a list of names of certain foreign persons, including businesses, research institutions, government and private organizations, individuals and other types of legal persons (the "Entity List"). The Entity List initially arose as a list setting forth foreign persons known to be involved in proliferation activities and the development of weapons of mass destruction or missiles. Since its initial publication, grounds for inclusion on the Entity List have expanded to activities sanctioned by the U.S. State Department and activities contrary to U.S. national security or other foreign policy interests. Any transaction undertaken or effected of an item subject to the EAR to an entity on the Entity List requires a license. This restriction also includes engaging in transactions where the seller knows or has reason to know that the products to be transferred (or re-transferred or re-exported) are destined for a prohibited end-use.

Further, BIS has a license review policy establishing a presumption that any license application for a transfer, export or re-export to an entity on the Entity List be denied, as such, the BIS will only approve a license in exceptional circumstances where it can be established that the granting of the license will not harm or impair U.S. national security.

Pursuant to the EAR, an item may be exempted from being subject to the EAR if it fulfils certain criteria, such as where it is a foreign made item, which contains not more than 25% U.S. origin content by value (the "De Minimis Rule"). Such 25% U.S. origin content by value generally refers to foreign made products which (1) incorporate U.S. origin parts or components into the finished product and those parts or components would themselves require a specific license if they were exported separately and (2) the fair market value of those parts or components as a percentage of the total value of the finished product exceeds 25%. In order for an entity to avail itself under the De Minimis Rule, pursuant to part 734.4(d)(3) and Supplement No. 2 to part 734 of the EAR, it must file a one-time report in respect of each product to enable the U.S. Government to evaluate whether U.S. content calculations were performed correctly. The report must contain a description of the scope and nature of the foreign technology, a description of its fair market value, along with the rationale and basis for the valuation. Where the BIS has not contacted the entity within 30 days after the filing of the report, the entity is entitled to rely upon the calculations unless and until BIS contacts them otherwise.

E.U. Sanctions Regimes

The E.U. implements all sanctions adopted by the UNSC and strengthens U.N. sanctions through additional measures and/or sanctions on its own initiative. The E.U. does not generally ban dealing with a counterparty in or with a jurisdiction targeted by sanctions measures, provided that the counterparty is not a person or an entity listed on OFAC's SDN List or other restricted parties lists maintained by the U.N., U.S., E.U., U.K. or Australia or not engaged in prohibited activities, such as, directly or indirectly, exporting, selling, transferring or making certain controlled or restricted products available to, or for use in a jurisdiction subject to sanctions measures.

All E.U. sanctions apply: (1) within the E.U. (including its airspace); (2) on board any aircraft or vessel under the jurisdiction of any E.U. Member State; (3) to any E.U. nationals, regardless of their residency or location; (4) to any legal person, entity or body incorporated or constituted under the laws of any E.U. Member State; and (5) to any legal person, entity or body in respect of any business done in the E.U. E.U. sanctions are directly applicable in any E.U. Member State without national legislation. However, penalties for breaches of E.U. sanctions depend on national legislation in each E.U. Member State.

U.K. and U.K. overseas territories

While the U.K. is no longer an E.U. Member State, E.U. legislation as applied to the U.K. prior to December 31, 2020 has been retained as laws of the U.K. in a form of domestic legislation known as "retained E.U. legislation." The U.K. applies its autonomous sanctions regime to: (1) its territory and territory waters; (2) all U.K. nationals regardless of their location; (3) all individuals and legal entities within the U.K.'s territory or undertake activities within the same; and (4) all U.K. legal entities established under U.K. law including their non-U.K. branches (but excluding separately incorporated non-U.K. subsidiaries), regardless of the location of their activities.

The Office of Financial Sanctions Implementation maintains two lists of persons subject to financial sanctions and imposes financial penalties on a breaching party. The "consolidated list" includes all designated persons subject to E.U. financial sanctions (including U.N. sanctions implemented through E.U. regulations) and U.K. financial sanctions. A separate list includes entities subject to certain capital market restrictions.

Australia

The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to any person in Australia, any Australian anywhere in the world, companies incorporated overseas that are owned or controlled by Australians or persons in Australia, and/or any person using an Australian flag vessel or aircraft to transport goods or transact services.

OUR HISTORY AND DEVELOPMENT

Overview

We are one of leading companies that specializes in the development, manufacturing and commercialization of collaborative robots, or commonly known as "cobots."

Our Company was founded in the PRC in July 2015 by our founders, Mr. Liu, Mr. Lang Xulin (郎需林) and Mr. Wu Zhiwen (吳志文), and three other shareholders. Mr. Liu is a distinguished entrepreneur, innovator and business leader. Under leadership and management of Mr. Liu, we are a top 2 player in the global cobot industry and the No. 1 player among all Chinese cobot companies, with a global market share of 13.0% as measured by shipment volume in 2023, according to the CIC Report. The global cobot industry is at a nascent stage of development, whose market size accounted for less than 2% of the global robot industry in terms of revenue in 2023. See "Directors, Supervisors and Senior Management—Board of Directors—Executive Directors" for the biographical details of Mr. Liu.

As of the Latest Practicable Date, Mr. Liu controlled 31.08% of the voting power at the general meetings of our Company, comprising (1) 26.62% beneficially owned by him directly, (2) 3.50% beneficially owned by Yuejiang LP, which is controlled by Mr. Liu as its general partner, and (3) 0.96% beneficially owned by Qinmo LP, which is controlled by Mr. Liu as its general partner. Upon the [**REDACTED**], Mr. Liu will control [**REDACTED**] of the voting power at the general meetings of our Company, comprising (i) [**REDACTED**] beneficially owned by him directly, (ii) [**REDACTED**] beneficially owned by Yuejiang LP, and (iii) [**REDACTED**] beneficially owned by Qinmo LP, assuming the [**REDACTED**] is not exercised. Therefore, Mr. Liu, Yuejiang LP and Qinmo LP were a group of our Controlling Shareholders as of the Latest Practicable Date and will be our single largest group of Shareholders upon the [**REDACTED**]. See "Relationship with Our Controlling Shareholders" for details.

Business Milestones

The following table illustrates our major business milestones:

Year	Milestone
2015	Our Company was incorporated in Shenzhen
	We launched a successful fundraising campaign on Kickstarter, a popular crowdfunding website, for our first-generation desktop-level cobot, DOBOT
2016	We launched the world's first desktop high-precision and multi-functional smart cobot, Magician
	We launched light-weighted four-axis SCARA cobot, M1
2018	Our core product, Magician, was featured in the "Great Tides Surge along the Pearl River (大潮起珠江)" Exhibition for the 40th Anniversary of Reform and Opening-up (改革開放) in Guangdong

Year	Milestone
2020	We were selected to set up the Guangdong Robot Intelligent Interaction and Control Engineering Technology Research Center (廣東省機器人智能交互與控制工程技術研究中心)
	We launched industrial-grade desktop-level cobot, MG400
2021	We started the manufacturing of our high-performance six-axis CR Series
	We were recognized as Specialty and New Little Giant Enterprise (專精特新小巨人企業)
	We led the Autonomous Learning of Complex Skill by Intelligent Agent with Multi-degree of Freedom, Key Components and Demonstration Application in 3C Manufacturing Industry (多自由度智能體複雜技能自主學習、關鍵部件與3C製造業示範應用), a new generation AI key program under the key area research and development plan of Guangdong province
2022	We launched the Nova Series targeting the commercial settings
	Our production base in Rizhao accomplished the roll-off of the first 10,000 cobots from its production line
	We were selected as the Intellectual Property Advantage Enterprise (國家知識產權優勢企業)
2023	We led the national key R&D program of Multi-Robot Flexible Integrated Manufacturing System with Power Battery Group and Application Demonstration (動力電池組多機器人柔性集成製造系統及應用示範)
	We launched Magician E6, a desktop-level six-axis cobot equipped with industrial-grade hardware specifically designed for education and research, and a new generation of CR Series models
	Our high-performance smart cobot project was appraised as achieving international advanced standards, of which the human-robot interaction technology based on e-skin admittance control was appraised as achieving the world's leading level
	We participated in formulating the national standards for Integrated Robot Joint Performance and Test Methods (機器人一體化關節性能及試驗方法)
2024	We were recognized as Guangdong Province Single Champion Enterprise of Manufacturing Industry (廣東省製造業單項冠軍企業)
	We launched an AI-empowered cobot platform, X-Trainer

OUR COMPANY

Our Company's Early Development

On July 30, 2015, our Company was established as a limited liability company under the laws of the PRC by Mr. Liu, Mr. Lang Xulin, Mr. Wu Zhiwen, Mr. Zhao Xiaodong (趙曉東), Mr. Xu Baoteng (徐寶騰) and Mr. Chen Qingliang (陳慶良), with a registered capital of RMB5.0 million. Upon incorporation, our Company was owned by Mr. Liu, Mr. Lang Xulin, Mr. Wu Zhiwen, Mr. Zhao Xiaodong, Mr. Xu Baoteng and Mr. Chen Qingliang as to 75.00%, 5.00%, 5.00%, 5.00%, 5.00% and 5.00%, respectively. Mr. Zhao Xiaodong and Mr. Xu Baoteng were the business partners of Mr. Liu, Mr. Lang Xulin and Mr. Wu Zhiwen, and Mr. Chen Qingliang was a financial investor. In November 2015, in order to devote more time in their other businesses, Mr. Zhao Xiaodong and Mr. Xu Baoteng transferred their respective entire equity interest in our Company to Mr. Liu and therefore ceased to be our Shareholders.

To fund our strategic growth and broaden our shareholder base, we have conducted several rounds of [**REDACTED**] investments since the incorporation of our Company. See "—[**REDACTED**] Investments" for details.

Joint Stock Reform of Our Company

On December 20, 2022, our then Shareholders, being our promoters, passed resolutions approving, among others, the conversion of our Company into a joint stock company with limited liability under the laws of the PRC. In accordance with an audit report of our Company issued by an independent accountant, as of October 31, 2022, the audited net asset value of our Company was RMB530,409,805.10, among which, RMB360,000,000 was converted into 360,000,000 Shares with a nominal value of RMB1.00 each and the remaining RMB170,409,805.10 was converted into capital reserve. Our Shares upon conversion were subscribed for by our then Shareholders in proportion to their respective equity interest in our Company immediately before the conversion. The joint stock reform was completed on December 28, 2022.

OUR PRINCIPAL SUBSIDIARIES

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

Name	Place of incorporation	Date of incorporation	Principal business activities
Qingdao Yuejiang Intelligence Technology Co., Ltd. (青島越疆智能科技有限公司). . . .	PRC	February 27, 2020	Manufacture of collaborative robots
Qingdao Yuejiang Robotics Co., Ltd. (青島越疆機器人有限公司).	PRC	April 26, 2020	Holding the land for production base
Rizhao Yuejiang Intelligence Technology Co., Ltd. (日照市越疆智能科技有限公司) . .	PRC	October 21, 2020	Manufacture of collaborative robots

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.

[REDACTED] INVESTMENTS

Principal Terms of the [REDACTED] Investments

The table below summarizes the principal terms of the [**REDACTED**] investments:

Name of [REDACTED] Investor(s)	Date of contract	Date of settlement	Registered capital of our Company subscribed for/acquired	Consideration	Cost per Share paid[(2)(3)]	Discount to the [REDACTED][(4)]
			(RMB)	(RMB)	(RMB)	(%)
Early Investment (Pre-money valuation: RMB10.0 million; Post-money valuation: RMB10.0 million)						
Equity Transfer						
Shenzhen Higgs Zhongchuang Technology Co., Ltd. (深圳市希格斯眾創科技有限公司) ("Higgs")	August 8, 2015	August 14, 2015	250,000[(5)]	0.5 million	0.06	[REDACTED]
Angel Investments (Pre-money valuation: RMB133.5 million; Post-money valuation: RMB150.0 million[(1)])						
Equity Subscription						
Hangzhou Daosheng Investment Partnership (Limited Partnership) (杭州道昇投資合夥企業(有限合夥)) ("Hangzhou Daosheng")	December 31, 2015	December 29, 2015	77,248	2.1 million	0.75	[REDACTED]
Zhuhai Tongdao Qichuang Angel Investment Partnership (Limited Partnership) (珠海同道齊創天使投資合夥企業(有限合夥)) ("Zhuhai Tongdao")	December 31, 2015	March 28, 2016	77,248	2.1 million	0.75	[REDACTED]
Hangzhou Junyi Venture Capital Partnership (杭州君溢創業投資合夥企業(有限合夥)) ("Hangzhou Junyi")	December 31, 2015	January 22, 2016	140,449	3.8 million	0.75	[REDACTED]

Name of [REDACTED] Investor(s)	Date of contract	Date of settlement	Registered capital of our Company subscribed for/acquired	Consideration	Cost per Share paid[2][3]	Discount to the [REDACTED][4]
			(RMB)	(RMB)	(RMB)	(%)
Shanghai Leili Technology Venture Capital Center (Limited Partnership) (上海鐳厲科技創業投資中心(有限合夥)) ("Shanghai Leili")	December 31, 2015	September 26, 2016	154,494	4.1 million	0.75	[REDACTED]
Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司) ("SCGC")	December 31, 2015	January 21, 2016	168,539	4.5 million	0.75	[REDACTED]
Series A Investments (Pre-money valuation: RMB348.0 million; Post-money valuation: RMB400.0 million[1])						
Equity Subscription						
Ningbo Meishan Bonded Port Area Tongban Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區同伴投資管理合夥企業(有限合夥)) ("Ningbo Tongban")	April 11, 2017	April 24, 2017	387,447	24.0 million	1.73	[REDACTED]
Qianhai Equity Investment Fund (Limited Partnership) (前海股權投資基金(有限合夥)) ("Qianhai Equity")[15]	April 11, 2017	April 24, 2017	258,298	16.0 million	1.73	[REDACTED]
Shenzhen Hongtu Chuangke Venture Capital Partnership (Limited Partnership) (深圳市紅土創客創業投資合夥企業(有限合夥)) ("Hongtu Chuangke")	April 11, 2017	April 26, 2017	113,005	7.0 million	1.73	[REDACTED]
SCGC	April 11, 2017	April 26, 2017	80,718	5.0 million	1.73	[REDACTED]
Hangzhou Daosheng	December 12, 2017	April 18, 2017	55,615[5]	3.4 million	1.73	[REDACTED]
Zhuhai Tongdao	December 12, 2017	May 2, 2017	11,543[5]	0.7 million	1.73	[REDACTED]
Qinmo LP[14]	January 2, 2018	April 26, 2023	171,400[5]	5.5 million	0.90	[REDACTED]

Name of [REDACTED] Investor(s)	Date of contract	Date of settlement	Registered capital of our Company subscribed for/acquired	Consideration	Cost per Share paid[2][3]	Discount to the [REDACTED][4]
			(RMB)	(RMB)	(RMB)	(%)
Series A+ Investments (Pre-money valuation: RMB800.0 million; Post-money valuation: RMB852.0 million[1])						
Equity Subscription						
Shenzhen Greenpine Growth Equity Investment Partnership (Limited Partnership) (深圳市松禾成長股權投資合夥企業(有限合夥)) ("Greenpine Growth")	May 23, 2018	June 4, 2018	419,735	52.0 million	3.46	[REDACTED]
Equity Transfer						
Greenpine Growth	June 28, 2018	August 2, 2018	206,315[6]	18.0 million	2.44	[REDACTED]
Series B Investments (Pre-money valuation: RMB852.0 million; Post-money valuation: RMB924.0 million[1])						
Equity Subscription						
Shenzhen Nanshan Hongtu Equity Investment Fund Partnership (Limited Partnership) (深圳市南山紅土股權投資基金合夥企業(有限合夥)) ("Nanshan Hongtu")	March 6, 2020	April 3, 2020	183,527	21.6 million	3.29	[REDACTED]
SCGC	March 6, 2020	April 2, 2020	45,882	5.4 million	3.29	[REDACTED]
Zhongyuan Qianhai Equity Investment Fund (Limited Partnership) (中原前海股權投資基金(有限合夥)) ("Zhongyuan Qianhai")[15]	March 6, 2020	April 1, 2020	76,470	9.0 million	3.29	[REDACTED]
Qianhai Equity[15]	March 6, 2020	April 1, 2020	229,409	27.0 million	3.29	[REDACTED]
Xizang Xinxingrong Venture Capital Co., Ltd. (西藏鑫星融創業投資有限公司) ("Xizang Xinxingrong")	March 6, 2020	March 26, 2020	76,470	9.0 million	3.29	[REDACTED]

Name of [REDACTED] Investor(s)	Date of contract	Date of settlement	Registered capital of our Company subscribed for/acquired	Consideration	Cost per Share paid[2][3]	Discount to the [REDACTED][4]
			(RMB)	(RMB)	(RMB)	(%)
Equity Transfer						
Nanshan Hongtu	March 16, 2020	April 30, 2020	47,106[5]	2.4 million	1.42	[REDACTED]
SCGC	March 16, 2020	July 29, 2020	11,776[5]	0.6 million	1.42	[REDACTED]
Zhongyuan Qianhai	March 16, 2020	June 18, 2020	19,627[5]	1.0 million	1.42	[REDACTED]
Qianhai Equity[15]	March 16, 2020	June 18, 2020	58,882[7]	3.0 million	1.42	[REDACTED]
Xizang Xinxingrong	March 16, 2020	April 16, 2020	19,627[8]	1.0 million	1.42	[REDACTED]
Series C Investments (Pre-money valuation: RMB1,391.0 million; Post-money valuation: RMB1,650.0 million[1])						
Equity Subscription						
CICC Qizhi (Shanghai) Private Equity Investment Center L.P. (中金祺智(上海)股權投資中心(有限合夥)) ("CICC Qizhi")	January 12, 2021	January 22, 2021	451,525	80.0 million	4.95	[REDACTED]
Shanghai Shizhineng Investment Management Co., Ltd. (上海勢之能投資管理有限公司) ("Shanghai Shizhineng")	January 12, 2021	January 17, 2021	28,220	5.0 million	4.95	[REDACTED]
Wuxi Chanfa Trade in Service Investment Fund Partnership (Limited Partnership) (無錫產發服務貿易投資基金合夥企業(有限合夥)) ("Wuxi Chanfa")	January 12, 2021	January 15, 2021	169,322	30.0 million	4.95	[REDACTED]
CRRC (Qingdao) Technology Innovation Venture Capital Partnership (Limited Partnership) (中車(青島)科技創新創業股權投資合夥企業(有限合夥)) ("CRRC VC")	January 12, 2021	January 22, 2021	272,044	48.2 million	4.95	[REDACTED]

Name of [REDACTED] Investor(s)	Date of contract	Date of settlement	Registered capital of our Company subscribed for/acquired	Consideration	Cost per Share paid[(2)(3)]	Discount to the [REDACTED][(4)]
			(RMB)	(RMB)	(RMB)	(%)
Rongyuan (Tianjin) Venture Capital Partnership (Limited Partnership) (融元(天津)創業投資合夥企業(有限合夥)) ("Rongyuan Tianjin")	January 12, 2021	January 22, 2021	10,159	1.8 million	4.95	[REDACTED]
Shenzhen Weijia Investment Enterprise (Limited Partnership) (深圳市為嘉投資企業(有限合夥)) ("Shenzhen Weijia")	January 12, 2021	January 19, 2021	50,797	9.0 million	4.95	[REDACTED]
Gongqingcheng Shanban Xingyuan Investment Partnership (Limited Partnership) (共青城山般星元投資合夥企業(有限合夥)) ("Gongqingcheng Shanban")	January 12, 2021	January 25, 2021	28,220	5.0 million	4.95	[REDACTED]
Wuxi Yunhui Internet of Things Investment Management Partnership (Limited Partnership) (無錫雲暉物聯網投資管理合夥企業(有限合夥)) ("Wuxi Yunhui")	January 12, 2021	January 19, 2021	169,322	30.0 million	4.95	[REDACTED]
Wenrun Zhenxin No.1 (Zhuhai) Equity Investment Fund Partnership (Limited Partnership) (溫潤振信壹號(珠海)股權投資基金合夥企業(有限合夥)) ("Wenrun Zhenxin")	January 12, 2021	January 19, 2021	276,785	49.0 million	4.95	[REDACTED]
Zhuhai Hengqin Qichuang Gongxiang Venture Capital Fund Partnership (Limited Partnership) (珠海橫琴齊創共享創業投資基金合夥企業(有限合夥)) ("Hengqin Qichuang")	January 12, 2021	January 19, 2021	5,418	0.96 million	4.95	[REDACTED]

Name of [REDACTED] Investor(s)	Date of contract	Date of settlement	Registered capital of our Company subscribed for/acquired	Consideration	Cost per Share paid[2][3]	Discount to the [REDACTED][4]
			(RMB)	(RMB)	(RMB)	(%)
Series C+ Investments (Pre-money valuation: RMB2,062.5 million; Post-money valuation: RMB2,112.5 million[1])						
Equity Subscription						
Ningbo Zhuoyuan Yujiang Equity Investment Partnership (Limited Partnership) (寧波卓袁與疆股權投資合夥企業(有限合夥)) ("Ningbo Zhuoyuan")	March 31, 2021	May 8, 2021	90,305	20.0 million	6.18	[REDACTED]
Qingdao Hailian Zhongzheng Investment Enterprise (Limited Partnership) (青島海聯中正投資企業(有限合夥)) ("Hailian Zhongzheng")	March 31, 2021	April 22, 2021	45,153	10.0 million	6.18	[REDACTED]
Shandong Huarong Tianze Investment Management Center (Limited Partnership) (山東華融天澤投資管理中心(有限合夥)) ("Shandong Huarong")	March 31, 2021	April 15, 2021	45,153	10.0 million	6.18	[REDACTED]
Shenzhen Yanxi Management Consulting Partnership (Limited Partnership) (深圳言蹊管理諮詢合夥企業(有限合夥)) ("Shenzhen Yanxi")	March 31, 2021	May 14, 2021	45,153	10.0 million	6.18	[REDACTED]
Series D Investments (Pre-money valuation: RMB3,350.0 million; Post-money valuation: RMB3,480.0 million[1])						
Equity Subscription						
China Internet Investment Fund (Limited Partnership) (中國互聯網投資基金(有限合夥)) ("Internet Investment")	June 13, 2022	June 20, 2022	370,150	130.0 million	9.81	[REDACTED]

Name of [REDACTED] Investor(s)	Date of contract	Date of settlement	Registered capital of our Company subscribed for/acquired	Consideration	Cost per Share paid[(2)(3)]	Discount to the [REDACTED][(4)]
			(RMB)	(RMB)	(RMB)	(%)
Series D+ Investments (Pre-money valuation: RMB3,480 million; Post-money valuation: RMB3,530.9 million[(1)])						
Equity Subscription						
Shenzhen Qianfan Qihang No.1 Private Equity Investment Fund Partnership (Limited Partnership) (深圳千帆企航壹號私募股權投資基金合夥企業(有限合夥)) ("Shenzhen Qianfan")	August 25, 2022	September 16, 2022	142,365	50.0 million	9.81	[REDACTED]
Haikou Guoying Junhe Enterprise Management Partnership (Limited Partnership) (海口市國盈君和企業管理合夥企業(有限合夥)) ("Haikou Guoying")	August 25, 2022	September 16, 2022	2,449	0.9 million	9.81	[REDACTED]
Equity Transfer						
Zhuhai Jiufeite Jiusheng Equity Investment Fund Partnership (Limited Partnership) (珠海玖菲特玖盛股權投資基金合夥企業(有限合夥)) ("Zhuhai Jiufeite")	October 12, 2022	October 26, 2022	71,182[(5)]	25.0 million	9.81	[REDACTED]
Mituo Zhiyue (Zibo) Equity Investment Partnership (Limited Partnership)	October 12, 2022	October 28, 2022	42,710[(9)]	15.0 million	9.81	[REDACTED]
(米拓智越(淄博)股權投資合夥企業(有限合夥)) ("Mituo Zhiyue")	December 14, 2022	December 19, 2022	20,107[(10)]	5.0 million	6.94	[REDACTED]
Mr. Liu Dan (劉丹)	December 14, 2022	December 20, 2022	99,765[(11)]	24.8 million	6.94	[REDACTED]
Ms. Yin Guofeng (尹國鳳)	December 14, 2022	December 19, 2022	12,064[(12)]	3.0 million	6.94	[REDACTED]
Mr. Liu Simeng (劉思萌)	December 14, 2022	December 19, 2022	20,107[(13)]	5.0 million	6.94	[REDACTED]

(1) The post-money valuation is calculated by dividing the total consideration of equity subscriptions under the relevant round of the [**REDACTED**] 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 [**REDACTED**] investment. The valuation of our Company has been increasing along with our rapid business development.

(2) The cost per Share presented in the table has been adjusted to take into account the enlarged registered capital of our Company as a result of the joint stock reform carried out in December 2022. The amount is arrived at by dividing the total consideration by the total number of Shares to be converted from the registered capital held by the respective investors as a result of the joint stock reform and their respective subscriptions or purchases.

(3) 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.

(4) The discount to the [**REDACTED**] is calculated based on the assumption that the [**REDACTED**] is HK$[**REDACTED**] per H Share, being the mid-point of the indicative [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per H Share, and that the [**REDACTED**] is not exercised.

(5) The equity interest was transferred from Mr. Liu and, with respect to the equity interest held by Higgs only, subsequently repurchased by Mr. Liu.

(6) The equity interest was transferred from Mr. Liu, Mr. Chen Qingliang and Qinmo LP.

(7) The equity interest was transferred from Mr. Liu, Mr. Lang Xulin and Mr. Wu Zhiwen.

(8) The equity interest was transferred from Mr. Wu Zhiwen.

(9) The equity interest was transferred from SCGC and Hongtu Chuangke.

(10) The equity interest was transferred from Greenpine Growth.

(11) The equity interest was transferred from Shanghai Leili and Gongqingcheng Shanban. Upon the completion of the equity transfer, Shanghai Leili and Gongqingcheng Shanban ceased to be our Shareholder.

(12) The equity interest was transferred from Gongqingcheng Shanban and Zhuhai Tongdao. Upon the completion of the equity transfer, Gongqingcheng Shanban ceased to be our Shareholder.

(13) The equity interest was transferred from Zhuhai Tongdao.

(14) Qinmo LP is a shareholding platform of our certain financial investors and is owned by its limited partners, namely Mr. Lin Yongyi (林勇毅), Mr. Cao Jiajun (曹佳俊), Mr. Zhang Tao (張濤), Ms. Chen Qiyun (陳啟雲), Ms. Fan Lin (樊琳) and Zhejiang Mituo Investment Co., Ltd. (浙江米拓投資有限公司), as to 15.99%, 5.84%, 33.59%, 16.80%, 16.80% and 10.31%, respectively. In order to consolidate control and voting rights in our Company, Mr. Liu and such financial investors, all of which are independent third parties, have agreed that, Mr. Liu serves as the sole general partner of Qinmo LP who holds 0.67% of the partnership interest and exercises the voting rights held by Qinmo LP in our Company.

(15) Qianhai Equity is controlled and managed by its general partner, Qianhai Ark Assets Management Co., Ltd. (前海方舟資產管理有限公司). Zhongyuan Qianhai is controlled and managed by its general partner, Qianhai Ark (Zhengzhou) Venture Capital Management Enterprise (Limited Partnership) (前海方舟(鄭州)創業投資管理企業(有限合夥)), which is in turn controlled and managed by its general partner, Qianhai Ark Assets Management Co., Ltd.

Reasons for Fluctuations in Valuation in the [REDACTED] Investments

The principal reasons for the material increases in our Company's valuation in several rounds of our [**REDACTED**] investments are as follows:

(1) the increase in valuation from the Early Investment to the Angel Investments was mainly due to the successful fundraising campaign we launched on Kickstarter for our first-generation desktop-level cobot, DOBOT, which significantly raised our market visibility;

(2) the increase in valuation from the Angel Investments to the Series A Investments was mainly due to the launch of the world's first desktop high-precision and multi-functional smart cobot, Magician, and light-weighted four-axis SCARA cobot, M1, which successfully expanded our product portfolio and customer reach;

(3) the increase in valuation from the Series A Investments to the Series A+ Investments was mainly due to the significant revenue growth after the launch of new products, which increased from approximately RMB11.0 million for the year ended December 31, 2016 to approximately RMB43.2 million for the year ended December 31, 2017 according to our Company's financial statements, indicating tremendous commercialization potential;

(4) the increase in valuation from the Series B Investments to the Series C Investments was mainly due to the launch of industrial-grade desktop-level four-axis cobot, MG400, indicating tremendous commercialization potential;

(5) the increase in valuation from the Series C Investments to the Series C+ Investments was mainly due to the production of our high-performance six-axis CR Series, which was well received among our customers; and

(6) the increase in valuation from the Series C+ Investments to the Series D Investments was mainly due to (a) our cooperation established with certain top-notch manufacturing companies, and (b) the significant sales growth from industrial cobots.

There were no material fluctuations in our Company's valuation (a) between the Series A+ Investments and the Series B Investments and (b) between the Series D Investments and the Series D+ Investments, respectively.

Use of Proceeds from the [REDACTED] Investments

The proceeds received by us from the [**REDACTED**] investments which involved subscriptions of increased registered capital of our Company amounted to approximately RMB682.5 million. As of June 30, 2024, the net proceeds from the [**REDACTED**] investments had been fully untilized. The proceeds from the [**REDACTED**] investments have been utilized for our general operation and working capital purposes.

Special Rights of Our [REDACTED] Investors

In connection with the [**REDACTED**] investments, our [**REDACTED**] Investors were granted certain special rights, including, among others, pre-emptive right, right of first refusal, right of co-sale, redemption right, information right, anti-dilution right, and special rights in liquidation. In anticipation of the [**REDACTED**], all such special rights granted to our [**REDACTED**] Investors have been terminated in compliance with Chapter 4.2 of the Guide.

Information regarding Our Principal [REDACTED] Investors

Set out below is a description of our Sophisticated Independent Investors (including Pathfinder SIIs) and other principal [**REDACTED**] Investors (being sophisticated investors such as private equity funds and corporations, and that have made meaningful investments in our Company (each holding more than 1.00% of our total issued and outstanding Shares immediately prior to the [**REDACTED**])). Among our [**REDACTED**] Investors, we have six Sophisticated Independent Investors, four of which respectively held more than 3.0% of the total issued Shares of the Company as of the Latest Practicable Date. To the best knowledge of our Directors, each of our Sophisticated Independent Investors and other principal [**REDACTED**] 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 [**REDACTED**] Investors is independent from each other unless as disclosed otherwise.

Our Pathfinder SIIs

SCGC, Nanshan Hongtu and Hongtu Chuangke (collectively the "SCGC Investors")

SCGC is a limited liability company incorporated in the PRC, originally co-founded by State-owned Assets Supervision and Management Commission of Shenzhen Municipal People's Government (深圳市國有資產監督管理委員會), which still directly holds 28.20% equity interest in SCGC as its largest shareholder, with a group of private partners in 1999. SCGC is now a state-owned and independently-managed venture capital investment institution with a primary focus to invest in innovative high-tech companies in the emerging industries in their start-up, growth or [**REDACTED**] stage, including but not limited to investments in IT, new media, healthcare, new energy, environment protection, chemical engineering, new material, advanced manufacturing consumer goods. Other major shareholders of SCGC include (1) Shenzhen Galaxy Real Estate Development Co., Ltd. (深圳市星河房地產開發有限公司), a company ultimately controlled by Mr. Huang Chulong (黃楚龍), an independent third party businessman, holding 20.00% equity interest in SCGC, (2) Shenzhen Capital Holdings Co., Ltd. (深圳市資本運營集團有限公司), which is wholly owned by the State-owned Assets Supervision and Management Commission of Shenzhen Municipal People's Government and holds 12.79% equity interest in SCGC, and (3) Shanghai Dazhong Public Utilities (Group) Co., Ltd. (上海大眾公司公用事業(集團)股份有限公司), a company listed on the Stock Exchange (stock code: 1635) and the Shanghai Stock Exchange (stock code: 600635), holding 10.80% equity interest in SCGC. Save as disclosed above, SCGC has no other shareholder which individually holds more than 10% equity interest in SCGC. Nanshan Hongtu and Hongtu Chuangke are funds in the form of limited partnership established under the laws of the PRC whose general partners are Shenzhen Nanshan Hongtu Equity Investment Fund Management Co., Ltd. (深圳市南山紅土股權投資基金管理有限公司) and Shenzhen Hongtu Chuangke Venture Capital Management Co., Ltd. (深圳市紅土創客創業投資管理有限公司), respectively. Shenzhen Nanshan Hongtu Equity Investment Fund Management Co., Ltd. is ultimately controlled and wholly owned by SCGC, and Shenzhen Hongtu Chuangke Venture Capital Management Co., Ltd. is ultimately controlled and owned by SCGC as to 80%.

As of the Latest Practicable Date, the SCGC Investors held approximately 6.05% of the total issued share capital of our Company. The assets under management ("AUM") of the SCGC Investors was more than HK$15.0 billion as of June 30, 2015 (being a date not more than six months prior to the date on which the definitive agreement for its earliest investment in our Company was signed), and approximately RMB471.7 billion as of February 29, 2024, respectively. As SCGC is ultimately responsible for the investment decisions of Nanshan Hongtu and Hongtu Chuangke, the different platforms are purely different funds or entities ultimately managed by the same entity and should be aggregated as one Pathfinder SII pursuant to Chapter 2.5 of the Guide. And as the AUM of SCGC meets the threshold set out in Chapter 2.5 of the Guide, the SCGC Investors collectively qualify as a Sophisticated Independent Investor. In compliance with Rule 18C.05 of the Listing Rules, the SCGC Investors held approximately 6.05% and 6.05% of the total issued share capital of our Company, as of [June 26], 2024 (being the date of submission of the Company's [**REDACTED**] application) and [June 26], 2023 (being the commencement date of the pre-application 12-month period), respectively.

Greenpine Growth

Greenpine Growth is a limited partnership established in the PRC, whose general partner is Shenzhen Greenpine Growth Fund Management Co., Ltd. (深圳市松禾成長基金管理有限公司). Shenzhen Greenpine Growth Fund Management Co., Ltd. is majority-owned by Mr. Li Wei (厲偉) and Ms. Cui Jingtao (崔京濤), who are also the beneficial owners of Green Pine Capital Partners Co., Ltd. (深圳市松禾資本管理有限公司). Major limited partners of Greenpine Growth include (1) Shenzhen FOF Investment Co., Ltd. (深圳市引導基金投資有限公司), a wholly-owned subsidiary of the Finance Bureau of Shenzhen Municipality (深圳市財政局), holding 16.69% limited partnership interest in Greenpine Growth, and (2) China Merchants Securities Asset Management Co., Ltd. (招商證券資產管理股份有限公司), a wholly-owned subsidiary of China Merchants Securities Co., Ltd. (招商證券股份有限公司) whose shares are listed on the Stock Exchange (stock code: 6099) and the Shanghai Stock Exchange (stock code: 600999), holding 11.69% limited partnership interest in Greenpine Growth. Greenpine Growth has 26 other limited partners each holding less than 10% limited partnership interest in Greenpine Growth. Greenpine Growth is principally engaged in equity investment. Green Pine Capital Partners group consists of several operating entities and fund entities including, among others, Green Pine Capital Partners Co., Ltd., Shenzhen Greenpine Growth Fund Management Co., Ltd. and Greenpine Growth, all of which are under the management of the same management team of Green Pine Capital Partners Co., Ltd. led by Mr. Li Wei, and operated under the same brand name of "Green Pine Capital (松禾資本)" by investment managers and operational staff assigned by Green Pine Capital Partners Co., Ltd. In addition, Greenpine Growth has an investment decision committee which is the body responsible for making the investment decisions and whose entire members are management team members of Green Pine Capital Partners Co., Ltd. Green Pine Capital Partners group is an investment firm group with a primary focus on investing in early-stage and growth-stage companies in digital technology, precision medicine and innovative materials industries.

As of the Latest Practicable Date, Greenpine Growth held approximately 6.03% of the total issued share capital of our Company. In light of the facts that the investment decision of Greenpine Growth is controlled and managed by Green Pine Capital Partners Co., Ltd. and the AUM of Green Pine Capital Partners Co., Ltd. was approximately RMB15.0 billion as of December 31, 2017 (being a date not more than six months prior to the date on which Greenpine Growth signed the relevant definitive agreement for their investment in our Company), and approximately RMB22.0 billion as of December 31, 2023, respectively, which meets the threshold set out in Chapter 2.5 of the Guide, Greenpine Growth qualifies as a Sophisticated Independent Investor. In compliance with Rule 18C.05 of the Listing Rules, Greenpine Growth held approximately 6.03% and 6.03% of the total issued share capital of our Company, as of [June

26], 2024 (being the date of submission of the Company's [**REDACTED**] application) and [June 26], 2023 (being the commencement date of the pre-application 12-month period), respectively.

Qianhai Equity

Qianhai Equity is a limited partnership established in the PRC and is controlled and managed by its general partner, Qianhai Ark Assets Management Co., Ltd. (前海方舟資產管理有限公司). Qianhai Equity has 49 limited partners, the majority of which are government guiding funds, assets management firms, large state-owned insurance companies and financial institutions, each holding less than 10% limited partnership interest in Qianhai Equity. Qianhai Equity is principally engaged in equity investment. Qianhai Ark Assets Management Co., Ltd. is a limited liability company established in the PRC and is ultimately controlled by Mr. Jin Haitao (靳海濤), who is an independent third party and an individual investor. Mr. Jin Haitao is currently the chairman of Qianhai Ark Assets Management Co., Ltd. Qianhai Ark Assets Management Co., Ltd. is principally engaged in venture capital investment.

As of the Latest Practicable Date, Qianhai Equity held approximately 5.44% of the total issued share capital of our Company. The AUM of Qianhai Equity was approximately RMB21.5 billion as of December 31, 2016 (being a date not more than six months prior to the date on which Qianhai Equity signed the relevant definitive agreement for its investment in our Company), and approximately RMB28.5 billion as of December 31, 2023, respectively. As Qianhai Equity is a fund with AUM which meets the threshold set out in Chapter 2.5 of the Guide, it qualifies as a Sophisticated Independent Investor. In compliance with Rule 18C.05 of the Listing Rules, Qianhai Equity held approximately 5.44% and 5.44% of the total issued share capital of our Company, as of [June 26], 2024 (being the date of submission of the Company's [**REDACTED**] application) and [June 26], 2023 (being the commencement date of the pre-application 12-month period), respectively.

CICC Qizhi

CICC Qizhi is a limited partnership established in the PRC, whose general partner is CICC Private Equity Management Co., Ltd. (中金私募股權投資管理有限公司), which is a wholly-owned subsidiary of China International Capital Corporation Limited (中國國際金融股份有限公司), an investment bank whose shares are listed on the Shanghai Stock Exchange (stock code: 601995) and the Main Board of the Stock Exchange (stock code: 3908). Major limited partners of CICC Qizhi include (1) Shanghai Greenland Equity Investment Management Co., Ltd. (上海綠地股權投資管理有限公司), a company ultimately controlled by Greenland Holdings Corporation Limited (綠地控股集團股份有限公司) whose shares are listed on the Shanghai Stock Exchange (stock code: 600606), holding 18.64% limited partnership interest in CICC Qizhi, and (2) CICC Qirong (Xiamen) Equity Investment Fund Partnership (Limited Partnership) (中金啟融(廈門)股權投資基金合夥企業(有限合夥)), a limited partnership managed by its general partner, CICC Capital Management Co., Ltd. (中金資本運營有限公司), which is a wholly-owned subsidiary of China International Capital Corporation Limited, holding 14.26% limited partnership interest in CICC Qizhi. CICC Qizhi has 38 other limited partners, each holding less than 10% limited partnership interest in CICC Qizhi.

As of the Latest Practicable Date, CICC Qizhi held approximately 4.49% of the total issued share capital of our Company. The AUM of China International Capital Corporation was approximately RMB1,174.7 billion as of December 31, 2020 (being a date not more than six months prior to the date on which CICC Qizhi signed the relevant definitive agreement for its investment in our Company), and approximately RMB1,393.2 billion as of December 31, 2023, respectively. As the general partner that manages CICC Qizhi is a wholly-owned subsidiary of China International Capital Corporation, whose

AUM meets the threshold set out in Chapter 2.5 of the Guide, and the investment decisions of CICC Qizhi were ultimately managed and controlled by China International Capital Corporation, CICC Qizhi qualifies as a Sophisticated Independent Investor. In compliance with Rule 18C.05 of the Listing Rules, CICC Qizhi held approximately 4.49% and 4.49% of the total issued share capital of our Company, as of [June 26], 2024 (being the date of submission of the Company's [**REDACTED**] application) and [June 26], 2023 (being the commencement date of the pre-application 12-month period), respectively.

Our Pathfinder SIIs, in aggregate, held approximately 22.01% and 22.01% of the total issued share capital of the Company, as of [June 26], 2024 (being the date of submission of the Company's [**REDACTED**] application) and [June 26], 2023 (being the commencement date of the pre-application 12-month period), respectively.

Our Other Sophisticated Independent Investors

Internet Investment

Internet Investment is an equity investment fund established in the form of limited partnership under the laws of the PRC with a primary focus to invest in the Internet sector including basic and key Internet technologies and facilities, network security, network information services, cloud computing, big data, artificial intelligence, industrial digitalization, and controlled and managed by its general partner, China Internet Investment Fund Management Co., Ltd. (中國互聯網投資基金管理有限公司), which is controlled and owned by Zhongwang Xintong (Beijing) Holding Co., Ltd. (中網信通(北京)控股有限公司) as to 40%. Zhongwang Xintong (Beijing) Holding Co., Ltd. is a wholly-owned subsidiary of the National Computer Network and Information Security Management Center (國家計算機網絡與信息安全管理中心). Major limited partners of Internet Investment include (1) ICBC Credit Suisse Investment Management Co., Ltd. (工銀瑞信投資管理有限公司), a wholly-owned subsidiary of ICBC Credit Suisse Asset Management Company Limited (工銀瑞信基金管理有限公 司), which is an asset management firm controlled and owned as to 80% by the Industrial and Commercial Bank of China Co., Ltd. (中國工商銀行股份有限公司), whose A shares listed on the Shanghai Stock Exchange (stock code: 601398) and H shares listed on the Main Board of the Stock Exchange (stock code: 1398), with the remaining equity interest owned by Credit Suisse Group AG. ICBC Credit Suisse Investment Management Co., Ltd. holds 33.22% of partnership interest in Internet Investment, (2) China Post Life Insurance Corporation Limited (中郵人壽保險股份有限公司), a state-owned national life insurance company owned by China Post Group Co., Ltd. (中國郵政集團有限公司), directly and indirectly, as to 75.01%. China Post Life Insurance Corporation Limited holds 19.93% of the partnership interest in Internet Investment, and (3) ABC-CA Asset Management Co., Ltd. (農銀匯理資產管理有限公司), a fund management firm indirectly controlled and owned as to 51.7% by Agricultural Bank of China Co., Ltd. (中國農業銀行股份有限公司), whose A shares listed on the Shanghai Stock Exchange (stock code: 601288) and H shares listed on the Main Board of the Stock Exchange (stock code: 1288). ABC-CA Asset Management Co., Ltd. holds 16.61% of the partnership interest in Internet Investment. Internet Investment has six other limited partners, each holding less than 10% partnership interest in Internet Investment.

As of the Latest Practicable Date, Internet Investment held approximately 3.68% of the total issued share capital of our Company. The AUM of Internet Investment was approximately HK$21.4 billion as of December 31, 2021 (being a date not more than six months prior to the date on which Internet Investment signed the relevant definitive agreement for its investment in our Company), and approximately HK$24.0 billion as of December 31, 2023, respectively. As Internet Investment is a fund with AUM which meets the threshold set out in Chapter 2.5 of the Guide, it qualifies as a Sophisticated Independent Investor.

Wuxi Chanfa

Wuxi Chanfa is an equity investment fund in the form of limited partnership established under the laws of the PRC and controlled and managed by its general partner, Shenzhen China Merchants Jinkui Capital Management Co., Ltd. (深圳市招商金葵資本管理有限公司), which is wholly owned by China Merchants Capital Management Co., Ltd. (招商局資本管理有限責任公司). China Merchants Capital Management Co., Ltd. is wholly owned by China Merchants Capital Investment Co., Ltd. (招商局資本投資有限公司), a joint venture held by China Merchants Financial Holdings Co., Ltd. (招商局金融控股有限公司) and GLP Capital Investment 5 (HK) Limited as to 50% and 50%, respectively. China Merchants Financial Holdings Co., Ltd. is wholly owned by China Merchants Steam Navigation Company Limited (招商局輪船有限公司), a wholly-owned subsidiary of China Merchants Group Limited (招商局集團有限公司), which in turn is wholly owned by the State Council of the People's Republic of China (中華人民共和國國務院). China Merchants Capital Investment Co., Ltd. focuses on investing in areas including new energy, deep tech and technology, life sciences and modernised services. Major limited partners of Wuxi Chanfa include (1) Wuxi Industrial Development Group Co., Ltd. (無錫產業發展集團有限公司), which is controlled and owned, directly and indirectly, as to 95.59% by State-owned Assets Supervision and Administration Commission of Wuxi City (無錫市國有資產監督管理委員會). Wuxi Industrial Development Group Co., Ltd. holds 49.34% of partnership interest in Wuxi Chanfa, (2) China Trade in Service Innovation Investment Fund (Limited Partnership) (服務貿易創新發展引導基金(有限合夥)), which is controlled by China Merchants Capital Management (Beijing) Co., Ltd. (招商局資本管理(北京)有限公司) as the general partner, another subsidiary of China Merchants Financial Holdings Co., Ltd. China Trade in Service Innovation Investment Fund (Limited Partnership) holds 19.74% of the partnership interest in Wuxi Chanfa, and (3) Wuxi Fengrun Investment Co., Ltd. (無錫豐潤投資有限公司), which is ultimately majority-owned and controlled by State-owned Assets Supervision and Administration Commission of Wuxi City. Wuxi Fengrun Investment Co., Ltd. holds 19.74% of the partnership interest in Wuxi Chanfa. Wuxi Chanfa has three other limited partners, each holding less than 10% partnership interest in Wuxi Chanfa.

As of the Latest Practicable Date, Wuxi Chanfa held approximately 1.68% of the total issued share capital of our Company. The AUM of China Merchants Capital Investment Co., Ltd. was approximately RMB280.0 billion as of December 31, 2020 (being a date not more than six months prior to the date on which Wuxi Chanfa signed the relevant definitive agreement for their investment in our Company), and approximately RMB300.0 billion as of December 31, 2023, respectively. As Wuxi Chanfa is a fund ultimately controlled and managed by China Merchants Capital Investment Co., Ltd., whose AUM meets the threshold set out in Chapter 2.5 of the Guide, and the investment decisions of Wuxi Chanfa were ultimately managed and controlled by China Merchants Capital Investment Co., Ltd., Wuxi Chanfa qualifies as a Sophisticated Independent Investor.

Our Other Principal* [REDACTED] *Investors

*Wenrun Zhenxin and Hengqin Qichuang (collectively the "**Wens Investors**")*

Wenrun Zhenxin and Hengqin Qichuang are limited partnership established under the laws of the PRC. Wenrun Zhenxin is an equity investment fund controlled and managed by its general partner, Guangdong Wens Investment Co., Ltd. (廣東溫氏投資有限公司), and Henqing Qichuang is an equity investment fund controlled by Guangdong Wens Investment Co., Ltd., which is a wholly-owned subsidiary of Wens Foodstuff Group Co., Ltd. (溫氏食品集團股份有限公司), an animal husbandry company whose shares are listed on the Shenzhen Stock Exchange (stock code: 300498). Guangdong Wens Investment Co., Ltd. focuses on investing in the large consumer sector including agricultural food, advanced manufacturing, robotics, electronic information, consumer electronics, pharmaceuticals, and other fields.

CRRC VC

CRRC VC is a venture capital fund in a form of limited partnership established under the laws of the PRC. CRRC VC is controlled and managed by its general partner, CRRC Guochuang (Beijing) Private Fund Management Co., Ltd. (中車國創(北京)私募基金管理有限公司), which primarily focus on investing in areas including new energy vehicles, environmental governance, hydrogen energy power, intelligent manufacturing and super capacitors and is owned by CRRC Capital Management Co., Ltd. (中車資本管理有限公司), Guochuang Fund Management Co., Ltd. (國創基金管理有限公司) and Qingdao Rongzheng Enterprise Consulting Management Partnership (Limited Partnership) (青島融正企業諮詢管理合夥企業(有限合夥)) as to 45%, 45% and 10%, respectively. CRRC Capital Management Co., Ltd. is a wholly-owned subsidiary of CRRC Corporation Limited, a rolling stock manufacturers whose shares are listed on the Shanghai Stock Exchange (stock code: 601766) and the Main Board of the Stock Exchange (stock code: 1766). Guochuang Fund Management Co., Ltd. is controlled and owned by Aerospace Investment Holdings Co., Ltd. (航天投資控股有限公司) as to 60.53%, which is in turn controlled and owned by its single largest shareholder, China Aerospace Science and Technology Group Corporation (中國航天科技集團有限公司) as to 20.68%, a state-owned enterprise principally engaged in the manufacturing of railroads, ships, aerospace and other transportation equipment and wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. Most of the other 23 shareholders of Aerospace Investment Holdings Co., Ltd. are state-owned enterprises with each holding less than 20% of share capital in Aerospace Investment Holdings Co., Ltd.

Ningbo Tongban

Ningbo Tongban is a limited partnership established under the laws of the PRC, which is principally engaged in equity investment. Ningbo Tongban is owned by Mr. Xiang Guanglong (項光隆), Mr. Li Zhirong (李志榮) and Mr. Wang Chengshu (王成樞) as to approximately 33.33%, 33.33% and 33.33%, respectively.

Hangzhou Daosheng and Zhuhai Tongdao

Hangzhou Daosheng and Zhuhai Tongdao are equity investment entities in a form of limited partnership established under the laws of the PRC. Zhuhai Tongdao is controlled and managed by its general partner, Mr. Wu Bin (吳彬), and Hangzhou Daosheng is controlled and managed by its general partner, Hangzhou Daosheng Investment Management Co., Ltd. (杭州道生投資管理有限公司), which is controlled and owned by Mr. Wu Bin as to 87%.

Shenzhen Qunda

Shenzhen Qunda Technology Partnership (Limited Partnership) (深圳群達科技有限合夥企業(有限合夥)) ("Shenzhen Qunda") is an equity investment fund in a form of limited partnership established under the laws of the PRC and controlled and managed by its general partner, Ms. Cai Wenjuan (蔡文娟), who is an independent third party and an individual investor.

Wuxi Yunhui

Wuxi Yunhui is an equity investment fund in a form of limited partnership established under the laws of the PRC and controlled and managed by its general partner, Dongtai Yunchang Investment Management Partnership (Limited Partnership) (東台雲暢投資管理合夥企業(有限合夥)), which is controlled and managed by its general partner, Gongqingcheng Shangyu Investment Partnership (Limited Partnership) (共青城尚玉投資合夥企業(有限合夥)). Gongqingcheng Shangyu Investment Partnership (Limited Partnership) is controlled and managed by its general partner, Mr. Duan Aimin (段愛民), who is an independent third party and an individual investor.

Hangzhou Junyi

Hangzhou Junyi is an equity investment fund in a form of limited partnership established under the laws of the PRC and controlled and managed by its general partner, Mr. Zhang Wei (張威), who is an independent third party and an individual investor.

Ningbo Zhuoyuan and Hangzhou Shiwei

Ningbo Zhuoyuan and Hangzhou Shiwei Venture Investment Partnership (Limited Partnership) (杭州十維創業投資合夥企業(有限合夥)) ("Hangzhou Shiwei") are equity investment funds in a form of limited partnership established under the laws of the PRC and controlled and managed by their respective general partners, Hangzhou Mingxian Investment Management Co., Ltd. (杭州鳴弦投資管理有限公司) and Hangzhou Beifan Investment Management Co., Ltd. (杭州北帆投資管理有限公司). Hangzhou Mingxian Investment Management Co., Ltd. is controlled by Mr. Zhang Jun (張軍) and Hangzhou Beifan Investment Management Co., Ltd. is owned by Mr. Zhang Jun, Mr. Wang Lijie (王利杰), Mr. Hu Wei (胡煒), Mr. Gu Hao (顧浩) and Ms. Sun Zhenzhen (孫真臻) as to 40%, 25%, 25%, 5% and 5%, respectively.

Shenzhen Qianfan and Haikou Guoying (collectively the "Shenzhen Investment Holdings Investors")

Shenzhen Qianfan and Haikou Guoying are equity investment funds in the form of limited partnership established under the laws of the PRC. Shenzhen Qianfan is managed by its general partner and sole fund manager, Shenzhen Investment Holdings Capital Co., Ltd. (深圳市投控資本有限公司) ("Shenzhen Investment Holdings"). According to the partnership agreement of Shenzhen Qianfan, Shenzhen Investment Holdings is responsible for performing the partnership business of Shenzhen Qianfan, and ABC Energy Investment Fund Management Co., Ltd. (農銀能投(北京)投資基金管理有限公司), the other general partner of Shenzhen Qianfan, acts in concert with Shenzhen Investment Holdings, when, together with Shenzhen Investment Holdings, representing Shenzhen Qianfan to exercise the Shareholder's rights (including voting rights in the general meeting of our Company). Haikou Guoying is controlled and managed by its general partner, Shenzhen Investment Holdings. Shenzhen Investment Holdings is a wholly-owned subsidiary of Shenzhen Investment Holdings Company Limited, which in turn is wholly owned by the State-owned Assets Supervision and Administration Commission of People's Government of Shenzhen City (深圳市人民政府國有資產監督管理委員會). Shenzhen Investment Holdings Company Limited focuses on investing in technology finance, technology parks, emerging industries and high-end service industries. ABC Energy Investment Fund Management Co., Ltd. is indirectly wholly-owned by Agricultural Bank of China, a commercial bank whose shares are listed on the Shanghai Stock Exchange (stock code: 601288) and the Main Board of the Stock Exchange (stock code: 1288).

Meaningful Investment from Sophisticated Independent Investors

We have received investments from four Pathfinder SIIs, namely the SCGC Investors, Greenpine Growth, Qianhai Equity and CICC Qizhi, each having invested in the Group for at least 12 months prior to the first submission of our [**REDACTED**] application to the Stock Exchange for the purpose of the [**REDACTED**]. In accordance with Chapter 2.5 of the Guide, each of the SCGC Investors, Greenpine Growth, Qianhai Equity and CICC Qizhi held more than 3%, and in aggregate more than 10%, of the issued share capital of our Company as of the date of our [**REDACTED**] application and throughout the pre-application 12-months 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 Sophisticated Independent Investors held, in aggregate, approximately 27.37% in the total issued share capital of our Company. Upon the [**REDACTED**], such Sophisticated Independent Investors will hold, in aggregate, no less than 20% in the total issued share capital of our Company, assuming that our expected market capitalization at the time of [**REDACTED**] will be more than HK$6 billion but less than HK$15 billion.

Compliance with the Guide

Based on the documents provided by the Company relating to the [**REDACTED**] investments, the Joint Sponsors have confirmed that the [**REDACTED**] investments are in compliance with the Chapter 4.2 of the Guide.

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 and our Company's principal subsidiaries, as described above have been completed and settled, and all regulatory approvals, registrations or filings have been granted in accordance with PRC laws and regulations.

LOCK-UP PERIOD

Pursuant to the applicable PRC law, within the 12 months following the [**REDACTED**], all existing Shareholders (including our [**REDACTED**] 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 [**REDACTED**]:

Name	Capacity	Aggregate number of Shares held immediately following the completion of the [REDACTED][(1)]	Aggregate ownership percentage of shareholding in the total issued share capital of our Company following the completion of the [REDACTED][(1)]	Lock-up period
Key persons and their close associates				
Mr. Liu	Founder, chairman of our Board, executive Director, general manager and core R&D team member	95,847,016	[**REDACTED**]	Commencing on the date of this document and ending on expiry of 12 months from the [**REDACTED**]
Yuejiang LP	Share incentive platform controlled by Mr. Liu	12,599,991	[**REDACTED**]	
Qinmo LP	Shareholding platform controlled and managed by Mr. Liu	3,441,999	[**REDACTED**]	
Mr. Lang Xulin	Co-founder, executive Director, chief scientist and core R&D team member	7,968,213	[**REDACTED**]	
Mr. Wu Zhiwen	Co-founder	7,968,213	[**REDACTED**]	

Name	Capacity	Aggregate number of Shares held immediately following the completion of the [REDACTED][(1)]	Aggregate ownership percentage of shareholding in the total issued share capital of our Company following the completion of the [REDACTED][(1)]	Lock-up period
Share Incentive Platforms				
Lumo LP	Share incentive platform where the Company's founder, executive Directors, senior management and core R&D team members hold partnership interest	14,897,259	[**REDACTED**]	
Qimo LP	Share incentive platform where the Company's founder, executive Directors, senior management and core R&D team members hold partnership interest	12,961,193	[**REDACTED**]	Commencing on the date of this document and ending on expiry of 12 months from the [**REDACTED**]
Chumo LP	Share incentive platform where the Company's founder, executive Directors, senior management and core R&D team members hold partnership interest	11,633,873	[**REDACTED**]	

Name	Capacity	Aggregate number of Shares held immediately following the completion of the [REDACTED][(1)]	Aggregate ownership percentage of shareholding in the total issued share capital of our Company following the completion of the [REDACTED][(1)]	Lock-up period
Pathfinder SIIs				
SCGC	Pathfinder SII	10,352,962	[**REDACTED**]	
Nanshan Hongtu	Pathfinder SII	8,258,657	[**REDACTED**]	
Hongtu Chuangke	Pathfinder SII	3,154,420	[**REDACTED**]	Commencing on the date of this document and ending on expiry of six months from the [**REDACTED**]
Greenpine Growth	Pathfinder SII	21,698,003	[**REDACTED**]	
Qianhai Equity	Pathfinder SII	19,572,616	[**REDACTED**]	
CICC Qizhi	Pathfinder SII	16,168,502	[**REDACTED**]	

Note:

(1) Assuming the [**REDACTED**] is not exercised.

PUBLIC FLOAT

The [**REDACTED**] Domestic Shares that will not be [**REDACTED**] into H Shares (representing approximately [**REDACTED**] of our total issued Shares upon the [**REDACTED**] (assuming the [**REDACTED**] is not exercised)) will not be considered as part of the public float as such Domestic Shares will not be [**REDACTED**] into H Shares and will not be [**REDACTED**] on the Stock Exchange following the completion of the [**REDACTED**] and the [**REDACTED**].

Of the [**REDACTED**] H Shares to be [**REDACTED**] from Domestic Shares and [**REDACTED**] on the Stock Exchange following the Completion of the [**REDACTED**] and the [**REDACTED**]:

(a) [**REDACTED**] H Shares representing approximately [**REDACTED**] of our total issued Shares upon the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised)) will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules upon the [**REDACTED**] as such H Shares are held by Mr. Liu, Yuejiang LP, Qinmo LP, Mr. Lang Xulin, Lumo LP (as defined below), Qimo LP (as defined below) and Chumo LP (as defined below), the core connected persons of our Company; and

(b) the remaining [**REDACTED**] H Shares (representing approximately [**REDACTED**] of our total issued Shares upon the [**REDACTED**] (assuming the [**REDACTED**] is not exercised)) will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the [**REDACTED**] as such Shareholders are not core connected persons of our Company upon the [**REDACTED**] 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.

See "Share Capital—[**REDACTED**]" for more details of the H Shares to be [**REDACTED**] from Domestic Shares and [**REDACTED**] on the Stock Exchange following the completion of the [**REDACTED**] and the [**REDACTED**].

As a result, immediately upon completion of the [**REDACTED**] and the [**REDACTED**], taking into account [**REDACTED**] H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), an aggregate of [**REDACTED**] H Shares will count towards the public float of our Company, representing [**REDACTED**] of the total issued Shares of our Company.

FREE FLOAT

Under Rule 18C.10 of the Listing Rules, a Specialist Technology Company must ensure that a portion of the total number of its issued shares listed on the Stock Exchange with a market capitalization of at least HK$600,000,000 are not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise) at the time of listing.

It is expected that immediately following completion of the [**REDACTED**], a market capitalization of approximately HK$[[**REDACTED**]] of the H Shares [**REDACTED**] on the Stock Exchange are not subject to such disposal restrictions at the time of the [**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the indicative [**REDACTED**] range, and the [**REDACTED**] is not exercised). Accordingly, our Company will be able to satisfy the requirements under Rule 18C.10 of the Listing Rules.

SHARE INCENTIVE PLATFORMS

In recognition of the contributions of our key employees and to incentivize them to further promote our development, we adopted several share incentive schemes from 2018 to 2023 (collectively, the "Share Incentive Schemes"), to award the partnership interest in our share incentive platforms to the scheme participants. None of such Share Incentive Schemes is subject to the provisions of Chapter 17 of the Listing Rules. As of the Latest Practicable Date, Yuejiang LP, Shenzhen Lumo Consulting Partnership (Limited Partnership) (深圳市魯墨諮詢合夥企業(有限合夥)) ("Lumo LP"), Shenzhen Qimo Investment Partnership (Limited Partnership) (深圳市齊墨投資合夥企業(有限合夥)) ("Qimo LP") and Shenzhen Chumo Consulting Partnership (Limited Partnership) (深圳市楚墨諮詢合夥企業(有限合夥)) ("Chumo LP") were established as our share incentive platforms. Lumo LP, Qimo LP and Chumo LP are controlled by the same general partner, Mr. Liu Yang, and thus, together with Mr. Liu Yang, constitute a group of our Shareholders.

According to the Share Incentive Schemes and the respective grant agreements, our certain employees were granted awards and registered as the limited partners of relevant share incentive platforms upon grants or exercise of their awards. All management and voting powers of the share incentive platforms are exercised by their respective sole general partner, Mr. Liu or Mr. Liu Yang (a core employee and the key customer manager of our Company) (as the case may be), according to the respective partnership agreements, whereas the relevant employees as the limited partners of such share incentive platforms are entitled to the economic interest.

Yuejiang LP

Yuejiang LP was established as a limited partnership under the laws of the PRC on December 11, 2015. As of the Latest Practicable Date, Yuejiang LP held 3.50% of our Shares. As of the Latest Practicable Date, the partnership structure of Yuejiang LP was as follows:

Name	Position	Capacity of partnership interests in Yuejiang LP	Approximate percentage of partnership interests
			(%)
Mr. Liu	Chairman, executive Director and general manager	General partner	53.07
Mr. Liu Zhufu (劉主福)	Deputy general manager	Limited partner	0.28
4 other persons	Existing and former employees	Limited partner	46.65

Lumo LP

Lumo LP was established as a limited partnership under the laws of the PRC on December 8, 2022. As of the Latest Practicable Date, Lumo LP held 4.14% of our Shares. As of the Latest Practicable Date, the partnership structure of Lumo LP was as follows:

Name	Position	Capacity of partnership interests in Lumo LP	Approximate percentage of partnership interests
			(%)
Mr. Liu Yang	Key customer manager	General partner	9.00
Mr. Liu	Chairman, executive Director and general manager	Limited partner	4.77
Mr. Wang Yong (王勇)	Executive Director, chief financial officer, Board secretary and joint company secretary	Limited partner	24.17
Ms. Wan Ying (萬穎)	Supervisor	Limited partner	0.06
Mr. Li Liuwei (李劉偉)	Supervisor	Limited partner	0.23
Mr. Jiang Yu (姜宇)	Deputy general manger	Limited partner	10.62
30 other persons	Existing and former employees	Limited partner	51.15

Qimo LP

Qimo LP was established as a limited partnership under the laws of the PRC on December 11, 2018. As of the Latest Practicable Date, Qimo LP held 3.60% of our Shares. As of the Latest Practicable Date, the partnership structure of Qimo LP was as follows:

Name	Position	Capacity of partnership interests in Qimo LP	Approximate percentage of partnership interests
			(%)
Mr. Liu Yang	Key customer manager	General partner	1.20
Mr. Liu	Chairman, executive Director and general manager	Limited partner	71.09
Ms. Wan Ying (萬穎)	Supervisor	Limited partner	1.37
Mr. Li Liuwei (李劉偉)	Supervisor	Limited partner	1.96
31 other persons	Existing and former employees and inheritors of a former employee	Limited partner	24.38

Chumo LP

Chumo LP was established as a limited partnership under the laws of the PRC on December 8, 2022. As of the Latest Practicable Date, Chumo LP held 3.23% of our Shares. As of the Latest Practicable Date, the partnership structure of Chumo LP was as follows:

Name	Position	Capacity of partnership interests in Chumo LP	Approximate percentage of partnership interests
			(%)
Mr. Liu Yang	Key customer manager	General partner	0.90
Mr. Liu	Chairman, executive Director and general manager	Limited partner	8.07
Mr. Liu Zhufu (劉主福)	Deputy general manager	Limited partner	29.51
41 other persons	Existing and former employees	Limited partner	61.52

CAPITALIZATION OF OUR COMPANY

The following table sets forth our shareholding structure as of the Latest Practicable Date and immediately upon the [**REDACTED**] (assuming the [**REDACTED**] is not exercised):

Name of Shareholder	Number of Shares as of the Latest Practicable Date	Ownership percentage as of the Latest Practicable Date	Number of Shares upon the [REDACTED]	Ownership percentage upon the [REDACTED]
		(%)		(%)
Controlling Shareholders				
Mr. Liu	95,847,016	26.62	[**REDACTED**]	[**REDACTED**]
Yuejiang LP	12,599,991	3.50	[**REDACTED**]	[**REDACTED**]
Qinmo LP	3,441,999	0.96	[**REDACTED**]	[**REDACTED**]
Share Incentive Platforms				
Lumo LP	14,897,259	4.14	[**REDACTED**]	[**REDACTED**]
Qimo LP	12,961,193	3.60	[**REDACTED**]	[**REDACTED**]
Chumo LP	11,633,873	3.23	[**REDACTED**]	[**REDACTED**]
SCGC Investors				
SCGC	10,352,962	2.88	[**REDACTED**]	[**REDACTED**]
Nanshan Hongtu	8,258,657	2.29	[**REDACTED**]	[**REDACTED**]
Hongtu Chuangke	3,154,420	0.88	[**REDACTED**]	[**REDACTED**]
Greenpine Growth	21,698,003	6.03	[**REDACTED**]	[**REDACTED**]
Qianhai Equity	19,572,616	5.44	[**REDACTED**]	[**REDACTED**]
CICC Qizhi	16,168,502	4.49	[**REDACTED**]	[**REDACTED**]
Ningbo Tongban	13,873,955	3.85	[**REDACTED**]	[**REDACTED**]
Internet Investment	13,254,573	3.68	[**REDACTED**]	[**REDACTED**]
Wens Investors				
Wenrun Zhenxin	9,911,298	2.75	[**REDACTED**]	[**REDACTED**]
Hengqin Qichuang	194,011	0.05	[**REDACTED**]	[**REDACTED**]
CRRC VC	9,741,529	2.71	[**REDACTED**]	[**REDACTED**]
Mr. Lang Xulin	7,968,213	2.21	[**REDACTED**]	[**REDACTED**]
Mr. Wu Zhiwen	7,968,213	2.21	[**REDACTED**]	[**REDACTED**]
Hangzhou Daosheng and Zhuhai Tongdao				
Hangzhou Daosheng	4,757,645	1.32	[**REDACTED**]	[**REDACTED**]
Zhuhai Tongdao	2,315,459	0.64	[**REDACTED**]	[**REDACTED**]
Shenzhen Qunda	6,722,502	1.87	[**REDACTED**]	[**REDACTED**]
Wuxi Chanfa	6,063,193	1.68	[**REDACTED**]	[**REDACTED**]
Wuxi Yunhui	6,063,193	1.68	[**REDACTED**]	[**REDACTED**]
Shenzhen Investment Holdings Investors				
Shenzhen Qianfan	5,097,899	1.42	[**REDACTED**]	[**REDACTED**]
Haikou Guoying	87,695	0.02	[**REDACTED**]	[**REDACTED**]
Hangzhou Junyi	5,029,289	1.40	[**REDACTED**]	[**REDACTED**]

Name of Shareholder	Number of Shares as of the Latest Practicable Date	Ownership percentage as of the Latest Practicable Date	Number of Shares upon the [REDACTED]	Ownership percentage upon the [REDACTED]
		(%)		(%)
Ningbo Zhuoyuan and Hangzhou Shiwei				
Ningbo Zhuoyuan	3,233,700	0.90	**[REDACTED]**	**[REDACTED]**
Hangzhou Shiwei	603,519	0.17	**[REDACTED]**	**[REDACTED]**
Mr. Liu Dan	3,572,450	0.99	**[REDACTED]**	**[REDACTED]**
Zhongyuan Qianhai	3,441,104	0.96	**[REDACTED]**	**[REDACTED]**
Xizang Xinxingrong	3,441,104	0.96	**[REDACTED]**	**[REDACTED]**
Zhuhai Jiufeite	2,548,932	0.71	**[REDACTED]**	**[REDACTED]**
Mituo Zhiyue	2,249,392	0.62	**[REDACTED]**	**[REDACTED]**
Leili				
Ningbo Leili Technology Entrepreneurship Investment Center (Limited Partnership) (寧波鐳厲科技創業投資中心(有限合夥))	1,408,211	0.39	**[REDACTED]**	**[REDACTED]**
Shenzhen Woying Venture Capital Investment Center (Limited Partnership) (深圳喔贏創業投資中心(有限合夥))	670,553	0.19	**[REDACTED]**	**[REDACTED]**
Shenzhen Weijia	1,818,972	0.51	**[REDACTED]**	**[REDACTED]**
Hailian Zhongzheng	1,616,868	0.45	**[REDACTED]**	**[REDACTED]**
Shandong Huarong	1,616,868	0.45	**[REDACTED]**	**[REDACTED]**
Shenzhen Yanxi	1,616,868	0.45	**[REDACTED]**	**[REDACTED]**
Shanghai Shizhineng	1,010,520	0.28	**[REDACTED]**	**[REDACTED]**
Mr. Liu Simeng	720,005	0.20	**[REDACTED]**	**[REDACTED]**
Ms. Yin Guofeng	431,996	0.12	**[REDACTED]**	**[REDACTED]**
Rongyuan Tianjin	363,780	0.10	**[REDACTED]**	**[REDACTED]**
[REDACTED] Shareholders	—	—	**[REDACTED]**	**[REDACTED]**
Total	**360,000,000**	**100.00**	**[REDACTED]**	**[REDACTED]**

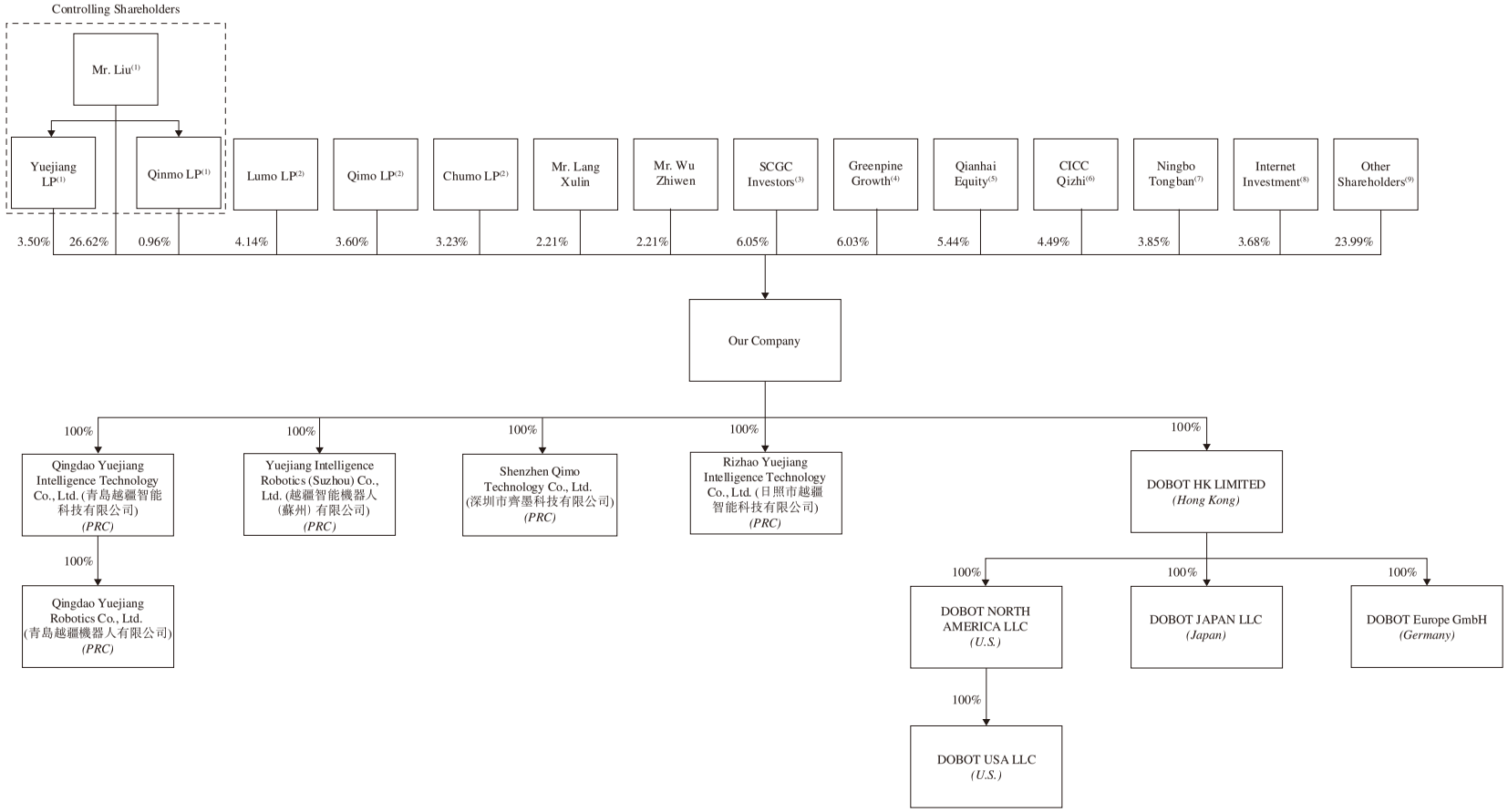
PROPOSED A-SHARE LISTING

In view of the growing potential of stock market in the PRC, the Company entered into a tutoring agreement (輔導協議) with China International Capital Corporation Limited (中國國際金融股份有限公司) in preparation for the A-share listing application on the Shanghai Stock Exchange Science and Technology Innovation Board (上海證券交易所科創板) and made a preliminary filing (上市輔導備案) with the Shenzhen office of the CSRC, both in January 2023, which did not constitute a listing application with the CSRC. To further expand our global business and considering that the Stock Exchange would provide us with an international platform to access foreign capital and attract diverse overseas [**REDACTED**], our Company voluntarily decided to pursue the [**REDACTED**] in Hong Kong in the first half of 2024. As of the Latest Practicable Date, we had not filed any formal A-share listing application with any representative office of the CSRC or received any material comments or inquiries from the CSRC or the Shanghai Stock Exchange. The tutoring agreement between our Company and China International Capital Corporation Limited was terminated in July 2024.

Our Directors confirmed that there are no other matters relating to the A-share listing plan that may affect the Company's suitability for [**REDACTED**] on the Stock Exchange or that are required to be brought to the attention of the Stock Exchange and investors.

CORPORATE STRUCTURE

The following chart sets forth our corporate structure immediately prior to the [**REDACTED**] and the [**REDACTED**]:



(1) Yuejiang LP and Qinmo LP are controlled by their general partner, Mr. Liu. See "—Share Incentive Platforms—Yuejiang LP" for the partnership structure of Yuejiang LP. See "—[**REDACTED**] Investments—Principal Terms of the [**REDACTED**] Investments" for the partnership structure of Qinmo LP.

(2) Lumo LP, Qimo LP and Chumo LP are our share incentive platforms controlled by their general partner, Mr. Liu Yang, in accordance with the Share Incentive Schemes. See "—Share Incentive Platforms" for their respective partnership structure.

(3) See "—**[REDACTED]** Investments—Information regarding Our Principal **[REDACTED]** Investors—SCGC Investors" for the shareholding structure of each of the SCGC Investors.

(4) See "—**[REDACTED]** Investments—Information regarding Our Principal **[REDACTED]** Investors—Greenpine Growth" for the shareholding structure of Greenpine Growth.

(5) See "—**[REDACTED]** Investments—Information regarding Our Principal **[REDACTED]** Investors—Qianhai Equity" for the shareholding structure of Qianhai Equity.

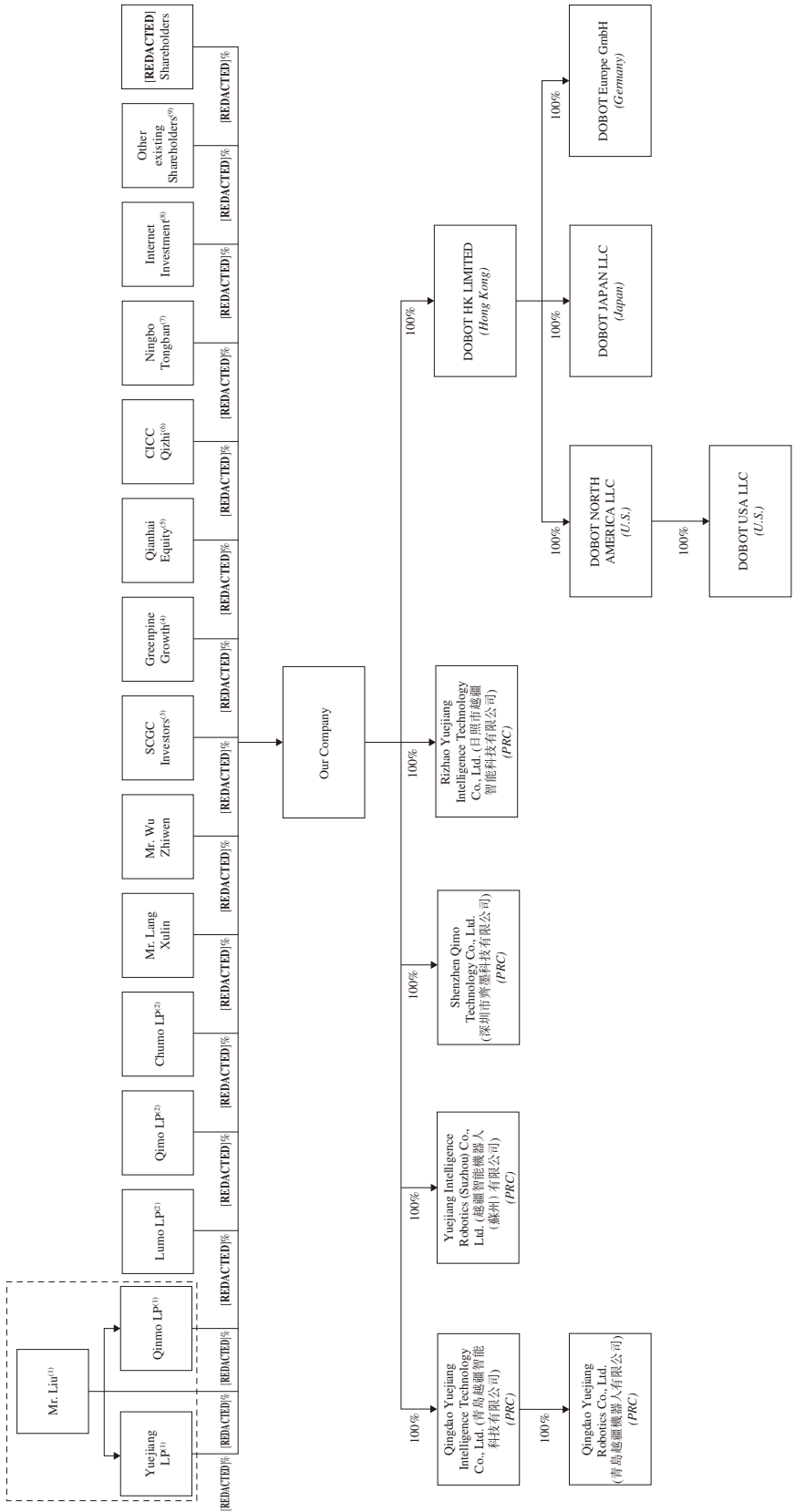
(6) See "—**[REDACTED]** Investments—Information regarding Our Principal **[REDACTED]** Investors—CICC Qizhi" for the shareholding structure of CICC Qizhi.

(7) See "—**[REDACTED]** Investments—Information regarding Our Principal **[REDACTED]** Investors—Ningbo Tongban" for the shareholding structure of Ningbo Tongban.

(8) See "—**[REDACTED]** Investments—Information regarding Our Principal **[REDACTED]** Investors—Internet Investment" for the shareholding structure of Internet Investment.

(9) As of the Latest Practicable Date, we had 28 other Shareholders who were also our **[REDACTED]** Investors each holding less than 3% shareholding of our Company. See "—Capitalization of Our Company" for details.

The following chart sets forth our corporate structure immediately after the completion of the [**REDACTED**] and the [**REDACTED**], without taking into account any H Shares which may be issued upon the exercise of the [**REDACTED**]:



(1)-(9) See notes to the corporate structure chart on pages 148 to 149.

OVERVIEW

We are one of leading companies that specializes in the development, manufacturing and commercialization of collaborative robots, or commonly known as "cobots." We are a top 2 player in the global cobot industry and the No.1 player among all Chinese cobot companies, with a global market share of 13.0% as measured by shipment volume in 2023, according to the CIC Report. The development of the global cobot industry is at a nascent stage of development, whose market size accounted for less than 2% of the global robot industry in terms of revenue in 2023. Leveraging our proprietary full-stack cobot development technologies and in-house design and development of key components, we offer selections of cobots in payload capacity, axis model and use case, addressing our customers' diverse needs across a wide array of use cases. We focus on industry innovation, particularly in cobot safety measures and AI capabilities, by introducing the flexible e-skin technology, SafeSkin, and launching AI-empowered cobots underpinned by our AI cobot empowering platform, X-Trainer. As of the Latest Practicable Date, we offered a total of 27 cobot models in four series, catering to numerous use cases in manufacturing, retail, healthcare, STEAM education, scientific research settings and many more.

Cobots are 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. Originally emerging as a supplement to the traditional industrial robots in industrial settings, cobots have quickly expanded its application to other industry verticals including commercial sector for a wide array of use cases, such as meal preparation, coffee making, unmanned retail, etc. Cobots offer a value proposition by enabling humans and machines to work together seamlessly and safely, increasing productivity, flexibility and quality across various industries. The cobot industry is currently in a stage of rapid growth, propelled by technological breakthroughs integrating AI capabilities, economies of scale leading to cost reductions, favorable government policies, as well as surging demand from industries grappling with labor shortages and rising labor costs amid an aging population. The global cobot market size has grown significantly from US$466.6 million in 2019 to US$1,039.5 million in 2023, at a CAGR of 22.2%, and is expected to reach US$4,950.0 million by 2028, at a CAGR of 36.6% from 2023 to 2028. The growth rate of the global cobot industry has significantly outpaced that of the traditional industrial robot industry. The proliferation of AI technologies is expected to further accelerate the adoption of cobots in more use cases. We believe we are well positioned to capture the substantial market opportunity.

Underpinned by our research and development capabilities, we stay at the forefront of the global cobot industry. Guided by a forward-looking strategy and long-termist mindset, we are committed to research and development efforts that drive sustainable growth and enduring impact. According to the CIC Report, we are one of few global players with proprietary full-stack technologies spanning the entire cobot development cycle, including cobot design and manufacturing, key components development, controller system development, key algorithm formulation and iteration, versatile cobot deployment for different tasks, and AI capabilities development. Our proprietary flexible e-skin technology, SafeSkin, enables our cobots to detect approaching objects 15 cm away while operating at a 1 m/s safety speed during the human-robot interaction, four times the 0.25 m/s industry standard (based on the comparison between six-axis cobot models with a payload of 5 kg), according to the CIC Report. Our AI-empowered cobot platform, X-Trainer, boasts high-quality data collection, low latency delivering an improvement in end-to-end response speed, and more efficient generalized learning system. Capitalizing on our technology capabilities, we have built cobots with our proprietary design that are safe, smart, nimble and robust.

As of the Latest Practicable Date, we had assembled a research and development team of 139 industry experts and senior engineers in the robotics industry, accounting for over 25% of our workforce. Our research and development expenses increased from RMB46.9 million in 2021 to RMB70.5 million in 2023, at a CAGR of 22.6%. As of the Latest Practicable Date, we had obtained 213 invention patents, 302 utility model patents, and 131 design patents, some of which have garnered industry awards and acclaim. For example, we received the 24th China Patent Excellence Award for our patented collision detection method, the 2023 Guangdong Patent Silver Award for our patented dynamics motion control method, and the 2021 Shenzhen Science and Technology Patent Award for our patented high-precision desktop robot structural design technology. Our human-robot interaction technology based on e-skin admittance control has been acclaimed by an expert group from the China Machinery Industry Federation (中國機械工業聯合會) as internationally leading.

Translating this research and development prowess into products, we offer one of the most extensive product portfolios in the global cobot industry, according to the CIC Report, catering to numerous use cases in manufacturing, retail, healthcare, STEAM education, scientific research settings and many more. The comprehensive product matrix allows us to meet specific customer needs by offering model combinations with varying axis configurations, payload capacities, and performance requirements, geared towards the specific production lines, processes, or use cases to ensure that cobots are optimally utilized for their intended tasks, which in turn translates into cost savings and operational efficiency. Our four-axis cobots, first launched in 2016, are built on proprietary patents that have enabled compact size, integrated controller, and simple structure while maintaining high-performance standards. Our cobots have been acclaimed domestically and internationally, receiving awards such as the China Red Star Design Award (中國設計紅星獎), the German iF Design Award (德國iF設計獎), the Red Dot Design Award (紅點設計獎), and the U.S. CES Innovation Award (美國CES創新獎), to name a few.

Our proactive endeavors in product commercialization and market expansion have contributed to our revenue growth during the Track Record Period. Our revenue increased at a CAGR of 28.3% from RMB174.3 million in 2021 to RMB286.7 million in 2023 and by 9.6% from RMB109.9 million in the six months ended June 30, 2023 to RMB120.5 million in the six months ended June 30, 2024. Our export volume of cobots has consistently ranked first in China for six consecutive years, according to the CIC Report. During the Track Record Period, we sold a total of over 53,000 cobots globally. Our sales network consists of direct sales and distributors with a global footprint in over 80 countries and regions, including major overseas markets such as the United States, the European Union, Japan and Southeast Asia. Our commercialization success is also validated by our clientele. With robust growth and proprietary full-stack technology, we are well-positioned to capitalize on the market opportunity in the global cobot industry.

COMPETITIVE STRENGTHS

We believe that the following competitive strengths contribute to our success and differentiate us from our competitors.

Player at the Frontline of the Booming Cobot Industry

We are a company in the global cobot industry. Tracing back to a humble fundraising campaign on Kickstarter in 2015, we have rapidly evolved into a top 2 player in the global cobot industry and the No.1 player among all Chinese cobot companies, with a global market share of 13.0% as measured by shipment volume in 2023, according to the CIC Report. The development of the global cobot industry is at a nascent stage of development, whose market size accounted for less than 2% of the global robot industry in terms of revenue in 2023. Today, we are also among few in the global cobot industry, according to the same source, that possess proprietary full-stack technologies covering all the key aspects in the cobot development cycle, including cobot design and manufacturing, key components development, controller system development, key algorithm formulation and iteration, versatile cobot deployment for different

tasks, and AI capabilities development. Leveraging our full-stack technology capabilities, we have strategically launched a breadth of product portfolio that covers the most extensive selections of cobots in the global cobot industry, according to the CIC Report, in payload capacity ranging from 0.25kg to 20kg, axis models with four or six axes, and use cases in manufacturing, retail, healthcare, STEAM education, scientific research settings and many more, catering to our customers' diverse needs. Our leadership is further reinforced by the numerous pioneering technology innovations we have brought about, particularly in cobot safety measures and AI capabilities. We were the first in the global cobot industry to apply non-contact collision prevention technologies (非接觸碰撞預防技術) to cobots with our proprietary wearable flexible e-skin (可穿戴電子柔性皮膚), SafeSkin, according to the CIC Report. Additionally, we were the first in the global cobot industry to commercialize AI-empowered cobots by launching X-Trainer in April 2024, according to the same source.

Benefiting from our technology capabilities and product strength, our cobots have gained recognition from esteemed customers around the globe, some of which are Fortune 500 companies and world-renowned universities. We have also secured all certifications for our products to enter major overseas markets, and have consistently ranked No.1 among all Chinese cobot companies for six consecutive years as measured by export volume since 2018, according to the CIC Report. Furthermore, our leadership in the industry is showcased by numerous awards and recognitions we received, including, to name a few, *National Specialty and New Little Giant Enterprise (國家級專精特新小巨人企業)* designated by Ministry of Industry and Information Technology of China in 2021, *Intellectual Property Advantage Enterprise (國家知識產權優勢企業)* designated by China National Intellectual Property Administration in 2022, and *High-tech Enterprise (高新技術企業)* designated by Shenzhen Science and Technology Innovation Committee (深圳市科技創新委員會), Shenzhen Municipal Finance Bureau (深圳市財務局) and State Administration of Taxation Shenzhen Municipal Taxation Bureau (國家税務總局深圳市税務局).

We believe the cobot industry is on the cusp of explosive growth. Technology advancements have made cobots more affordable and implementable, which has made them an increasingly attractive option for enterprises of all sizes, regardless of their financial resources and technical expertise, according to the CIC report. With the proliferation of AI technologies, cobots are expected to possess generalized learning and become capable of handling more complex, adaptive functions, which will further drive customer demand across various industries, according to the CIC Report. According to the same source, the global cobot industry increased in terms of revenue from US$466.6 million in 2019 to US$1,039.5 million in 2023, at a CAGR of 22.2%, and is expected to reach US$4,950.0 million in 2028, at a CAGR of 36.6% from 2023 to 2028. Leveraging our leadership in this booming industry, we believe we are well positioned to capture the significant market growth opportunity.

Robust Research and Development Capabilities Guided by a Long-termist Mindset

Guided by a forward-looking strategy and long-termist mindset, our research and development initiatives are geared towards sustainable growth and enduring impact. Capitalizing on our management's astute grasp of industry trends, we have cultivated long-term competitive advantages aligned with this visionary approach. For example, despite the substantial upfront investment, we insist on in-house design and development of key components including motors, encoders, servos, controllers and sensors. We believe this strategy has allowed us to retain control over the design and quality of our key components, eliminate reliance on external suppliers, and effectively reduce the production costs. Moreover, we have established a modularized key component and software platform, achieving easy maintenance, rapid iteration and flexible customization in our products so that we can rapidly respond to evolving customer needs. This platform allows us to swiftly navigate market changes while ensuring high-quality and stability of our products. Benefiting from such platform, we can reduce the new product development cycle to as few as seven months, offering us a distinct competitive advantage in the fast-paced cobot industry. Our long-termist attitude is also manifested in our unwavering pursuit of safety that led to our

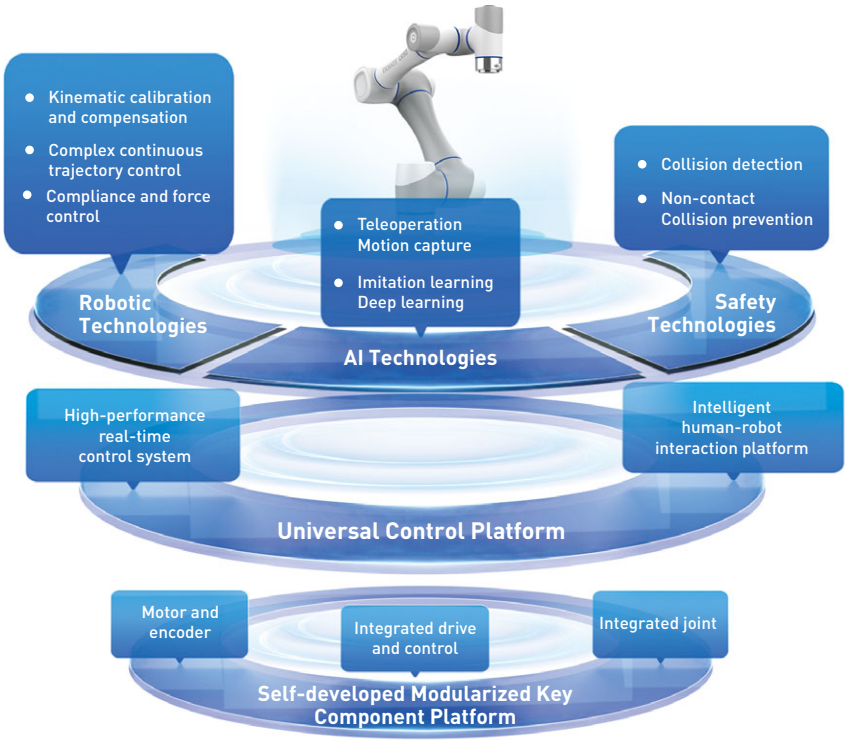
development of the flexible e-skin technology, which has achieved a safety speed four times the industry standard, according to the CIC Report, significantly improving the efficiency without compromising safety in human-robot interaction. Since our first model, we have built the cobot control boxes with the ARM architecture. This strategic choice has enabled us to build cobots featuring smaller sizes, better compatibility, lower power consumption, flexible customization and high scalability, according to the CIC Report, which we believe aligns with the cobot industry evolution. We believe our research and development philosophy will be instrumental in bringing long-term value to our shareholders.

We have interdisciplinary research and development capabilities that draw upon a diverse range of fields such as mechanics engineering, computer sciences, control systems, ergonomics and AI, which form the foundation of our technology leadership to support our long-term growth. As of the Latest Practicable Date, we had assembled a research and development team of 139 industry experts and senior engineers in the robotics industry, accounting for over 25% of our workforce. We have heavily invested in research and development to maintain our competitive advantage. During the Track Record Period, our research and development expenses were RMB46.9 million, RMB52.1 million, RMB70.5 million, RMB31.2 million and RMB31.4 million in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively, representing 26.9%, 21.6%, 24.6%, 28.4% and 26.1% of our revenue in the respective years/periods. As of the Latest Practicable Date, we had obtained 213 invention patents, 302 utility model patents, and 131 design patents, some of which have garnered industry awards and acclaim. For example, we received the 24th China Patent Excellence Award for our patented collision detection method, the 2023 Guangdong Patent Silver Award for our patented dynamics motion control method, and the 2021 Shenzhen Science and Technology Patent Award for our patented high-precision desktop robot structural design technology. Our human-robot interaction technology based on e-skin admittance control has been acclaimed by an expert group from the China Machinery Industry Federation as internationally leading. In addition, we had filed applications for over 190 patents which were pending approval as of the same date.

Our advantages in research and development are also evidenced in our team's frequent involvement and leadership in key research and development projects and formulation of industry standards. For example, we led the *Power Battery Group Multi-Robot Flexible Integrated Manufacturing System and Application Demonstration (動力電池組多機器人柔性集成製造系統及應用示範)* project, which is part of the *National Key R&D Program—Intelligent Robotics (國家重點研發計劃"智能機器人"重點專項)*; we have also participated in drafting national standards for *Integrated Robot Joint Performance and Test Methods (機器人一體化關節性能及試驗方法)* and *Mechanical Safety Prevention of Accidental Start (機械安全防止意外啟動)*, contributing to the national standardization efforts.

Proprietary Full-stack Technologies

Leveraging our interdisciplinary research and development capabilities, we have become one of few in the global cobot industry, according to the CIC Report, that have developed proprietary full-stack technologies that cover all the key aspects in the cobot development cycle, encompassing cobot design and manufacturing, key components development, controller system development, key algorithm formulation and iteration, versatile cobot deployment for different tasks, and AI capabilities development. Our core technology capabilities can be broadly categorized into five technology clusters, including (1) key component design and development, (2) universal control platform, (3) safety technologies, (4) robotic technologies, and (5) AI technologies, as illustrated by the chart below.



Capitalizing on our technology capabilities, we have built cobots that are safe, smart, nimble and robust with proprietary design.

Safe. Different from conventional cobot safety measures that cease operation only after a collision is detected, we have pioneered a redundant dual-layer safety control architecture (雙冗餘安全控制架構), endorsed by the Certificate of Compliance from SGS, a multinational testing, inspection and certification company. We are also an industry pioneer in integrating both non-contact collision prevention technology and collision detection technology, offering additional layers of protection and enabling our cobots to operate more efficiently. Notably, equipped with our proprietary wearable flexible e-skin, SafeSkin, our cobots can detect the approach of objects within a 15 cm range, the highest among all similar commercialized cobots, while operating at a safety speed of 1 m/s during the human-robot interaction, well above the industry standard of 0.25 m/s, according to the CIC Report, setting a new industry benchmark for safety and efficiency.

Smart. Our AI technologies encompass our intelligent perception and interaction technologies (智能感知交互技術) and AI learning capabilities (人工智能學習). Our intelligent perception and interaction technologies feature intelligent human-robot interaction in unstructured environments, enabled by our teleoperation technology (遙操作技術) and motion capture and imitation technology (動作捕捉與模仿技術). Embodied in our AI cobot empowering platform, X-Trainer, our AI learning capabilities stand out with high-quality data collection and significantly low latency with a 24 Hz frequency for image reception and inference, coupled with a 250 Hz dual-arm motion generation, which translate into a 140% improvement in end-to-end response speed over comparable systems, according to the CIC Report. See "—Our Core Technologies—AI Technologies" for details of X-Trainer.

Nimble. Our robotic technologies comprise sophisticated motion control and planning technologies that allow our cobots to execute stable, precise, smooth and adaptive movements to match, and even surpass, the nuanced manual dexterity of user movements. Featuring kinematic calibration and compensation technology (運動學全參標定補償技術), complex continuous trajectory control technology (複雜連續軌跡控制技術) and compliance and force control technology (柔順力控技術), our robotic technologies have enabled our cobots to achieve, among the best in our product range, an absolute positioning accuracy of 0.229 mm, a repeat positioning accuracy of ±0.02 mm, and a maximum tool speed of 4 m/s, with each parameter representing a leading standard in the global cobot industry, according to the CIC Report, significantly improving the performance reliability and operating efficiency of our cobots. Moreover, our cobots have achieved motion with vibration less than ±0.22 mm under full load and high speed, capable of handling delicate components which has intricate surface shapes and mere 2 mm outline dimensions with assembly tolerances tighter than 0.07 mm and force control precision under 0.5 N, allowing us to meet the stringent application requirements that our customers may raise.

Robust. Our cobots have undergone rigorous testing before launch. Our testing regime simulates various extreme working environments, such as high temperature, high humidity and high dust levels, to ensure our cobots' consistent and effective operation in these harsh conditions. With the tested robustness of our cobots, we have adapted our cobots to tackle with complicated working conditions such as high heat environment, combustion in welding, underwater operations or corrosive environments, with the confidence in their ability to adapt to difficult environments with consistently stable, reliable and efficient performance. Our products have passed tests and received certifications, such as ISO/TS 15066, ISO13849 and IP67, for their reliability and durability. We have secured all certifications for our products to enter major overseas markets, including but not limited to the United States, the European Union, Japan, Korea and Australia. Certain key certificates include CE, China Robot Certification, certification from the U.S. Federal Communications Commission, Regulatory Compliance Mark from Australian Communications Media Authority, certification from Nationally Recognized Testing Laboratory for the U.S. market, and KC Mark Korea Certification.

We have developed a universal control platform that has achieved multi-platform, multi-device and plug-and-play interoperability. Our high-performance real-time control system (高性能實時控制系統) enables the controller to accomplish real-time multi-cobot operation and support rapid access and real-time processing of multiple sensing elements such as vision, proximity, and force sensing. In addition, the cross-platform plug-in technology (跨平台插件技術) allows for plug-and-play for third-party accessories, rapid cobot deployment, cross-platform customization and ecosystem expansion.

We have achieved in-house design and development of key components including motors, encoders, servos, controllers and sensors. Notably, we have developed core motor system with a proprietary high-output torque frameless motor (高輸出轉矩無框電機) integrated with a dual encoder featuring an integrated vibration damping design (一體式緩振設計雙編碼器). Moreover, we were among the first in China's cobot industry to introduce integrated drive-control technology (驅控一體技術) and accomplished integrated multi-motor servo control technology (多軸一體伺服技術), according to the CIC Report. Leveraging our experience in key component development, we have been instrumental in the formulation of multiple national standards, such as national standards for *Integrated Robot Joint Performance and Test Methods (機器人一體化關節性能及試驗方法)* and *Mechanical Safety Prevention of Accidental Start (機械安全防止意外啟動)*.

Acclaimed both domestically and internationally, our products have received awards such as the China Red Star Design Award (中國設計紅星獎), the German iF Design Award (德國iF設計獎), the Red Dot Design Award (紅點設計獎), and the U.S. CES Innovation Award (美國CES創新獎), to name a few.

Comprehensive Product Matrix Catering to a Wide Array of Use Cases

As of the Latest Practicable Date, we offered a total of 27 cobot models in four series with payload capacity ranging from 0.25kg to 20kg, among which 22 were six-axis models and five were four-axis models, representing one of the most extensive product portfolios in the global cobot industry, according to the CIC Report. The comprehensive product matrix allows us to meet specific customer needs by offering model combinations with varying axis configurations, payload capacities, and performance requirements, geared towards the specific production lines, processes or use cases to ensure that cobots are optimally utilized for their intended tasks, which in turn translates into cost savings and operational efficiency. For example, for complex and intricate operations, we deploy our six-axis cobots pursuant to the customer's specific payload requirements. In specific use cases where simplicity and efficiency are the priority, however, our four-axis cobots are a better fit, because they are generally more cost-effective and thus offer a more accessible entry point for automation solutions without compromising cobot performance in tasks that do not require full six-axis capability. Cognizant of the budgetary concerns faced by many potential cobot adopters, we believe that an extensive cobot portfolio represents a value proposition to cobot adopters and positions us well to capture a greater market share.

Since our launch of the first desktop-level four-axis cobots in 2016, we have developed in-house key technologies in four-axis cobot development, such as integrated drive and control technology and integrated linkage technology and accomplished high-precision desktop cobot structural design. Moreover, we have successfully developed well-rounded patent coverage in the field of four-axis cobot development that have enabled compact size, integrated controller, and simple structure while maintaining high-performance standards. We believe our leading position in the development of four-axis cobots offers us a distinct competitive edge. As an illustration, the deployment of our MG400 cobots to the electronics production line of a leading Chinese conglomerate has enabled the customer to reduce its labor needs for that production process, and simultaneously, increase the production efficiency. This use case has been selected as a *Shenzhen Classic Smart Robot Application Demonstration Case* in 2023.

Drawing upon our comprehensive product matrix, we have adapted our cobots to tackle with tasks in numerous use cases in manufacturing, retail, healthcare, STEAM education, scientific research settings and many more. To ensure quick deployment of relevant processes in manufacturing and to improve production efficiency, we have developed a process design platform, on which our customers can customize the processes tailored for their production lines or leverage our core process library, which offers our customers ready-made process toolkits for complicated production steps that are commonly used, such as palletizing, welding and screwdriving. As a result, we have significantly reduced the programming workload and difficulty, substantially lowering the entry barrier for our customers and thus boosting their willingness to adopt our cobots.

The following scenes serve as an illustration of the breadth of tasks our cobots are capable of.



Lab automation



Wheel hub motor testing



Beverage making and vending



Moxibustion physiotherapy

Successful Commercialization Underscored by Global Footprint and Clientele

We have experienced significant improvement in our results of operations, primarily attributable to our proactive endeavors in product commercialization and market expansion. Our revenue increased at a CAGR of 28.3% from RMB174.3 million in 2021 to RMB286.7 million in 2023 and by 9.6% from RMB109.9 million in the six months ended June 30, 2023 to RMB120.5 million in the six months ended June 30, 2024. Our export volume of cobots ranked first in China for six consecutive years from 2018 to 2023, according to the CIC Report. We have strategically established a sales network that integrates direct sales and distributorship spanning both domestic and international markets. While distributorship allows us to quickly expand our customer reach to over 80 countries and regions, direct sales enables us to closely interact with our customers to provide instant responses and in-depth technical support to end users and foster strong customer relationships. During the Track Record Period and up to the Latest Practicable Date, we had served over 1,000 direct sale customers and had 358 distributors globally as of December 31, 2023. During the Track Record Period, we primarily conducted sales to overseas markets by entering into sales contracts with distributors or direct sales customers overseas through a domestic entity and exporting our products to them directly. We have strategically established a subsidiary in the United States in 2022 and two subsidiaries in Europe and Japan in 2023, in pursuit of strengthening our local presence and delivering tailored services. During the Track Record Period, in these key international markets, we conducted our sales through our Company, our distributors and our local subsidiaries. Such subsidiaries in international markets serve as our regional hubs, enabling us to provide comprehensive localized services that are fine-tuned to the specific needs of each market. In particular, our subsidiaries in the United States, Germany and Japan conduct targeted branding and marketing activities for each of their local markets and manage the local warehouses for faster delivery to accommodate local customers' needs. In 2022, 2023 and the six months ended June 30, 2024, the amount

of our sales conducted via our United States subsidiary was nil, RMB15.3 million and RMB9.0 million, respectively; the amount of our sales conducted via our Germany subsidiary was nil, RMB0.6 million and RMB5.6 million, respectively; the amount of our sales conducted via our Japan subsidiary was nil, RMB17.8 million and RMB8.7 million, respectively.

Our cobots have been adopted by many companies around the globe, some of which are among the ranks of Fortune 500 companies. For example, our cobots have been adopted by (1) one of the world's largest electric vehicle battery manufacturers; (2) one of the world's largest automotive manufacturers in terms of shipment volume; (3) a leading Chinese electronics manufacturer that manufactures components and provides assembly services for the largest smart phone manufacturer in the world; and (4) one of the top Chinese coffee brands. Our inclusion on the supplier lists of these sizable companies is not only a testament to the superior quality of our products but also a significant driver of our long-term growth as these companies tend to remain loyal to their recognized suppliers. Serving these companies typically entails the adoption of our cobots in complex and demanding use cases, which challenges us to consistently hold our cobots to the utmost standards. In addition, through proactive engagement with these customers and addressing their pain points, we have gained significant experience and know-how, which further solidifies our competitive advantages to create a distinct barrier between us and our competitors. Moreover, with our steadfast commercialization endeavors, we have successfully broadened the use cases for our cobots beyond industrial environments into more consumer-facing settings such as retail and healthcare. For instance, our cobots have been applied to perform tasks such as coffee making and latte decoration in coffee shops. With the development of, X-Trainer, our AI cobot empowering platform, we expect to see more of our AI-empowered cobots working in diverse use cases in commercial settings.

Our gross profit margin in 2021, 2022 and 2023 was 50.5%, 40.8% and 43.5%, significantly above the industry average, according to the CIC Report. The outstanding margin profile is largely attributable to our global distribution network and an international clientele. In 2021, 2022, 2023 and the six months ended June 30, 2024, overseas markets contributed 48.1%, 58.1%, 59.1% and 61.4% of our total revenue, respectively. Our cost advantages also stem from our proprietary development of key components and in-house design and development of key components as well as economies of scale as demands for our products continue to grow, coupled with the ongoing ramp-up of our production base in Rizhao, Shandong. Being a major port city, Rizhao's proximity to the port significantly reduces transportation costs, facilitating efficient global export of our products. Our favorable margin profile not only improves our financial performance but also affords us more flexibility in marketing strategy tailored to an increasingly competitive landscape.

Visionary and Experienced Management Team

We are led by a visionary management team with strong execution ability, entrepreneurial vision and, in particular, profound experience in the robotics industry. Our chairman, executive Director and general manager, Mr. Liu Peichao, has nine years of experience in the robotics industry and was instrumental in defining and developing the world's first desktop-level cobot model and laying the technological and product development foundation for our Company. Mr. Liu has led the serialization development of our cobot products and overcome core technological challenges in cobot design and key component technology. His leadership has been pivotal in our Company's engagement with national key research and development programs and the formulation of national standards, contributing significantly to the field of robotics. Our executive Director and chief scientist, Mr. Lang Xulin, has been at the forefront of robotic and AI algorithm formulation and iteration for over nine years, receiving over 80 invention patents. Mr. Lang was indispensable in the development of our key technologies including

motion control, flexible e-skin, imitation learning, end-to-end control and teleoperation technologies, to name a few, and was instrumental in the development of our AI-powering cobot platform, X-Trainer. Mr. Lang's leadership was pivotal to our successful development of multiple key invention patents, including winners of China Patent Excellence Award and Guangdong Provincial Patent Silver Award.

Other key management members closely involved in our research and development include Mr. Jiang Yu, our research and development director and deputy general manager with over 11 years of experience in key cobot component development and leadership in research and development, who has been pivotal in advancing our technological capabilities and innovation in key components such as controllers, servo drives and servo systems; Mr. Liu Zhufu, our deputy general manager with over eight years of experience in robotic product development, who has been leading the development and commercialization of MG series and CR series products as well as the development of our cobot operating systems, intelligent perception and safe interaction technologies; and Mr. Xie Junjie, our product director, who has been in the robotics industry for over eight years and was a core member of the project of Development and Industrialization of Cobot (人機協作機器人研發及產業化), a key provincial research and development program of Guangdong. Each of them is frequently involved in research and development projects and formulation of industry standards on municipal, provincial and national levels, bringing a wealth of experience and a strong commitment to innovation, significantly contributing to our research and development initiatives and industry leadership.

We are also backed by a group of external industry experts, whose expertise, resources and vision have been tremendously beneficial to our growth. Notably, Mr. Li Yibin, a renowned expert and scholar in robotics engineering, is currently serving as our independent non-executive Director and member of our strategy committee. Mr. Li is a distinguished professor at Shandong University, recognized as a top talent in the BaiQianWan Talents Program (國家百千萬工程技術拔尖人才), a Taishan Leading Talent (泰山領軍人才), and a recipient of the State Council's special allowance. Mr. Li brings his invaluable expertise and over 40 years of experience in robotics technology to our Company, providing strategic guidance and insights that drive our innovation and progress in the field.

Alongside our key leaders in research and development initiatives, our management also includes dedicated professionals with extensive cross-disciplinary experience across finance, marketing, human resources and legal fields, all of whom is invaluable to the continued success of our Company. We believe our visionary and experienced management team has been instrumental in our accomplishment and will continue to lead us in our unwavering pursuit of excellence in the future.

GROWTH STRATEGIES

We intend to pursue the following strategies to further grow our business, as we believe that our competitive edges consist of four major aspects, i.e., our technologies, our product offerings, our production capabilities and our sales network, and the creation and execution of the following strategies could harness our competitive advantage, thereby enabling us to leverage the value of our business platform and outperform our competitors.

Continue to Advance Technology Development

We intend to continue to invest heavily in the development of technologies that will allow us to maintain our leading edge in the cobot industry. Our commitment to innovation is evident in the following key initiatives.

Development of key components

We plan to further invest in the research and development of proprietary key components of cobots, such as encoders, motors and drive with a goal to enhance cobot performance, achieving improvements in speed, positioning accuracy and dynamic performance.

More specifically, we plan to (1) leverage established commercial chips to develop encoder-based hardware circuits and key encoder algorithms, allowing us to produce high-precision encoders at a reduced cost; (2) develop the next-generation permanent magnet synchronous motors to achieve a system efficiency improvement; (3) develop next-generation power devices that will increase switching frequencies, thereby reducing system size and losses, and significantly lower heat sink volume due to their high dynamic response capabilities, thus increasing power density to better meet the requirements of next-generation intelligent cobots; and (4) develop controller systems that integrate multi-sensor fusion, AI algorithms, and capabilities such as vision, speech, and semantic understanding.

Development of AI technologies

We plan to continue to invest in the research and development of AI technologies to enhance the capabilities and versatilities of our cobots. More specifically, we plan to adopt end-to-end control to form learning models and generalization capabilities for our cobots to address the challenges of cobot application in unstructured environments and enable intelligent performance of tasks such as wire insertion and removal and application of cobots to more complex use cases for consumer services. We also plan to further develop advanced AI technologies to enable cobots to eventually achieve embodied AI functions, which allow the cobots to adapt their movements, perceive surroundings, respond to commands in natural languages, further expanding the application of cobots to more complicated tasks and unstructured environments.

Development of key cobot algorithms

We plan to further improve our motion control algorithms to elevate our cobots' overall motion performance. We expect the improved algorithms to achieve real-time optimal motion control, further improve cobots' action execution efficiency and task cycle. We also plan to further update our ready-made process toolkits to improve the algorithms and enrich the process toolkits library to include more functionalities and support more third-party accessories and equipment.

Development of perception and interaction technologies

We plan to build a full-perception technology architecture to expand the perception and interaction capabilities of our cobots and continue to enhance the safety measures in human-robot collaboration to meet the requirements in various use cases. We plan to develop the next-generation SafeSkin technology to increase detection distance and enhance response speed, thereby further improving the collaboration safety of our cobots. In addition, we intend to develop multi-modal human-robot interaction technology, which is expected to combine touch, proximity and vision to provide richer and more natural interaction and collaboration experience and enable our cobots to provide more intelligent and humanized services safely and reliably across more industry settings, such as consumer services, medical services and household services.

The following table sets forth details of our plan to continue to advance our technology development, based on our current estimation, which is subject to changes based on our actual needs and market conditions at the relevant time.

	Development timeline						
	For the year ending December 31,						
	2025	2026	2027	2028	2029	Details and target results	Estimated development costs[1] (HK$ in million)
Research and development of proprietary key components							[REDACTED]
Encoder-based hardware circuits and key encoder algorithms	• Complete hardware development and core algorithm development and verification • Purchase relevant testing equipment and software • Complete cobot performance comparison testing	• Complete product performance improvements • Complete overall long-term stability testing	• Complete external testing and certification by third parties • Start small batch production	• Start mass production	• Long-term stability tracking	Based on advanced circuits available in the market as carriers, we plan to develop encoder-based hardware circuits equipped with our own encoder algorithms, satisfying the needs for high-precision encoders at lower costs	[REDACTED]
Permanent magnet synchronous motors	• Complete the recruitment of relevant personnel • Complete the purchase of testing equipment and the construction of the testing facility • Complete the development of the first prototype	• Complete comparison testing and overall performance testing for further optimization and improvements	• Complete external testing and certification by third parties • Start small batch production	• Start mass production	• Long-term stability tracking	With new structural design using new composite superconducting materials and nano-amorphous materials, we plan to develop permanent magnet synchronous motors, which are expected to improve the system efficiency by 20% to 50% as compared to traditional motors	[REDACTED]
Next-generation power devices and controller systems	• Complete hardware and software development for power devices and controller systems	• Complete tests for long-term stability, core temperature and power consumption	• Complete external testing and certification by third parties • Start small batch production	• Start mass production	• Long-term stability tracking	Equipped with standard software development kit interface and visual safety interface, we plan to increase the switching frequency, reduce system volume and increase power density of the controller systems based on the new generation of power devices	[REDACTED]

	Development timeline					Details and target results	Estimated development costs[1] (HK$ in million)
	For the year ending December 31,						
	2025	2026	2027	2028	2029		
Research and development for embodied AI	• Establish an interdisciplinary research and development team, covering experts in robotics, AI, automation control, industry applications, among others • Conduct research on key technologies such as end-to-end control, deep learning, reinforcement learning, humanoid robots and perception fusion • Complete the structural development and optimization of the embodied AI prototype	• Complete the research and development for embodied AI perception and cognitive system and end-to-end control framework • Further optimize the structural design, improving flexibility, precision, operating efficiency and stability	• Complete the upgrade of the prototype, debug the performance of the upgraded embodied AI prototype, and conduct preliminary functional verification and performance testing • Conduct iterative optimization based on test results to improve the stability and reliability of the prototype	• Select business partners for trial operation verification, evaluate product competitiveness, and collect market feedback • Start mass production	• Based on market feedback and user needs, continue to iterate our products	Adopt end-to-end control to form a learning model and generalization capabilities to realize intelligent operation of embodied AI, enabling industry applications in industries such as new retail settings (e.g., milk tea and coffee making)	[REDACTED]
Improvement of algorithms, process toolkits and accessories compatibility							
Motion control algorithms	• Complete the computing power evaluation of high-performance motion control algorithms and the construction of hardware platforms • Conduct feasibility study on realizing real-time optimal motion control algorithms	• Complete the reconstruction of motion planning instructions • Complete small-batch verification of the optimal algorithm and multi-scenario deployment testing	• Adjustment and optimization of time-optimal motion planning algorithm functions	• Apply the motion control algorithms to all cobot models	• Long term stability tracking	Further improve the performance of our cobots' overall motion control algorithms, achieving real-time optimal motion control and improving our cobots' task execution efficiency	[REDACTED] [REDACTED]

	Development timeline					Details and target results	Estimated development costs[1] (HK$ in million)
	For the year ending December 31,						
	2025	2026	2027	2028	2029		
Ready-made process toolkits	• Further improve the functions of palletizing, welding and assembly process toolkits, satisfying industrial-grade requirements for relevant tasks	• Improve the function, user-friendliness and stability of relevant process toolkits to achieve differentiated development	• Develop high-end functions such as multi-product palletizing, vision-guided palletizing, 3D intelligent welding, and intelligent assembly line management, allowing our process toolkits to attract high-end customers	• Mass deployment and application of intelligent process toolkits for our customers	• Long term stability tracking	Improve the algorithms and functions of relevant process toolkits	[REDACTED]
Third-party accessories and equipment compatibility	• Complete the design and development of the basic framework, determine the types of accessories, interface standards, and performance requirements that need to be supported by our cobots, and design the plug-in framework and application programming interface standards to ensure the compatibility • Develop core plug-ins for mainstream business partners, including sensors and vision systems, among others	• Continue to expand the accessory mix and equipment supported by our cobots	• Launch integrated solutions based on plug-in ecology to satisfy the needs of complex application scenarios and introduce such integrated solutions to the market	• Conduct research on cutting-edge technology and integrate new technologies such as Internet of Things and 5G communications into our accessory ecosystem	• Long term stability tracking	Achieve plug-and-play for more third-party accessories and equipment, allowing for rapid cobot deployment	[REDACTED]

	Development timeline						
	For the year ending December 31,						
	2025	2026	2027	2028	2029	Details and target results	Estimated development costs[1] (HK$ in million)
Development of perception and interaction technologies							[REDACTED]
New generation of SafeSkin technology	• Complete the recruitment of relevant research and development personnel • Complete the development of underlying technologies for the new generation of SafeSkin, optimize the sensor array layout and signal processing algorithm, and improve the detection distance and anti-interference ability of SafeSkin	• Complete the hardware solution and structural solution design for the new generation of SafeSkin • Complete long-term verification of the stability and reliability for SafeSkin	• Pass the safety certification • Start small batch production	• Optimize the functions of SafeSkin and move to mass production stage	• Long term stability tracking and continuous optimization of the functions for SafeSkin	Conduct research on the new generation of SafeSkin for improving our cobots' perception distance and safety speed during the human-robot interaction	[REDACTED]
Multi-modal human-robot interaction technology	• Complete the recruitment of relevant research and development personnel • Develop high-sensitivity, wearable tactile feedback devices to achieve delicate and realistic touch simulation • Optimize the sensor array layout and signal processing algorithms to improve the accurate perception of object distance and movement trajectory	• Develop multi-modal data fusion algorithms to achieve seamless connection and collaborative work of information from different sensing modalities • Design and manufacture multi-modal human-robot interaction prototypes • Conduct deployment tests in specific scenarios and complete data collection	• Start small batch production for market feedback • Based on test feedback, conduct comprehensive design optimization in terms of product appearance, user experience, durability, among others	• Based on market demand feedback, develop customized products for different application scenarios, such as service cobots for high-end restaurants, home service cobots to assist the elderly, among others	• Continue to conduct research and development on the application of new technologies and materials, such as the in-depth application of AI deep learning in multi-modal perception, further enhancing the intelligence of our cobots	Conduct research on multi-modal human-robot interaction technology that combines touch, proximity and vision, enabling our cobots to provide more intelligent services in industries such as medical care and home services	[REDACTED]

(1) As of the Latest Practicable Date, we had not incurred any costs for the indicated research and development projects. The funding sources for these projects will be the [**REDACTED**] from the [**REDACTED**]. See "Future Plans and [**REDACTED**]" for details of our intended [**REDACTED**].

Continue to Expand Our Product Offering and Ecosystem

We intend to maintain our competitive edge in comprehensive product offerings by further upgrading existing products and launching new products. More specifically, we plan to develop the next-generation CR series which will be equipped with cutting-edge robotic drivetrain solutions, structural design and control systems, bringing about enhanced overall product performance, including improved cycle times, weight reduction and enhanced safety. We also plan to develop more lightweight models for existing product series to cater to customer demand in more use cases. In addition, we plan to develop a new product series targeting the medical and healthcare sector.

We also plan to expand our cobot ecosystem. More specifically, we plan to continue to diversify the accessory offerings for our cobots as we believe the abundance of accessories will greatly benefit the ecosystem around our cobots enhancing their versatility and functionality, enabling seamless integration with various applications, and improving user experience through customized solutions. To this end, we will continue to develop innovative accessories in-house and encourage third party developers to join the ecosystem by providing necessary development tools. We also plan to continue to upgrade our process design platform to not only render our customers more freedom in developing their own process but also expand our ready-made process libraries to be applied to more use cases.

Moreover, we plan to continue to upgrade our X-Trainer to further develop its generalized learning efficiency and expand its capabilities. We believe with the proliferation of AI technologies will accelerate the adoption of cobots in more consumer-facing settings and eventually evolve into household uses. To this end, we plan to continue to launch new product series featuring safer, lighter and more affordable household cobots. We also plan to develop new product forms.

The following table sets forth details of our plan to expand our product offering and ecosystem, based on our current estimation, which is subject to changes based on our actual needs and market conditions at the relevant time.

	Development timeline					Details and target results	Estimated development costs[1] (HK$ in million)	Market competitiveness and expected financial/ operational improvement to our Company
	For the year ending December 31,							
	2025	2026	2027	2028	2029			
Next-generation CR series	• Improve software functions and ease of use • Conduct technology research on new transmission solutions	• Complete the development of various models with different specifications based on new generation technologies	• Complete product testing and certification • Start small batch production	• Start mass production	• Long term stability tracking	Conduct research on new generation transmission solutions and complete the development of the next-generation CR series to improve product performance and ease of use, among others	[REDACTED]	As industrial automation and intelligent manufacturing upgrades and the transformation needs of flexible manufacturing increase, customers have higher requirements for the performance, safety and cost-effectiveness of industrial cobots. Therefore, we plan to develop the next-generation CR series which will have enhanced overall performance, e.g., less time required to complete one cycle of a process, reduced weight of a cobot and enhanced safety feature. In particular, the enhanced safety feature will be achieved by new e-skin technology which may further extend safety detection range. Similar to our current CR Series, the next-generation CR Series also primarily targets industrial customers, including industrial manufacturers seeking to implement flexible production systems, providing such customers with the ability to adapt to ever-changing production plans and requirements. The higher product performance and price advantages will allow us expand into certain high-end manufacturing markets such as precision manufacturing and micro-nano manufacturing, and attract more customers in automobile manufacturing, semiconductor and medical industries. We believe that certain features of our next-generation CR Series will allow it tap into such high-end markets, including absolute positioning accuracy from current 0.229 mm to 0.05 mm and repeat positioning accuracy from current 0.02 mm to less than 0.01 mm. The global cobot market for the industrial sectors has grown from US$396.9 million in 2019 to US$788.7 million in 2023, at a CAGR of 18.7%. The market size is expected to reach US$2,781.8 million in 2028, at a CAGR of 28.7% between 2023 and 2028.

	Development timeline					Details and target results	Estimated development costs[1] (HK$ in million)	Market competitiveness and expected financial/ operational improvement to our Company
	For the year ending December 31,							
	2025	2026	2027	2028	2029			
Lightweight models for existing product series	• Complete the research on lightweight models for CR Series and Nova Series	• Start mass production	• Long term stability tracking	• Long term stability tracking	• Long term stability tracking	Introduce lightweight models for CR Series and Nova Series to enhance our market competitiveness for attracting price-sensitive customers	[REDACTED]	We expect our cobots to meet demand of companies of all sizes for automation upgrades, and observed that small and medium-sized customers can be price-sensitive for the investments in such upgrades, particularly those in metal processing and injection molding industries. Therefore, we plan to develop lightweight models for CR Series and Nova Series for these customers in China. In particular, lightweight models for CR Series, as compared to the standard CR Series, will not be equipped with USB interface, controller area network bus (a vehicle bus designed to enable efficient communication primarily between electronic control units) or built-in Wi-Fi function. In addition, lightweight models for CR Series will not support PROFINET, an industrial Ethernet protocol for communication between devices in industrial automation systems. As a results, customers who purchase such models will not be able to connect them with multiple external devices or debug and adjust the cobot over Wi-Fi. Similarly, for the purposes of reducing the prices of lightweight models for Nova Series, such models will not be able to be equipped with vision sensors, connected with external devices or adjusted through any equipment other than computers. Due to the functionalities simplification, lightweight models for CR Series can only be applied to the specific tasks such as material handling (e.g., sorting, packaging and labeling) as compared to the standard CR Series. Furthermore, lightweight models for Nova Series can only be used in the milk tea and coffee making and moxibustion cases compared to the standard Nova Series. We expect the listed price of our lightweight models could be approximately 30% lower than that of standard models, allowing us to attract more price-sensitive customers such as those in metal processing and injection molding industries and increase our market shares. We estimate that the sales volume of lightweight models for CR Series will account for at least 50% of the sales volume of our CR Series in China in 2026, 2027 and 2028, respectively, and that the sales volume of lightweight models for Nova Series will account for at least 70%,79% and 79% of the sales volume of our Nova Series in China in the same years, respectively. According to the CIC Report, China's lightweight models of six-axis industrial cobot market had a shipment volume of approximately 5.9 thousand units in 2023, which is expected to reach 14.4, 19.3 and 25.6 thousand units in 2026, 2027 and 2028, respectively. China's lightweight models of six-axis commercial cobot market had a shipment volume of approximately 2.2 thousand units in 2023, which is expected to reach 8.2, 12.4 and 16.6 thousand units in 2026, 2027 and 2028, respectively.

	Development timeline							
	For the year ending December 31,							
	2025	2026	2027	2028	2029	Details and target results	Estimated development costs[1] (HK$ in million)	Market competitiveness and expected financial/ operational improvement to our Company
New product series targeting the medical and healthcare sector . . .	• Complete research on new transmission solutions and the development of a prototype cobot targeting the medical and healthcare sector	• Expand the specific applications of this new product series in the medical and healthcare sector by collecting feedbacks and exploring new demands	• Complete product testing and certification • Start small batch production	• Start mass production	• Long term stability tracking	Complete the development of a new product series targeting the medical and healthcare sector, enhancing our competitiveness in such sector	[REDACTED]	The aging population and rising caregiver costs are driving the adoption of cobots in physiotherapy, rehabilitation, and medical assistance applications, making the medical and healthcare sector a significant growth area for the global cobot market. The global cobot market for the medical and healthcare sector has grown from US$27.2 million in 2019 to US$75.7 million in 2023, at a CAGR of 29.1%. The market size is expected to reach US$373.2 million in 2028, at a CAGR of 37.6% between 2023 and 2028. Our new product series will have advanced transmission solutions and control systems specifically designed for the medical and healthcare sector, allowing the deployment for physiotherapy, rehabilitation and medical assistance applications, among others. We expect that our new product series will attract more customers such as community wellness centers, beauty salons and high-net-worth families

(1) As of the Latest Practicable Date, we had not incurred any costs for the indicated product development projects. The funding sources for these projects will be the [**REDACTED**] from the [**REDACTED**]. See "Future Plans and [**REDACTED**]" for details of our intended [**REDACTED**].

Enhance Production Capabilities and Capacity to Streamline Supply Chain Management

To further streamline supply chain management and maintain control over production costs and key component quality, we intend to enhance our production capabilities by introducing advanced manufacturing technologies and equipment to our production lines. More specifically, we plan to adopt surface-mounted technology and introduce advanced machining techniques for our production lines by integrating cutting-edge machinery and refined processes to enhance production efficiency, product quality and cost-effectiveness, which will further solidify our competitive edge in the market.

Moreover, we plan to increase our production capacity in light of the current production capacity and in anticipation of increasing demand in the coming years. We plan to build flexible production lines designed for our next-generation products as well as key components, for which we plan to introduce automated production equipment and processes to boost production efficiency and capacity.

The following table sets forth details of our plan to enhance production capabilities and streamline supply chain management, based on our current estimation, which is subject to changes based on our actual needs and market conditions at the relevant time.

	Development timeline					Details and target results	Estimated development costs[1] (HK$ in million)	Market competitiveness and expected financial/ operational improvement to our Company
	For the year ending December 31,							
	2025	2026	2027	2028	2029			
Development of surface mount production lines[2]	• Conduct planning arrangements based on relevant equipment, production capacity goals, required personnel, among others, and formulate a project plan	• Conduct price comparison and bidding process for required equipment • Recruit production personnel for the surface mount production lines with relevant training	• Surface mount production lines start operations	–	–	Complete the development of surface mount production lines and start production by the end of 2026	[REDACTED]	The development of surface mount production lines can improve our product performance and reliability, reducing failure rates and maintenance costs. It is expected that the deployment of such production lines will save approximately RMB3.0 million in production costs based on our 2025 production plan
Development of machining capabilities[3]	• Formulate a plan for the equipment and personnel required to enhance our existing machining capabilities • Conduct price comparison and bidding process for required equipment and recruit relevant personnel	–	–	–	–	Achieve advanced machining capabilities, improving our standard production capacity, efficiency and quality and reducing production costs	[REDACTED]	More advanced machining capabilities can reduce relevant production costs, allowing our products to maintain price advantage
Development of flexible production lines[4]	• Upon the completion of our research on the next generation CR series, formulate a plan for the equipment and personnel required for flexible production lines • Conduct price comparison and bidding process for required equipment • Recruit production personnel for flexible production lines with relevant training	–	–	–	–	Develop flexible production lines to improve our production capability	[REDACTED]	The development of flexible productions lines can improve our production capabilities with more advanced production techniques, allowing us to flexibly adjust our production plan in response to market demands

	Development timeline					Details and target results	Estimated development costs[1] (HK$ in million)	Market competitiveness and expected financial/ operational improvement to our Company
	For the year ending December 31,							
	2025	2026	2027	2028	2029			
Mass production of cobots with embodied AI functions[5] . . .	• Locate properties for land use rights	• Formulate a production base construction plan • Conduct price comparison and bidding process for construction suppliers and required equipment • Start the construction of the production base for the mass production of cobots with embodied AI functions	• Complete the construction of the production base by the end of 2027	–	–	Establish a new production base for the mass production of cobots with embodied AI functions	[REDACTED]	Embodied AI functions provides our cobots with the ability to perceive, make decisions and act, allowing our cobots to perform more complex tasks. We expect our cobots with embodied AI functions will be able to plan and execute multiple tasks, further broadening the application scenarios of our cobot products. The global market of the smart cobots is expected to grow from US$0.4 billion in 2023 to US$3.6 billion in 2028, at a CAGR of 58.1%

(1) As of the Latest Practicable Date, we had not incurred any costs for the indicated development projects. The funding sources for these projects will be the [**REDACTED**] from the [**REDACTED**]. See "Future Plans and [**REDACTED**]" for details of our intended [**REDACTED**].

(2) The development of surface mount production lines will not increase our production capacity as it is one of the production steps that we currently outsource to third parties.

(3) The development of machining capabilities will not increase our production capacity as the machining process is one of the production steps that we currently outsource to third parties.

(4) We intend to deploy the flexible production lines as a supplement to our production lines for six-axis cobots, particularly CR Series, the annualized production capacity of which is approximately 4,800 units in 2024. The development of the flexible production lines is expected to increase our production capacity for six-axis cobots by approximately 90% as compared to such annualized production capacity. We believe our total expected annual production capacity of 35,000 units is not excessive in view of, among other things, the expected global annual cobot production capacity of over 300,000 units in 2025 according to the CIC Report. Since the launch in 2021, cobots from the CR Series have been adopted by manufacturers around the globe across a wide range of industries, including automotive, consumer electronics, semiconductor, healthcare, chemical, retail and many others. We believe that the increase in our production capacity is warranted by the future market demand for cobots, as all the major sectors in the cobot industry show strong growth momentum, according to the CIC Report. In particular, the industrial sector dominates the global cobot market, with a projected CAGR of 28.7% between 2023 and 2028; the commercial sector is expected to experience the fastest growth, with a CAGR of 75.3% between 2023 and 2028; the medical and healthcare sector is another significant growth area, with a CAGR of 37.6% between 2023 and 2028.

(5) The establishment of the production base for cobots with embodied AI functions will enable us to produce such cobots of approximately 20,000 units per year, which will have an average listed price of RMB0.1 million. This estimated production volume does not fall in any of our current categories for production capacity calculation as cobots with embodied AI functions constitute a separate category. According to the CIC Report, driven by labor shortages and an aging population, it is expected that starting in 2026, cobots with embodied AI functions which equipped with wheels and single-arm or dual-arm configurations will be primarily deployed in the fields of research and education (including laboratory automation, teaching assistance and research support), industrial setting (such as material handling, palletizing and loading/unloading), and commercial setting (such as 24-hour retail stores). According to the same source, in view of the advancement of AI technologies and the decrease in the manufacturing costs for cobots, the global market of cobots with embodied AI functions is expected to increase significantly and reach over RMB20 billion in 2028. We believe that, as our cobots have been deployed in similar use cases, and leveraging our research and development capabilities and years of experience in such applications, our cobots with embodied AI functions combining with mobile robot chassis will gain a competitive edge in these fields in the future. As such, upon the completion of our production base by the end of 2027, our production capacity for cobots with embodied AI functions should be warranted by sufficient market demand.

Further Fortify Our Sales Network to Expand Global Reach

We intend to continue to expand and deepen our sales network to increase market penetration and expand our global presence. We plan to identify and engage with key distributors globally to establish partnerships that will open us to new market opportunities more effectively. In particular, we will search for and identify potential distributors with large scale operations, dedicated sales staff and technical support capabilities through social media, sponsorship, local partner referral and industry events, and seek to establish business cooperation with such distributors by demonstrating the advancement of our cobots products. We also plan to expand local marketing teams in key international markets and invest in localized marketing initiatives that will resonate with the specific needs and preferences of our target markets. At the same time, we will further invest in the recruiting, training and support to our local service personnel to improve the overall customer experience and increase customer stickiness. We also plan to embark on more proactive marketing and branding activities, including waging marketing and advertising campaigns, participating in large scale industry conferences and events, and continuing to sponsor robotics competitions. We will also conduct industry-focused business development initiatives whenever we identify any growth opportunity within certain industry verticals.

In addition, we plan to establish three overseas subsidiaries in Thailand, Mexico and United Arab Emirates, the commercial rationale of which is: (1) Thailand was our largest market in Southeast Asia during the Track Record Period; (2) our business in Mexico has been developing rapidly as we have established cooperation with local customers and established business contacts with companies in Mexico. In particular, our revenue from the Mexican market was RMB0.7 million, RMB3.7 million, RMB4.8 million, RMB3.7 million and RMB3.0 million in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, respectively. We do not foresee any material adverse impact that the U.S. tariff policy may cause on our sales and expansion plan in the Mexican market, as we directly sell our products from China to customers in Mexico, which was not subject to any U.S. tariff policy as of the Latest Practicable Date; and (3) according to the CIC Report, United Arab Emirates is experiencing rapid growth in education technology market, mainly driven by government support and digital transformation, leading to a huge market potential of robot education. Establishing overseas subsidiaries in these countries can improve our localization, provide localized product display, training and after-sales services to local customers, which could further improve our brand awareness in such countries. According to the CIC Report, the cobot markets in Thailand, Mexico and United Arab Emirates are all in nascent stage of development with a limited number of market players, providing new entrants in such markets with great opportunities. According to the same source, (1) Thailand's cobot market size has grown from US$2.4 million in 2019 to US$5.1 million in 2023, at a CAGR of 20.6%, and is expected to reach US$27.6 million by 2028, at a CAGR of 40.4% from 2023 to 2028. The Thai government has implemented the Thailand 4.0 new economic development model, which intends to, among others, upgrade the country's industrial structure, improving manufacturing capabilities and achieving international standards. Thailand has become a key region for the development of industrial manufacturing enterprises, with industry leaders setting up factories in the country, which is expected to drive demand for cobots; (2) Mexico's cobot market size has grown from US$8.4 million in 2019 to US$14.3 million in 2023, at a CAGR of 14.4%, and is expected to reach US$53.1 million by 2028, at a CAGR of 30.0% from 2023 to 2028. Mexico has attracted many renowned multinational corporations to established their own factories, including corporations in automobile, electronics, pharmaceutical and other manufacturing industries; and (3) the cobot market size in United Arab Emirates has grown from US$0.4 million in 2019 to US$1.4 million in 2023, at a CAGR of 33.4%, and is expected to reach US$6.2 million by 2028, at a CAGR of 34.3% from 2023 to 2028.

The following table sets forth details of our plan to further fortify our sales network, based on our current estimation, which is subject to changes based on our actual needs and market conditions at the relevant time.

	Development timeline						
	For the year ending December 31,						
	2025	2026	2027	2028	2029	Target results	Estimated development costs[1] (HK$ in million)
Engagement with key distributors	• Continue to engage key distributors in Europe, Asia Pacific and the Americas					Strengthen the influence and market position of our brand through these measures, stimulating our overseas sales	[REDACTED][2]
Expansion of local marketing teams and organization of marketing initiatives	• Engage market research agency to research on overseas market conditions • Conduct feasibility studies on organizing marketing activities in markets with more relevant exhibitions, such as the United States and Germany	• Regularly organize marketing activities such as product introduction meetings					[REDACTED][2]
Recruitment and training of local service personnel	• Recruit service personnel for our overseas subsidiaries to be established in Thailand, Mexico and United Arab Emirates • Provide new service personnel with relevant training	• Expand our service team for new overseas subsidiaries			–		[REDACTED][2]
Marketing and branding activities	• Continue to conduct digital marketing on Google, LinkedIn and other media • Actively participate in exhibitions such as Automate, Munich Industrial Show and Nagoya Industrial Show						[REDACTED][2]

(1) As of the Latest Practicable Date, we had not incurred any costs for the indicated sales expansion projects.

(2) The funding sources for these projects will be the [**REDACTED**] from the [**REDACTED**]. See "Future Plans and [**REDACTED**]" for details of our intended [**REDACTED**].

Selectively Pursue Strategic Collaboration, Investment and Acquisition Opportunities to Integrate Industry Resources

We intend to selectively pursue strategic alliances, investment and acquisition opportunities both domestically and overseas in the downstream of the cobot industry, i.e., cobot integrators, that may help us acquire new technologies, expand sales channels and tap into new industries where most of potential customers have their designated cobot integrators or suppliers. When assessing the investment or acquisition opportunities, we will primarily consider targets that are complementary to our product offerings and are in line with our corporate philosophy and growth strategies. As of the Latest Practicable Date, we had not identified any investment or acquisition target or entered into any definitive investment or acquisition agreement.

OUR COLLABORATIVE ROBOT PRODUCTS

We are primarily engaged in the design, development, manufacturing and commercialization of cobots. Since our inception in 2015, we have grown to become a leading cobot company both in China and globally. Our cobot products are adopted by global customers for various use cases in manufacturing, retail, healthcare, STEAM education, scientific research settings and many more.

Our cobots are primarily categorized into two types based on the number of axes, i.e., four-axis cobots and six-axis cobots. We primarily market our six-axis cobots under the CR Series and the Nova Series. Our six-axis cobots feature great flexibility and dexterity, making them versatile for performing a wide range of tasks, spanning from material handling, picking, stacking and inspection, to more complicated manufacturing tasks such as screwdriving, gluing and laser welding. Additionally, they can be utilized in consumer-facing settings for tasks such as latte decoration, milk tea making, physical therapy and photography. Our four-axis cobot series primarily consist of Magician Series and M Series. Our four-axis cobots feature integrated lightweight design and compact size, allowing for easy deployment at desktop-level, well-suited for use cases in STEAM education settings and certain light manufacturing use cases, such as labeling and electronic component testing processes. In April 2023, we also launched our first six-axis cobot under the Magician Series, Magician E6, catering to our customers' demand for six-axis cobots for STEAM education purpose.

As of the Latest Practicable Date, we offered a total of 27 cobot models in four series with payload capacity ranging from 0.25kg to 20kg, among which 22 were six-axis models and five were four-axis models, representing one of the most extensive product portfolios in the global cobot industry, according to the CIC Report. In addition, cobot-related accessories within our ecosystem have enhanced our cobots' versatility and functionality. Moreover, catering to customers' demand for different automation solutions, we have designed and introduced integrated cobots to readily cope with specific use cases in various industries, such as palletizing, welding, mobile operation and vocational training. During the Track Record Period, we sold over 53,000 cobots worldwide.

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

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)									
							(unaudited)			
Six-axis cobots	25,957	14.9	104,735	43.5	134,299	46.8	52,609	47.9	63,840	53.0
Four-axis cobots	119,885	68.8	100,869	41.9	99,523	34.7	40,501	36.8	36,763	30.5
Integrated cobots	16,095	9.2	31,596	13.1	34,306	12.0	11,989	10.9	14,713	12.2
Others[(1)]	12,377	7.1	3,813	1.5	18,621	6.5	4,813	4.4	5,146	4.3
Total	**174,314**	**100.0**	**241,013**	**100.0**	**286,749**	**100.0**	**109,912**	**100.0**	**120,462**	**100.0**

(1) Others primarily represent project-based solutions, such as STEAM education labs, as well as ancillary service fees including technical service fees, training fees and maintenance fees in connection with our cobots.

The following images illustrate how our cobot products perform the tasks in collaboration with human.



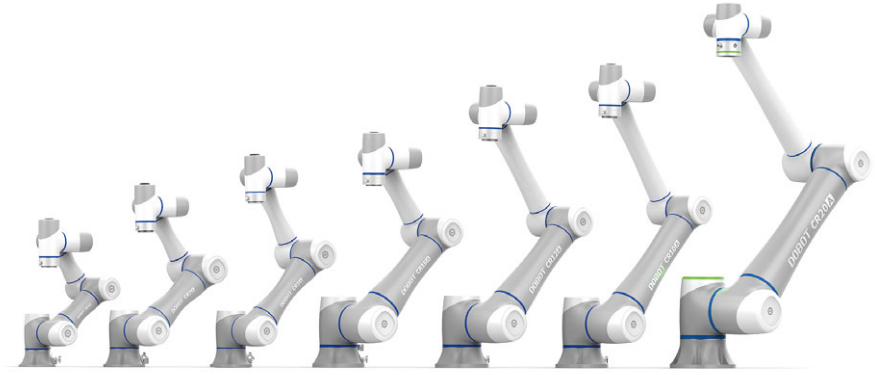
In a cosmetics factory, workers on the mascara production line place the mascara tube and brush on the carrier for liquid fulfillment, after which our cobot assembles the brush and tube together.



In a fast-food restaurant, our cobot is deployed for making fried potato chips and chicken, where a restaurant employee is preparing food alongside the cobot.

CR Series

Our CR Series includes six-axis cobot models primarily targeting industrial manufacturers seeking to implement flexible production systems. With seven payload capacities spanning from 3 to 20 kilograms, the CR Series is engineered to optimally align with diverse customer requirements. Since the launch in 2021, cobots from the CR Series have been adopted by manufacturers around the globe across a wide range of industries, including automotive, consumer electronics, semiconductor, healthcare, chemical, retail and many others. The following image serves as an illustration of our CR Series cobots.



CR3A CR5A CR7A CR10A CR12A CR16A CR20A

Our CR Series cobots boast the following product features:

- *Safe yet efficient.* Certified to conform with ISO 13849 and ISO/TS 15066, the CR Series cobots have 21 built-in safety features, which provide our cobots with exceptional adaptability and refinement in safety monitoring tailored to diverse application needs. Moreover, we have applied our proprietary wearable flexible e-skin technology, SafeSkin, as an optional configuration to enable the CR Series to achieve a safety speed of 1 m/s and a safety detection range of 15 cm during the human-robot interaction, offering high efficiency without compromising on safeguards.

- *Precise and stable.* Underpinned by our motion control technologies, the CR Series cobots have achieved certain specifications, including a repeat positioning accuracy of up to ±0.02 mm, an absolute positioning accuracy as high as 0.229 mm, and a maximum tool speed reaching 4 m/s across the product line. While individual models may vary, these benchmarks showcase the exceptional motion precision and stability made possible through innovations, which include kinematic calibration and compensation technology, and vibration suppression algorithm.

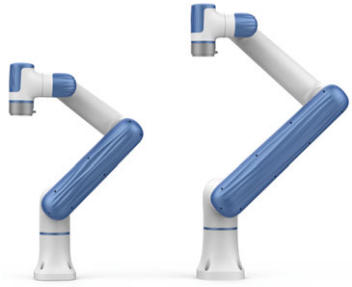
- *Easy to deploy and extend.* The CR Series features plug-and-play design, which allows for versatility of the product across different tasks and with different accessories from our ecosystem, such as grippers, cameras and sensors. These accessories can be installed on our CR cobots to accomplish customers' intended tasks. Moreover, we have prepared ready-made process toolkits, covering use cases of welding, stacking, material handling and screwdriving.

- *Intuitive operation.* The CR Series cobots can be programmed through an intuitive graphical user interface, enabling users to script using tablets, computers or teach pendants. Additionally, they support a drag-to-teach programming method, allowing users to program the cobots' movements simply by pressing a button and physically guiding them. This drag-to-teach capability is powered by our trajectory tracking and learning algorithm, empowering the cobots to accurately imitate human hand motions.

Nova Series

The Nova Series features ultralight and user-friendly six-axis cobots products specifically designed for use cases in customer-facing settings, such as coffee making and latte decoration in coffee shops, physical therapy in clinics, and on-spot beverage making in vending machines, among others. The Nova Series offers payload options of 2 and 5 kilograms. Approximately 33% to 44% lighter and 20% smaller than the CR Series cobots with equivalent payloads, the Nova Series is designed to fit into space-constrained and premium commercial environments. We have also designed a palm-sized control box for the Nova Series cobots, minimizing the need to alter our customers' store layouts. Additionally, the Nova Series features a graphical user interface and drag-to-teach capabilities, significantly reducing the learning curve and allowing users to operate the cobots without any programming knowledge. Like the CR Series, the Nova Series also has built-in safety features for adaptability and refinement in safety monitoring. Furthermore, we provide multiple color options for the Nova Series cobots, enabling customers to select a color that complements their workplace aesthetics. Accessories such as electric gripper and force sensor can be installed on our Nova cobots to accomplish customers' intended tasks.

The following image serves as an illustration of our Nova Series cobots.



Nova2 Nova5

Magician Series

The Magician Series consists of three models, including two models of four-axis cobots, i.e., Magician and Magician Lite, and one model of six-axis cobots, i.e., Magician E6, all of which are specifically designed for education institutions to assist students at various levels in STEAM curricula, such as AI and programming, cobot application trainings, and research and scientific trainings. According to the CIC Report, Magician is the world's first desktop-level cobot for educational settings. Magician by default can perform complex tasks such as 3D printing, laser engraving, calligraphy and drawing, and allows users to develop additional functionalities through script programming. Magician can also be flexibly combined with accessories, such as sliding rails, conveyor belts and vision systems, to complete various training projects based on different needs. Magician has been widely recognized by renowned educational institutions for its effectiveness as a teaching tool in university subjects, including robotic systems, the Denavit–Hartenberg convention (a widely-used method for selecting frames of reference in robotics), robot movement control, and robot programming, catering to students at different educational levels. Building on the success of Magician, we introduced Magician Lite, a lightweight version designed for K-12 education, to introduce younger generations to the world of robotics.

In April 2023, we launched Magician E6, a desktop-level six-axis cobot specifically designed for education and research. Magician E6 is equipped with advanced hardware to enable outstanding performance. Magician E6 supports a variety of expansion accessories, replicating real-world use cases and creating an immersive learning and research experience.

The following image illustrates our Magician Series cobot products.



Magician | Magician Lite | Magician E6

We have invested heavily in developing a comprehensive education ecosystem around the Magician Series. We were involved in compiling customized textbooks and curriculum tailored to the Magician Series for STEAM education. Moreover, we have developed an integrated software platform to facilitate AI learning. The Magician Series also comes with a variety of accessories to enable students to explore additional functionalities and applications.

M Series

Our M Series includes MG400 and M1 Pro, both of which are four-axis cobot models specifically designed for light manufacturing customers. MG400 is a compact desktop-level four-axis cobot with a footprint smaller than a piece of A4 paper. With a payload capacity of 750 grams and a reach of 440 mm, MG400 is equipped with drag-to-teach and collision detection features, making it a cost-effective option for automating tasks in small batch production. This reduces human involvement in activities such as labeling and electronic component testing. Its all-in-one design makes MG400 both compact and portable, suitable for flexible production environments. Additionally, MG400 is equipped with servo motors featuring high-precision encoder and proprietary drive and controller, enabling it to achieve ±0.05 mm repeatability despite its small size. The vibration suppression algorithm enhances multi-joint motion stability and reduces residual vibration to a certain extent. With its drag-to-teach feature and graphical user interface, MG400 lowers the barrier to automation for many small and medium-sized enterprises.

The following image illustrates our MG400 cobot products.



MG400

M1 Pro is a four-axis SCARA cobot designed primarily for small- and medium-scale manufacturing. Featuring an all-in-one compact design, high precision, large operating scope, comprehensive functionalities, and flexible customization, M1 Pro is a cost-effective choice for many manufacturers seeking to reduce costs and increase efficiency through the use of cobots and smart production. With an integrated control box, M1 Pro eliminates hassle of additional wiring and cabling, and its plug-and-play installation reduces connection and setup time, offering a seamless and efficient implementation process. M1 Pro includes an incremental differential encoder interface and supports multi-threading and in-motion I/O control for parallel processing, effectively shortening the cobot's cycle time. In addition, M1 Pro's forearm is generally narrower than that of traditional industrial cobots, allowing our customers to adopt M1 Pro in confined working space and reducing the likelihood of accidental collisions. The embedded collision detection feature further enhances the safety of collaboration between users and M1 Pro.

The following image illustrates our M1 Pro cobot products.



M1 Pro

Integrated Cobots

Catering to customers' demand for different automation solutions, we have designed and introduced integrated cobots to readily cope with specific use cases in various industries, such as palletizing, welding, mobile operation and vocational training. Compared to our four-axis and six-axis cobots, which are standard robots with operational robotic arms, our integrated cobots are integrated with additional components, such as mobile base and coffee station, as well as custom programming to perform complex tasks. We have also developed integrated cobots for coffee making, which are capable of coffee making and latte decoration. Similar to our cobot series, our integrated cobots are also standardized products.

The following images are illustrations of our integrated cobots.



Palletizer cobots



Vocational training cobots



Coffee making cobots

In addition to our two main customer groups, i.e., (1) cobot integrators who integrate cobots, additional components, software systems and other services with specialized design, engineering and programming resources, and (2) technically proficient end users with strong engineering or programming capabilities, many customers we directly work with are less sophisticated in technical expertise. We have developed integrated cobots to target these customers with more accessible solutions. Unlike our standard cobots, which require additional components and custom programming to perform complex tasks, our integrated products allow less technically inclined customers to automate their processes with minimal adjustments. This approach opens up the benefits of cobot technology to a wider range of users who might otherwise find the implementation challenging.

Accessories

Our accessories for cobot products primarily include (1) modularized parts such as vision sensors, force sensors and electric grippers that can be flexibly attached to CR Series and Nova Series, depending on desired use cases, and (2) accessories for Magician Series to achieve better STEAM curriculum learning. These accessories are designed to be compatible with our self-developed motion control algorithms and overall machine structural design, optimizing the programming time of cobot accessories and reducing the need for secondary developments. In addition, coupled with AI education curriculum which we were involved in compiling, accessories for Magician Series help students gain an understanding of comprehensive robotic and AI knowledge and programming skills. Our cobots must be equipped with accessories to perform certain tasks, in which case the accessories are typically sold together with the cobots per each customer's order.

The following table sets forth non-exhaustive examples of tasks that can be performed by each of our cobot series in various industries.

Cobot series	Industry	Task
CR Series	Automotive manufacturing	Engine parts assembly, engine defect detection, screwdriving, lamp dust removal, plasma cleaning of automobile parts, instrument panel cutting, automobile triangle window assembly, gluing, grinding, material handling for various automotive components, and oil pipe joint assembly
	3C manufacturing	Screwdriving, gluing, laptop memory board assembly, electronic parts sorting, and electronic parts handling
	Semiconductor manufacturing	Material handling for wafer testing and semiconductor plastic sealing machines, and chip insertion testing
	Home appliance manufacturing	Refrigerator function inspection, washing machine defect inspection, electronic control panel inspection for gas stove, air conditioning component defect inspection, and assembly line handling
	Metal processing	Material handling for raw materials, mechanical parts welding, and laser rust removal
	Lithium battery manufacturing	Screwdriving, material handling, and battery cell gluing
	Chemical industry	Material handling, capping cosmetic bottles, sorting hazardous chemicals, depalletizing, cutting and polishing, and labeling
	Bathroom product manufacturing	Function testing and spray painting for bathroom products
	Food and beverage production	Raw material handling, packing and palletizing
	Commercial settings	Latte art, milk tea making, fried chicken and French fries cooking, ice cream making, bartending, unmanned vending, noodles cooking, game interaction, film and television shooting, and musical instrument performance
	Medical	Orthopedic surgery, moxibustion, and ultrasound testing
	Scientific research	Reagent testing, drug sorting and testing, blood sample sorting and handling
	Construction	Building material handling and wall painting
	Furniture manufacturing	Furniture board polishing and raw material handling
	Agriculture	Grape picking, crop sorting, automatic charging of agricultural machinery

Cobot series	Industry	Task
Nova Series	Physiotherapy	Locate moxibustion points, control the temperature and time of moxibustion, and perform standardized massage
	Agriculture	Cutting and grafting plants, fixing grafted parts of the plant, identifying ripe strawberries, picking strawberries, gently placing picked strawberries
	Food production	Label food carton packaging and detect label position
	Commercial settings	Operate the camera and lighting equipment, control the shutter, painting, bartending, beverage making, operate stage equipment and arrange scenes, ice cream making, coffee making
	Scientific research	Transport incubators, perform scientific research insect feeding work, mix reagents, read and record test results
	3D modeling	Identify people or objects and automatically generate 3D models
Magician Series	Scientific research	Reproduction programming, graphical programming, AI image recognition, gesture recognition, and industry 4.0 simulation for educational purposes
	Light manufacturing	Inkjet printing, mobile phone testing, mobile phone backplane labeling, circuit board testing, and gold jewelry weighing and sorting
	Commercial settings	Unmanned vending, food cooking and ice cream making
M Series	3C manufacturing	Laptop labeling, tablet screen functional testing, tablet middle frame gluing, folding screen inspection, component handling, vibration motor assembly, component welding, component sorting, and capacitor gluing
	Automotive manufacturing	Car key sorting, material handling, automotive component assembly
	Home appliance manufacturing	Electronic control board testing, component handling, tablet touch screen testing, and component plug-ins
	Lithium battery manufacturing	Battery cell gluing
	Scientific research	Sample handling for testing, test tube placement, and pharmaceutical sortation
	Commercial settings	Unmanned vending, automatic coffee grinding, and glasses cleaning

The following table sets forth the revenue, sales volume, ASP, gross profit and gross profit margin data by six-axis cobots, four-axis cobots and integrated cobots for the years/periods indicated.

	Year ended December 31,															Six months ended June 30,									
	2021					2022					2023					2023					2024				
	Revenue	Sales volume	ASP	Gross profit	Gross profit margin	Revenue	Sales volume	ASP	Gross profit	Gross profit margin	Revenue	Sales volume	ASP	Gross profit	Gross profit margin	Revenue	Sales volume	ASP	Gross profit	Gross profit margin	Revenue	Sales volume	ASP	Gross profit	Gross profit margin
	(RMB in thousands for revenue and gross profit; RMB in thousands/unit for ASP)																								
																(unaudited)									
Six-axis cobots	25,957	394	65.9	11,455	44.1%	104,735	1,707	61.4	38,722	37.0%	134,299	2,374	56.6	63,356	47.2%	52,609	898	58.6	23,638	44.9%	63,840	1,354	47.1	30,167	47.3%
Four-axis cobots	119,885	14,626	8.2	72,845	60.8%	100,869	12,524	8.1	50,848	50.4%	99,523	11,782	8.4	54,517	54.8%	40,501	4,918	8.2	21,221	52.4%	36,763	4,464	8.2	20,005	54.4%
Integrated cobots	16,095	1,218	13.2	5,335	33.1%	31,596	1,560	20.3	16,372	51.8%	34,306	960	35.7	18,206	53.1%	11,989	365	32.8	5,946	49.6%	14,713	736	20.0	6,928	47.1%
Total	**161,937**	**16,238**		**89,635**	**55.4%**	**237,200**	**15,791**		**105,942**	**44.7%**	**268,128**	**15,116**		**136,079**	**50.8%**	**105,099**	**6,181**		**50,805**	**48.3%**	**115,316**	**6,554**		**57,100**	**49.5%**

- Six-axis cobots. Our revenue from six-axis cobots increased significantly from RMB26.0 million in 2021 to RMB104.7 million in 2022, primarily due the increase in the sales volume of our six-axis cobots driven by the launch of new six-axis cobot products in late 2021, which gained traction in 2022. Our gross profit from six-axis cobots (before write-down of inventories) increased significantly from RMB11.5 million in 2021 to RMB38.7 million in 2022, primarily driven by the significant increase in revenue from six-axis cobots for the reasons discussed above, partially offset by the decrease in gross profit margin of six-axis cobots (before write-down of inventories) from 44.1% in 2021 to 37.0% in 2022. The decrease in gross profit margin was primarily due to (1) the shift of cobot production to our in-house facilities in 2022, which resulted in temporary cost fluctuations; and (2) the lower gross profit margin of certain newly launched six-axis cobots for 3C manufacturing settings which we offered for trial purpose in 2022.

  Our revenue from six-axis cobots increased by 28.2% from RMB104.7 million in 2022 to RMB134.3 million in 2023, primarily due to the increase in the sales volume of our six-axis cobots driven by the expanded functions and use cases of our six-axis cobots, such as those for 3C and other industrial manufacturing settings, to capture the robust customer demand. Our gross profit from six-axis cobots (before write-down of inventories) increased by 63.6% from RMB38.7 million in 2022 to RMB63.4 million in 2023, primarily due to (1) the increase in revenue from six-axis cobots for the reasons discussed above; and (2) the increase in gross profit margin of our six-axis cobots (before write-down of inventories) from 37.0% in 2022 to 47.2% in 2023. The increase in gross profit margin was primarily due to (i) the improvement in our cost management and greater economies of scale of our production activities in 2023; and (ii) the lower gross profit margin of certain newly launched six-axis cobots for 3C manufacturing settings which we offered for trial purpose in 2022.

  Our revenue from six-axis cobots increased by 21.3% from RMB52.6 million in the six months ended June 30, 2023 to RMB63.8 million in the six months ended June 30, 2024, primarily due to the increase in the sales volume of our six-axis cobots driven by the launch of new six-axis cobot products in mid 2023, which gained traction since then, as well as the steady increase in the sales volume of other six-axis cobot products. Our gross profit from six-axis cobots (before write-down of inventories) increased by 27.6% from RMB23.6 million in the six months ended June 30, 2023 to RMB30.2 million in the six months ended June 30, 2024, primarily due to (1) the increase in revenue from six-axis cobots for the reasons discussed above; and (2) the increase in gross profit margin of our six-axis cobots (before write-down of inventories) from 44.9% in the six months ended June 30, 2023 to 47.3% in the six months ended June 30, 2024. The increase in gross profit margin was primarily due to (i) the optimization of our supply chain, which led to lower procurement costs of certain raw materials and components, such as reducers, motors and machine parts; and (ii) the premium pricing of certain new six-axis cobots offered in 2024.

- Four-axis cobots. Our revenue from four-axis cobots decreased by 15.9% from RMB119.9 million in 2021 to RMB100.9 million in 2022, as we concluded one major contract in 2021. Our gross profit from four-axis cobots (before write-down of inventories) decreased by 30.2% from RMB72.8 million in 2021 to RMB50.8 million in 2022, primarily driven by (1) the decrease in revenue from four-axis cobots for the reasons discussed above; and (2) the decrease in gross profit margin of four-axis cobots (before write-down of inventories) from 60.8% in 2021 to 50.4% in 2022. The decrease in gross profit margin was primarily due to (i) the premium pricing of certain four-axis product in 2021, as we met the requirements of a specific customer; and (ii) the shift of cobot production to our in-house facilities in 2022, which resulted in temporary cost fluctuations.

Our revenue from four-axis cobots remained relatively stable at RMB100.9 million and RMB99.5 million in 2022 and 2023, respectively. Our gross profit from four-axis cobots (before write-down of inventories) increased by 7.2% from RMB50.8 million in 2022 to RMB54.5 million in 2023, primarily due to the increase in gross profit margin of four-axis cobots (before write-down of inventories) from 50.4% in 2022 to 54.8% in 2023, as a result of the decrease in raw material costs of certain four-axis cobot products.

Our revenue from four-axis cobots decreased by 9.2% from RMB40.5 million in the six months ended June 30, 2023 to RMB36.8 million in the six months ended June 30, 2024, primarily due to the decrease in the sales volume of certain four-axis cobot products, as we strategically adjusted our product mix for education settings. Our gross profit from four-axis cobots (before write-down of inventories) decreased by 5.7% from RMB21.2 million in the six months ended June 30, 2023 to RMB20.0 million in the six months ended June 30, 2024, primarily due to the decrease in revenue for the reasons discussed above. Our gross profit margin of four-axis cobots (before write-down of inventories) increased moderately from 52.4% in the six months ended June 30, 2023 to 54.4% in the six months ended June 30, 2024, primarily due to the greater contribution of sales to overseas markets for certain four-axis cobot products, for which we adopted a premium pricing in view of the local market conditions.

- Integrated cobots. Our revenue from integrated cobots increased by 96.3% from RMB16.1 million in 2021 to RMB31.6 million in 2022, primarily due to the increase in the sales volume and ASP of our integrated cobots driven by our product development efforts, in particular integrated cobots for vocational training, as well as the increase in market demand. Our gross profit from integrated cobots (before write-down of inventories) increased significantly from RMB5.3 million in 2021 to RMB16.4 million in 2022, primarily driven by (1) the increase in revenue from integrated cobots for the reasons discussed above; and (2) the increase in gross profit margin (before write-down of inventories) from 33.1% in 2021 to 51.8% in 2022, primarily driven by the increase in the sales volume of high-value products, such as certain integrated cobots for vocational training that enhanced our ASP.

  Our revenue from integrated cobots increased by 8.6% from RMB31.6 million in 2022 to RMB34.3 million in 2023, as we sold proportionately more high-value integrated cobot products in 2023, such as integrated cobots for vocational training and welding that enhanced our ASP. Our gross profit from integrated cobots (before write-down of inventories) increased by 11.2% from RMB16.4 million in 2022 to RMB18.2 million in 2023, primarily due to the increase in revenue from integrated cobots. The gross profit margin of our integrated cobots (before write-down of inventories) remained relatively stable at 51.8% and 53.1% in 2022 and 2023, respectively.

  Our revenue from integrated cobots increased by 22.7% from RMB12.0 million in the six months ended June 30, 2023 to RMB14.7 million in the six months ended June 30, 2024, primarily due to the increase in sales volume of certain integrated products, such as integrated cobots for vocational training and palletizing, partially offset by the decrease in the ASP of integrated cobots during the period. Our gross profit from integrated cobots (before write-down of inventories) increased by 16.5% from RMB5.9 million in the six months ended June 30, 2023 to RMB6.9 million in the six months ended June 30, 2024, primarily due to the increase in revenue from integrated cobots for the reasons discussed above. The gross profit margin of our integrated cobots (before write-down of inventories) decreased from 49.6% in the six months ended June 30, 2023 to 47.1% in the six months ended June 30, 2024, primarily because we incurred higher costs in servicing a customer's order for integrated cobots with a goal to integrate our products to such customer's production lines and ensure service quality, which led to a significant reduction in gross profit for such order. Such customer order incurred higher costs, primarily in connection with the personnel to install and configure the integrated cobots, which were newly launched, to ensure their smooth operations and accumulate experience to further improve and promote the implementation of such new products.

The following table sets forth the revenue, sales volume, gross profit and gross profit margin data (before write-down of inventories) of products by application settings for the years/periods indicated.

	Year ended December 31,												Six months ended June 30,							
	2021				2022				2023				2023				2024			
	Revenue	Sales volume	Gross profit	Gross profit margin	Revenue	Sales volume	Gross profit	Gross profit margin	Revenue	Sales volume	Gross profit	Gross profit margin	Revenue	Sales volume	Gross profit	Gross profit margin	Revenue	Sales volume	Gross profit	Gross profit margin
	(RMB in thousands for revenue and gross profit)																			
													(unaudited)							
Industrial	44,638	2,865	19,097	42.8%	124,436	4,874	47,607	38.3%	151,181	5,589	71,670	47.4%	62,085	2,270	28,131	45.3%	66,239	1,922	31,819	48.0%
Education	127,671	13,359	73,603	57.7%	111,754	10,819	57,456	51.4%	122,384	9,240	63,707	52.1%	44,213	3,837	23,534	53.2%	48,727	4,377	26,422	54.2%
Commercial	1,338	14	216	16.2%	4,244	98	1,427	33.6%	12,106	287	5,919	48.9%	3,468	74	1,449	41.8%	5,187	255	827	15.9%
Total	**173,647**	**16,238**	**92,916**	**53.5%**	**240,434**	**15,791**	**106,490**	**44.3%**	**285,671**	**15,116**	**141,296**	**49.5%**	**109,766**	**6,181**	**53,114**	**48.4%**	**120,153**	**6,554**	**59,068**	**49.2%**

- Industrial settings. Our revenue from industrial settings increased significantly from RMB44.6 million in 2021 to RMB124.4 million in 2022, primarily due to the increase in the sales volume and selling price of certain cobots for industrial settings driven by the launch of certain new cobot products for the use in industrial settings. Our gross profit from industrial settings (before write-down of inventories) increased significantly from RMB19.1 million in 2021 to RMB47.6 million in 2022, primarily driven by the significant increase in revenue from industrial settings for the reasons discussed above, partially offset by the decrease in gross profit margin of industrial settings (before write-down of inventories) from 42.8% in 2021 to 38.3% in 2022. The decrease in gross profit margin was primarily due to (1) the shift of cobot production to our in-house facilities in 2022, which resulted in temporary cost fluctuations; and (2) the lower gross profit margin of certain newly launched cobots for 3C manufacturing settings which we offered for trial purpose in 2022.

  Our revenue from industrial settings increased by 21.5% from RMB124.4 million in 2022 to RMB151.2 million in 2023, primarily due to the increase in the sales volume of our cobots for industrial settings driven by the expanded functions and use cases of cobots for 3C and other industrial manufacturing settings, to capture the robust customer demand. Our gross profit from industrial settings (before write-down of inventories) increased by 50.5% from RMB47.6 million in 2022 to RMB71.7 million in 2023, primarily due to (1) the increase in revenue from industrial settings for the reasons discussed above; and (2) the increase in gross profit margin of industrial settings (before write-down of inventories) from 38.3% in 2022 to 47.4% in 2023. The increase in gross profit margin was primarily due to (i) the improvement in our cost management and greater economies of scale of our production activities in 2023; and (ii) the lower gross profit margin of certain newly launched cobots for 3C manufacturing settings which we offered for trial purpose in 2022.

  Our revenue from industrial settings increased by 6.7% from RMB62.1 million in the six months ended June 30, 2023 to RMB66.2 million in the six months ended June 30, 2024, primarily due to the increase in the selling price of certain cobots for industrial settings driven by the steady increase in demand from our targeted markets and customers, the premium pricing of certain new six-axis cobots offered in 2024, as well as the continual enhancements in the functions and use cases of our cobots. Our gross profit from industrial settings (before write-down of inventories) increased by 13.1% from RMB28.1 million in the six months ended June 30, 2023 to RMB31.8 million in the six months ended June 30, 2024, primarily driven by (1) the increase in revenue for the reasons discussed above; and (2) the increase in gross profit margin of industrial settings (before write-down of inventories) from 45.3% in the six months ended June 30, 2023 to 48.0% in the six months ended June 30, 2024, primarily due to the premium pricing of certain new-six cobots offered in 2024.

- Education settings. Our revenue from education settings decreased by 12.5% from RMB127.7 million in 2021 to RMB111.8 million in 2022, as we concluded one major contract in 2021. Our gross profit from education settings (before write-down of inventories) decreased by 21.9% from RMB73.6 million in 2021 to RMB57.5 million in 2022, primarily driven by (1) the decrease in revenue from education settings for the reasons discussed above; and (2) the decrease in gross profit margin of education settings (before write-down of inventories) from 57.7% in 2021 to 51.4% in 2022. The decrease in gross profit margin was primarily due to (i) the premium pricing of certain cobot product for the use in education settings in 2021, as we met the requirements of a specific customer; and (ii) the shift of cobot production to our in-house facilities in 2022, which resulted in temporary cost fluctuations.

Our revenue from education settings increased by 9.5% from RMB111.8 million in 2022 to RMB122.4 million in 2023, as the demand for cobots in education settings was temporarily affected by the COVID-19 pandemic in 2022. Our gross profit from education settings (before write-down of inventories) increased by 10.9% from RMB57.5 million in 2022 to RMB63.7 million in 2023, primarily due to the increase in revenue for the reasons discussed above. The gross profit margin of education settings remained relatively stable at 51.4% and 52.1% in 2022 and 2023, respectively.

Our revenue from education settings increased by 10.2% from RMB44.2 million in the six months ended June 30, 2023 to RMB48.7 million in the six months ended June 30, 2024, primarily due to the increase in sales volume of cobots for education settings as we further improved our market penetration to with relevant products. Our gross profit from education settings (before write-down of inventories) increased by 12.3% from RMB23.5 million in the six months ended June 30, 2023 to RMB26.4 million in the six months ended June 30, 2024, primarily due to the increase in revenue for the reasons discussed above. Our gross profit margin of education settings (before write-down of inventories) remained relatively stable at 53.2% and 54.2% in the six months ended June 30, 2023 and 2024, respectively.

- Commercial settings. Our revenue from commercial settings increased significantly from RMB1.3 million in 2021 to RMB4.2 million in 2022, primarily due to the significant increase in the sales volume of cobots for commercial settings driven by the launch of certain new cobot products for the use in commercial settings. Our gross profit from commercial settings (before write-down of inventories) increased significantly from RMB0.2 million in 2021 to RMB1.4 million in 2022, primarily driven by the increase in revenue for the reasons discussed above, as well as the increase in gross profit margin (before write-down of inventories) from 16.2% in 2021 to 33.6% in 2022, primarily due to the higher profit margin of certain newly launched cobot products for the use in commercial settings.

  Our revenue from commercial settings increased significantly from RMB4.2 million in 2022 to RMB12.1 million in 2023, primarily due to the significant increase in the sales volume of cobots for commercial settings driven by increased market demand. Our gross profit (before write-down of inventories) from commercial settings increased significantly from RMB1.4 million in 2022 to RMB5.9 million in 2023, primarily driven by the increase in revenue for the reasons discussed above, as well as the increase in gross profit margin (before write-down of inventories) from 33.6% in 2022 to 48.9% in 2023, as we achieved greater economies of scale and cost efficiency along with the significant increase in sales volume.

  Our revenue from commercial settings increased by 49.6% from RMB3.5 million in the six months ended June 30, 2023 to RMB5.2 million in the six months ended June 30, 2024, primarily due to the increase in the sales volume of cobots for commercial settings as we secured more contracts from our customers. Our gross profit from commercial settings (before write-down of inventories) decreased by 42.9% from RMB1.4 million in the six months ended June 30, 2023 to RMB0.8 million in the six months ended June 30, 2024, primarily due to the decrease in our gross profit margin of commercial settings (before write-down of inventories) from 41.8% in the six months ended June 30, 2023 to 15.9% in the six months ended June 30, 2024, that was mainly caused by the lower gross profit margin of certain newly launched six-axis cobots for commercial settings which we offered for trial purpose in 2024.

The following table sets forth the revenue, sales volume, gross profit and gross profit margin data (before write-down of inventories) of products by geographic market for the years/periods indicated.

	Year ended December 31,												Six months ended June 30,							
	2021				2022				2023				2023				2024			
	Revenue	Sales volume	Gross profit	Gross profit margin	Revenue	Sales volume	Gross profit	Gross profit margin	Revenue	Sales volume	Gross profit	Gross profit margin	Revenue	Sales volume	Gross profit	Gross profit margin	Revenue	Sales volume	Gross profit	Gross profit margin
	(RMB in thousands for revenue and gross profit)																			
													(unaudited)				(unaudited)			
Mainland China	89,790	6,300	48,786	54.3%	100,313	4,176	38,299	38.2%	116,197	3,716	47,817	41.2%	39,035	1,512	15,183	38.9%	46,283	1,576	18,449	39.9%
European markets	40,598	5,696	21,657	53.3%	65,964	6,138	32,253	48.9%	68,306	4,724	37,320	54.6%	31,885	2,159	17,229	54.0%	28,289	2,899	15,489	54.8%
Americas	16,419	1,353	8,848	53.9%	30,708	2,248	14,839	48.3%	37,550	2,638	20,980	55.9%	17,113	1,143	9,468	55.3%	16,291	843	8,907	54.7%
Asia-Pacific markets	26,840	2,889	13,625	50.8%	43,449	3,229	21,099	48.6%	63,618	4,038	35,179	55.3%	21,733	1,367	11,234	51.7%	29,290	1,236	16,223	55.4%
Total	**173,647**	**16,238**	**92,916**	**53.5%**	**240,434**	**15,791**	**106,490**	**44.3%**	**285,671**	**15,116**	**141,296**	**49.5%**	**109,766**	**6,181**	**53,114**	**48.4%**	**120,153**	**6,554**	**59,068**	**49.2%**

Our revenue from each geographic market above increased in absolute amount from 2021 to 2023, primarily due to the expansion and enhancement of our cobot product matrix and increased sales and marketing efforts, accompanied by the higher market acceptance and demand of our cobot products. However, we experienced a decline in our sales volume from mainland China in 2022, as we concluded one major contract in 2021 for our four-axis cobots. We generally had a lower gross profit margin in 2022 in each geographic market above, primarily due to the shift of cobot production to our in-house facilities in 2022, which resulted in temporary cost fluctuations. In particular, our gross profit margin in mainland China was relatively low in 2022, partially due to the impact of the lower gross profit margin of certain newly launched six-axis cobots for 3C manufacturing settings which we offered for trial purpose in 2022.

Our revenue from mainland China increased from the six months ended June 30, 2023 to the six months ended June 30, 2024, primarily due to the expansion and enhancement of our cobot product matrix, which captured the market demand from Chinese customers, resulting in an increase in our gross profit of mainland China for the same periods. Our revenue from the European markets decreased from the six months ended June 30, 2023 to the six months ended June 30, 2024, as we were still building up the market awareness and acceptance of our new products in such market, which typically took longer than such process in our domestic market, as well as the timing of revenue recognition. Our revenue from the Americas decreased from the six months ended June 30, 2023 to the six months ended June 30, 2024, primarily due to the changes in procurement schedule of certain local customer, which also caused a decrease in our gross profit of the Americas for the same periods. Our revenue from the Asia-Pacific markets increased from the six months ended June 30, 2023 to the six months ended June 30, 2024, along with an increase in gross profit margin of the Asia-Pacific markets for the same periods, primarily due to the expansion and enhancement of our cobot product matrix, which captured the demand from certain local markets, especially cobot products of higher profit margin.

Commercialization

We are primarily engaged in the design, development, manufacturing and commercialization of cobots. All of our cobot products are designated Specialist Technology Products as defined under Chapter 18C of the Listing Rules. Our Directors are of the view that our cobot products fall within an acceptable sector of a Specialist Technology Industry as defined under Chapter 18C of the Listing Rules on the following basis, as advised by CIC: (1) our Magician Series cobot products, designed for application scenarios in educational settings, are sensor-driven and programmable products, and thus fall within the definition of smart product designs, and (2) all of our product series other than the Magician series involve the engineering of robots, computer software and machines for the improved performance of tasks and automation processes. We have adopted a transaction-based model for the sales of our cobot products. The following table sets forth a summary of how all of our cobot products fall within an acceptable sector of a Specialist Technology Industry as defined under Chapter 18C of the Listing Rules.

Specialist technology products	Specialist technology industry acceptable sector	Main function analysis*	Major customer type and customer demand drivers	Pricing and payment
CR Series cobots . . .	Robotics and automation (robot technology)	The CR Series demonstrates remarkable versatility across multiple industries. In automotive manufacturing, it significantly improves precision in assembly and defect detection while enhancing efficiency in complex processes like plasma cleaning and gluing. It also increases safety by handling hazardous materials. In the electronics and semiconductor industries, the CR Series ensures consistency in delicate operations such as chip insertion testing and electronic parts sorting. For home appliance and metal processing, it increases inspection efficiency for various appliances and improves safety in welding and laser rust removal. In chemical industries, the CR Series enhances safety in handling hazardous chemicals. Its applications extend to commercial and medical fields, where it introduces innovative automated services like latte art and bartending, and assists in precise medical procedures such as orthopedic surgery.	Our customers are primarily corporations in manufacturing industries covering automotive manufacturing, 3C manufacturing, mechanical manufacturing, and semiconductor fabrication, as well as research laboratories and educational institutions. According to the CIC Report, the rapid growth of the cobot market is primarily driven by several key factors. Technology advancements including AI integration not only improves cobot capabilities, but also brings about economies of scale, which has reduced costs and made cobots more affordable. Additionally, labor shortages and rising labor costs due to an aging population have resulted in an increasing demand for automation.	When determining the price for our cobot products, the competitive landscape of a particular geographical market is one of the major factors that we consider, which includes the pricing of our major competitors in that market. We have also adopted tiered pricing strategies based on procurement amount and relationship with specific customers, taking into consideration base factors such as the cost incurred. Depending on distributors' demand and their credit history with us, we may require our distributors to make payment before the delivery of our products. For certain distributors with stable business relationships with us, we may provide short-term payment period. For details, see "—Our Sales Network."
Nova Series cobots . .	Robotics and automation (robot technology)	The Nova series excels in specialized applications across diverse fields. In physical therapy, it improves treatment precision in procedures like moxibustion and massage, while standardizing therapy procedures for consistent results. In agriculture, the Nova Series increases efficiency in delicate tasks such as plant grafting and strawberry picking, significantly reducing crop damage during harvesting. Its capabilities extend to various other commercial and research applications, where it enhances creative output in fields like photography and beverage preparation, while also improving experiment accuracy in scientific research. The Nova Series also accelerates the 3D modeling process through automated object recognition, opening new possibilities in design and prototyping.		

Specialist technology products	Specialist technology industry acceptable sector	Main function analysis*	Major customer type and customer demand drivers	Pricing and payment
M Series cobots . . .	Robotics and automation (robot technology)	The M Series brings improvements to precision manufacturing and research. In electronics manufacturing, it enhances precision in tasks like screen testing and component assembly, while increasing production line speed for repetitive tasks. For automotive and home appliance industries, the M Series improves assembly accuracy for various components and increases flexibility in handling different product models. In battery manufacturing and scientific research, it enhances safety in potentially hazardous processes while improving experiment precision and efficiency. This series is particularly adept at handling tasks that require both high precision and rapid execution.		
Magician Series cobots	Robotics and automation (smart product designs)	The Magician Series are specifically designed for education institutions to assist students at various levels in STEAM curricula, such as AI and programming, cobot application trainings and research and scientific trainings. Magician by default can perform complex tasks such as 3D printing, laser engraving, calligraphy and drawing, and allows users to develop additional functionalities through script programming. Magician can also be flexibly combined with accessories, such as sliding rails, conveyor belts and vision systems, to complete various training projects based on different needs.		

* For more information on the tasks our cobots are capable of for the improved performance of tasks and automation processes, see "Business—Our Collaborative Robot Products."

The following table sets forth the timeline of our commercialization of each of our cobot product series.

Product series	Magician Series	Integrated Cobots	CR Series	M Series	Nova Series
Commencement of revenue generation	**2017**	**2018**	**2021**	**2021**	**2022**

Market Opportunity and Competition

The global cobot industry, as measured by sales revenue, has grown from US$466.6 million in 2019 to US$1,039.5 million in 2023, at a CAGR of 22.2%. The market size is expected to reach US$4,950.0 million in 2028, at a CAGR of 36.6% between 2023 and 2028. The rapid growth of the cobot market is primarily driven by several key factors. Technology advancements including AI integration not only improve cobot capabilities but also bring about economies of scale, which has reduced costs and made cobots more affordable. Additionally, labor shortages and rising labor costs due to an aging population have resulted in an increasing demand for automation. As a result, businesses in commercial sectors are increasingly adopting cobots for use cases such as unmanned retail, assisted meal preparation and other services to improve the operational efficiency. In particular, China is playing an increasingly important role in the global cobot market, with its share in the global cobot market projected to increase from 26.3% in 2023 to 37.2% in 2028, at a CAGR of 46.5% from 2023 to 2028.

All the major sectors in the cobot industry show strong growth momentum. The industrial sector dominates the global cobot market, with a projected CAGR of 28.7% between 2023 and 2028. Key growth areas include the automotive and components, 3C electronics, and semiconductor industries. The commercial sector is expected to experience the fastest growth, with a CAGR of 75.3% between 2023 and 2028, driven by applications in unmanned retail, assisted meal preparation and other services. The medical and healthcare sector is another significant growth area, with a CAGR of 37.6% between 2023 and 2028. The aging population and rising caregiver costs are driving the adoption of cobots in physiotherapy, rehabilitation, and medical assistance applications. The scientific research and education sector is also poised for growth, with a CAGR of 43.0% between 2023 and 2028, driven by the increasing adoption of cobots for industry-academia-research integration projects (產學研一體化項目), STEAM education, research assistance and training simulations.

The global cobot industry is relatively concentrated, with the top five market players accounting for approximately 46.3% of the market share in 2023 in terms of global cobot shipment volume. Four of the top five players are Chinese manufacturers, indicative of China's significant role in shaping the global cobot industry. In 2023, we ranked second among all market players in the global cobot industry and ranked first among all Chinese cobot companies, each measured by shipment volume. Our revenue has grown at a CAGR of 28.3% between 2021 and 2023, outpacing the industry average. The following table sets forth the ranking of the top five market players in the global cobot industry in terms of shipment volume in 2023.

Ranking	Company	Overview	Listing status	Geographical coverage of products	Global cobots shipment volume, 2023 (units in ten thousands)	Market share (%)
1	Universal Robots[(1)]	• Established in 2005, headquartered in Denmark. It launched the world's first cobot in 2008 and focuses on the development and commercialization of cobots that enable automation upgrades in the industrial sector.	• Acquired by a publicly-listed company in the U.S.	• China and over 50 overseas countries and regions	1.6	14.8
2	Our Company	• Established in 2015, headquartered in Shenzhen, China. Our Company is a company that specializes in the development, manufacturing and commercialization of cobots.	• [REDACTED]	• China and over 80 overseas countries and regions	1.4	13.0
3	AUBO	• Established in 2015, headquartered in Beijing, China. It is a high-tech enterprise specializing in the research, development, production, and sale of cobots.	• Not listed	• China and over 50 overseas countries and regions	0.8	7.4
4	Elephant Robotics	• Established in 2016, headquartered in Shenzhen, China. It focuses on the development and manufacturing of cobots as well as the development of relevant platform software.	• Not listed	• China and over 50 overseas countries and regions	0.7	6.5
5	JAKA	• Established in 2014, headquartered in Shanghai, China. It focuses on the research, development, manufacturing, and sales of cobots, as well as the integration of cobot systems.	• Applied for listing on SSE STAR Market	• China and over 50 overseas countries and regions	0.5	4.6
	Sub-total				**5.0**	**46.3**
	Others				**5.8**	**53.7**
	Total				**10.8**	**100.0**

Sources: Annual reports, expert interviews, GGII, MIR, CIC

(1) Universal Robots focuses on the development and commercialization of cobots that can be used in a wide range of industrial production environments. It commercially launched the world's first cobot in 2008, making it a well-recognized cobot brand in the industry.

Leading companies in the global cobot industry offer a wide range of cobot models with varying payload capacities and technical specifications to cater to the diverse needs of customers across different industries. As the cobot industry continues to grow and evolve, companies that can effectively combine technological innovation, product diversification, and strong customer relationships are likely to maintain their competitive edge. The intense competition among the top players is expected to drive further advancements in cobot technology and expand the range of applications. The following table sets forth product comparisons among the top five market players in the global cobot industry.

Comparative analysis of product indicators, 2023

Company	Axis models of cobots	Payload capacity of six-axis cobots[1]					
		<3kg	3-7kg (excluding 7kg)	7-12kg (excluding 12kg)	12-20kg (excluding 20kg)	20-30kg (excluding 30kg)	≥30kg
Our Company	Four-axis and six-axis	√	√	√	√	√	×
Universal Robots	Six-axis	×	√	√	√	√	√
AUBO	Six-axis	×	√	√	√	√	√
Elephant Robotics	Four-axis and six-axis	√	×	×	×	×	×
JAKA	Six-axis	√	√	√	√	×	×

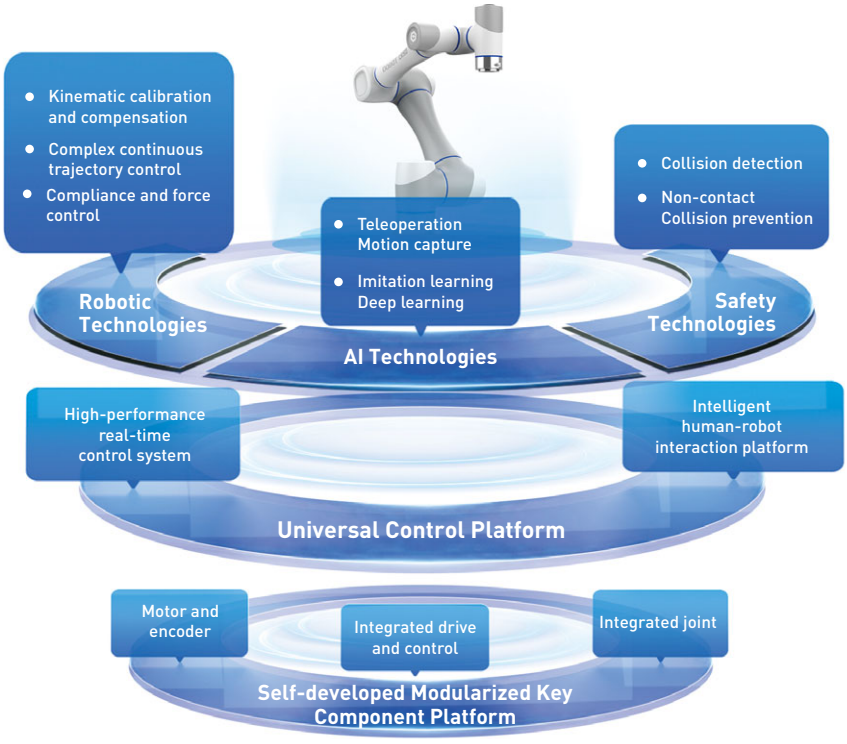
Sources: Annual reports, expert interviews, CIC

(1) The payload capacity of six axis is chosen for the comparison, as major comparable companies generally offer six-axis cobots. Cobots can be categorized into light payload (<7kg), medium payload (7-12kg), heavy payload (12-20kg), super heavy payload (20-30kg) and extra heavy payload (>30kg). Specifically, the light payload cobots for the commercial sector typically feature a payload capacity of less than 3kg, which are classified as a distinct category. The selected payload range for the above comparison aligns with the industry classification.

According to the CIC Report, in the cobot industry, performance standards focus on five key dimensions: accuracy, stability, reliability, flexibility, and safety. Key technical indicators include repeat positioning accuracy, absolute positioning accuracy, non-contact detection distance and payload-to-weight ratio. These performance indicators, as listed by cobot manufacturers in the market, subtly influence the way end-users evaluate and select cobot products. The smaller the repeat positioning accuracy value, the higher the precision of the cobot when performing the same task repeatedly. Similarly, the smaller the absolute positioning accuracy value, the more accurate the cobot can achieve the desired position when executing tasks. Additionally, the non-contact detection distance reflects the distance at which the cobot can detect objects without physical contact. The greater the non-contact detection distance, the higher the reliability and safety of the cobot in human-robot interaction. Furthermore, a higher payload-to-weight ratio indicates greater safety and flexibility of the cobot.

OUR CORE TECHNOLOGIES

Leveraging our interdisciplinary research and development capabilities, we have become one of few in the global cobot industry, according to the CIC Report, that have developed proprietary full-stack technologies that cover all the key aspects in the cobot development cycle, encompassing cobot design and manufacturing, key components development, controller system development, key algorithm formulation and iteration, versatile cobot deployment for different tasks, and AI capabilities development. Our core technology capabilities can be broadly categorized into five technology clusters, including (1) key component design and development, (2) universal control platform, (3) safety technologies, (4) robotic technologies, and (5) AI technologies, as illustrated by the chart below.



Self-developed Modularized Key Component Platform

Our self-developed modularized key component platform enables us to achieve easy maintenance, rapid iteration, and flexible customization in our products so that we can rapidly respond to evolving customer needs. In particular, by modularizing key components, we are able to easily replace damaged components and/or upgrade key components and install them on the finished products. This platform allows us to swiftly navigate market changes while ensuring high-quality and stability of our products. Benefiting from such platform, we can reduce the new product development cycle to as few as seven months, offering us a distinct competitive advantage in the fast-paced cobot industry. Our self-developed modularized key component platform is supported by three core technologies, i.e., motor and encoder technology, integrated drive and control technology, and integrated joint technology. The details of these three technologies are set forth below.

- *Motor and encoder technology.* The motor system composed of motors and encoders is the core power unit of cobots and is the key to optimizing cobots' payload and movement accuracy, according to the CIC Report. In particular, we have developed a proprietary high-output torque

frameless motor integrated with a dual encoder featuring an integrated vibration damping design. We insisted on in-house design and development of these key components, as such strategy has allowed us to retain control over the design and quality of our key components, eliminate reliance on outside suppliers, and effectively reduce our cobots' production costs.

- *Integrated drive and control technology.* While a motor generally needs to be equipped with a servo, we use multi-axis integrated servo technology to enable a single servo to control multiple motors. This approach significantly simplifies the wiring scheme, enhances drive power, and effectively reduces the size of the control box and the weight of our cobots.

- *Integrated joint technology.* Our integrated joint integrates torque generation, transmission and control, and is a key module unit of six-axis cobots. The motor and gear reducer inside our self-developed integrated joint adopt a decoupled design, which can be easily disassembled and replaced, making maintenance simple. At the same time, a double bearing structure is used to support the motor rotor, which reduces radial runout and greatly improves the stability of cobot operations. We were a participant contributing to the formulation of a national standard for *Integrated Robot Joint Performance and Test Methods (機器人一體化關節性能及試驗方法)*.

Universal Control Platform

We have developed a universal control platform that has achieved multi-platform, multi-device and plug-and-play interoperability. This platform consists of high-performance real-time control system and intelligent human-robot interaction platform, the details of which are set forth below.

- *High-performance real-time control system.* This system enables the controller to accomplish real-time multi-cobot operation and master-slave control for teleoperation and support rapid access and real-time processing of multiple sensing elements, such as vision, proximity and force sensing. These are primarily achieved by optimized multi-task real-time control system, hierarchical intelligent system architecture and EtherCAT, an Ethernet-based fieldbus system, with high communication rate.

- *Intelligent human-robot interaction platform.* This platform uses an efficient and convenient graphical programming method, which only requires users to drag and drop in order to quickly generate various applications, effectively lowering the barriers to use our cobot products as it does not require complex programming skills. Combined with our cross-platform plug-in technology, which completes deployment on multiple platforms through standardized code and code module reuses, our cobots can be operated through major operating platforms, including Windows, iOS and Android, and could be integrated into third party modules and accessories, such as electric grippers, without changing the underlying codes.

Safety Technologies

Aimed at seamlessly integrating cobots into human workspace and eliciting trust among human workers, our core safety technologies encompass collision detection technology and non-contact collision prevention technology, which are often deployed together under a redundant dual-layer safety control architecture (雙冗餘安全控制架構) to feature both agile pre-collision evasion and instant post-collision adjustment, offering additional layers of protection and enabling our cobots to operate more efficiently:

- *Collision detection technology.* Built upon dynamic models, we have developed a robot joint torque output constraint control method and a collision detection method, which allow for feedforward adjustment and limitation of the joint output torque, preventing injuries or damage that could result from excessive force exertion by the cobots. Cobots equipped with such technologies have been widely deployed in fields, such as electronics and semiconductor manufacturing, and our relevant patents have received the 24th China Patent Excellence Award.

- *Non-contact collision prevention technology.* We have developed a proprietary non-contact collision prevention technology, featuring wearable flexible e-skin technology, SafeSkin, which detects the approach of objects within a 15 cm range, the highest among all similar commercialized cobots, according to the CIC Report, and responds rapidly by either ceasing movement or taking evasive action to effectively prevent the imminent collisions. The SafeSkin technology is suitable for high-speed, heavy-load use cases, which significantly improves the safety speed of our cobots to 1 m/s, well above the industry average which typically limits the safety speed to 0.25 m/s, according to the CIC Report. Our human-robot interaction technology based on e-skin admittance control has been acclaimed by an expert group from the China Machinery Industry Federation as internationally leading.

In addition, to address the safety risks and hardware failure risks arising from high speeds and excessive power during intense operations, we have developed an independent safety control architecture, which employs dual redundant CPUs to conduct real-time monitoring of key operating status for the cobot.

Robotic Technologies

Our core robotic technologies primarily focus on motion control and planning technologies, which are essential in achieving real-time control and monitoring of the cobot's movement position, speed and force to ensure its ability to execute stable, precise, smooth and adaptive movements. Our motion control and planning technologies primarily include the following three technologies.

- *Kinematic calibration and compensation technology (運動學全參標定補償技術).* Combined with proprietary compensation models and high-speed iterative control algorithms, our kinematic calibration and compensation technology has improved the absolute positioning accuracy to 0.229 mm primarily by obtaining a more accurate cobot structural parameter model through the kinematic calibration method and reducing the calculation error of the cobot position. According to an expert group from the China Machinery Industry Federation, our kinematic calibration and compensation technology was a major innovation in our internationally advanced high-performance smart cobot projects.

- *Complex continuous trajectory control technology (複雜連續軌跡控制技術).* We have developed a series of high-performance motion control algorithms and spatial trajectory transition methods which can achieve consistent and smooth curvature transitions of trajectories under both low and high-speed conditions. Our acceleration and deceleration planning algorithm enables the cobots to adaptively adjust motion parameters according to the torque limit of their joints. Coupled with trajectory vibration suppression techniques, this allows optimized cycle time and stability. Our complex continuous trajectory control technology was instrumental in the success of Research and Development of Key Technologies

for High-Performance Heavy-Load Six-Axis Cobots (高性能大負載六自由度協作機器人關鍵技術研發), a key technological research project in Shenzhen.

- *Compliance and force control technology (柔順力控技術).* Our compliance and force control technology uses adaptive admittance and arm-hand coordinated control to enable simultaneous control of both position and force, quickly adjusting movements based on required forces. This capability allows the cobots to achieve high-precision constant force control over curved trajectories and enable them to perform delicate tasks such as component assembly, surface polishing and therapeutic massage. Meanwhile, in response to the increasing demand for complex curve planning and force control in use cases such as surface grinding and therapeutic massage, we have developed a spline force control algorithm to achieve high-precision constant force control for curved surface trajectories.

AI Technologies

According to the CIC Report, we are an early adopter in the advanced cobot technology development, capitalizing on our intelligent perception and interaction technology and AI capabilities. Our intelligent perception and interaction technology seamlessly integrates multi-sensory elements, such as vision, force, touch and proximity, which is fully integrated with the foundational motion control algorithms, enabling rapid perception in unstructured environments and intelligent human-robot collaboration. Our intelligent perception and interaction technology primarily comprises teleoperation technology and motion capture and imitation technology.

- *Teleoperation technology.* Teleoperation technology enables remote operation of our cobots in complex or dangerous environments, featuring high sensitivity and rapid response. Although teleoperation technology itself does not involve the use of AI, it serves as effective collection channels for high-quality data in connection with AI training for our cobots, which is instrumental for rapid autonomous operation. Notably, we are among a few cobot companies in China, according to the CIC Report, that have developed a proprietary force feedback-enabled teleoperation interface, which features a bilateral force feedback control architecture and achieves high real-time performance and transparent remote robot control.

- *Motion capture and imitation technology.* We have developed motion capture and imitation technology, which addresses the flexibility, efficiency, intelligence and adaptability in robotic teaching. This technology enables cobots to quickly learn various complex skills by using vision sensors to capture and imitate hand movements, which has been applied to clothing manufacturing and commercial applications such as coffee making and latte decoration.

Our AI learning capabilities are manifested in our AI-empowering platform, X-Trainer, which is built upon large visual language model and imitation learning neural network. Large visual language model enables our cobots to comprehensively evaluate their working environment and interactions with human and guide our cobots to perform corresponding tasks. X-Trainer features dual-arm teleoperation imitation learning system, which accelerates imitation learning and integrates with reinforcement learning for rapid autonomous operation post-training.

Underpinned by the deep learning and imitation technologies, X-Trainer is notable for its generalized learning abilities, which is more efficient in skill acquisition than other cobots with similar generalized learning abilities, according to the CIC Report. Empowered by X-Trainer, our cobots can autonomously wipe away stains scattered on the plate, and can also formulate grabbing postures for items

of different shapes scattered on the table. The following images illustrate the use of large visual language model and imitation learning neural network in our current cobot products.





RESEARCH AND DEVELOPMENT

We have established interdisciplinary research and development capabilities that draw upon a diverse range of fields, such as mechanics engineering, computer science, control systems, human-robot interaction, artificial intelligence, microelectronic circuits technology, and sensor technology. Our in-house research and development team strives to expand the available functionalities and use cases of our cobot products, accommodating specific needs of various different sectors. During the Track Record Period, our research and development expenses were RMB46.9 million, RMB52.1 million, RMB70.5 million, RMB31.2 million and RMB31.4 million in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively, representing 26.9%, 21.6%, 24.6%, 28.4% and 26.1% of our revenue in the respective years/periods.

We have not in-licensed any material intellectual property rights or outsourced any research and development processes to third parties. In addition, except for certain research and development projects with government grants, we generally do not undertake any research and development projects in collaboration with third parties. During the Track Record Period, such government research and development projects primarily included projects for e-skin technology development, human-robot safety strategy research, autonomous learning of complex skills with multiple degrees of freedom and integrated joints technology, among others.

Since our inception, we have not been subject to any legal claims or proceedings that may have an influence on the research and development of our cobot products.

Our Research and Development Team and Core Members

As of the Latest Practicable Date, we had a research and development team of 139 industry experts and senior engineers in the robotics industry, accounting for over 25% of our workforce. Our research and development team is led by five core members. The following table sets forth the details of our core research and development members.

Core research and development members	Profile
Mr. Liu Peichao	Mr. Liu Peichao is our founder, Controlling Shareholder, chairman of our Board, executive Director and general manager. He holds a bachelor's degree in mechanical design and automation and a master's degree in mechanical engineering from Shandong University. As our founder, he was instrumental in the development of our first desktop cobot product and led our research and development to conquer various core technologies such as servo technology and controller technology, laying the foundation for our future research and development direction.
Mr. Lang Xulin	Mr. Lang Xulin is our co-founder, Director and chief scientist. He holds a bachelor's degree in mechanical design, manufacturing and automation as well as a master's degree in mechanical design and theory from Shandong University. As our core research and development member, he has led the development of core algorithms for our cobot products, including those in connection with high-performance motion control, SafeSkin, imitation learning, end-to-end control and teleoperation, among others.
Mr. Jiang Yu	Mr. Jiang Yu is our research and development director and deputy general manager. He holds a bachelor's degree in mechanical design and automation from Hunan University of Technology as well as a master's degree in mechanical engineering from Shandong University, and has the title of senior engineer. As the head of our research and development department, he leads the development of key cobot components such as multi-axis servo actuators, encoders and safety controllers.

Core research and development members	Profile
Mr. Liu Zhufu	Mr. Liu Zhufu is our deputy general manager. He holds a bachelor's degree in automation from Shandong University. He led our research and development team to complete the product development and commercialization of our CR Series and MG400, organized the development of cobot operating systems, intelligent sensing and safe interaction technologies, and created a platform for operating systems and software frameworks.
Mr. Xie Junjie	Mr. Xie Junjie is our product director. He holds a master's degree in information and automation engineering from the University of Bremen in Germany. With over eight years of industry experience, he is a core member of a research and development project for human-robot industrialization (人機協作機器人研發及產業化) in Guangdong Province.

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

- *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.

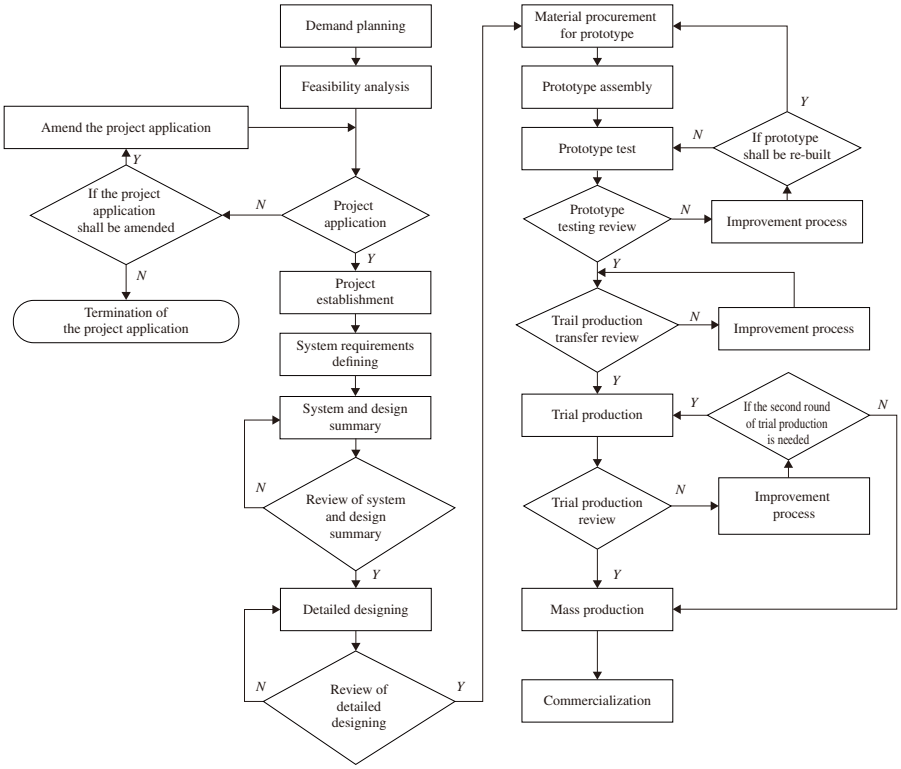
- *Confidentiality.* During the employment, except as necessary to perform work duties, and for all time thereafter, the employee shall not, without our prior written consent, disclose, divulge, announce, publish, impart, transfer or otherwise make known to any third party, or in any way use any information, such as technical and trade secrets, belonging to us or belonging to any other party for which we have a duty of confidentiality.

- *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 one year thereafter, the employee shall not, directly or indirectly, solicit or attempt to solicit our employees to leave their employment or solicit or otherwise influence our relationships with our customers or suppliers.

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 use cases are taken into consideration. The diagram below sets out the principal steps which we generally follow in our research and development process.



Our research and development process mainly includes (1) conceptual stage, (2) planning stage, (3) development and testing stage, and (4) verification and commercialization stage.

- *Conceptual stage.* Conceptual stage includes the preparatory stages from demand planning to project establishment. In this stage, our product planning department conducts demand research and data collection as well as market and technical feasibility analysis, and submits relevant research and development project establishment application for management's review.

- *Planning stage.* Planning stage includes the stages from system requirements defining to review of system and design summary. In this stage, our research and development department breaks down the system requirements in detail based on the information submitted by the product planning department in the conceptual stage, and completes summaries of design document for each module, including structure, components, software and algorithm, among others, to determine the technical benchmark for the entire product development.

- *Development and testing stage.* Development and testing stage includes the stages from detailed designing to prototype testing review. In this stage, our research and development staff carry out detailed designing based on summaries of design document for each module from the planning stage. After a review for detailed designing process, we arrange proofing for sample components, and use those components to assemble prototype. At the same time, the testing department specifies the system testing specifications to test and verify the prototype.

- *Verification and commercialization stage.* Verification and commercialization stage includes the stages from trial production review to commercialization. During the trial production review, we determine whether to carry out small batch trial production of relevant products. Based on the trial production results, we further determine whether to proceed with mass production, which represents the commercialization of relevant products.

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) implementing a set of comprehensive internal policies to establish robust management over our intellectual property rights, (2) establishing an intellectual property taskforce to guide, manage, supervise and monitor our daily work regarding intellectual properties, (3) timely registration, filing and application for ownership of our intellectual properties, (4) actively tracking the registration and authorization status of intellectual properties and taking action in timely manner if any potential conflicts with our intellectual property rights are identified, and (5) clearly stating all rights and obligations regarding the ownership and protection of intellectual properties in the employment agreements we enter into.

As of the Latest Practicable Date, we had 646 registered patents, including 213 invention patents, 302 utility model patents and 131 design patents, and filed over 190 patent applications which were pending approval. According to the CIC Report, as of the same date, we had the largest number of registered patents in the global cobot industry. In addition, many of our patents have garnered industry awards and acclaim. For example, we received the 24th China Patent Excellence Award for our patented collision detection method, the 2023 Guangdong Patent Silver Award for our patented dynamics motion control method, and the 2021 Shenzhen Science and Technology Patent Award for our patented high-precision desktop robot structural design technology. Our human-robot interaction technology based on e-skin admittance control has been acclaimed by an expert group from the China Machinery Industry Federation as internationally leading.

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	Core technology involved	Major function
An absolute position measurement method, device, storage medium and machine (一種機器的絕對位置測量方法、裝置、存儲介質及機器)	China	ZL201911383251.1		Determine the absolute position of the output shaft and improve the measurement accuracy of the absolute position
An external torque measurement method, device, controller and mechanical arm (一種外力矩的測量方法、裝置、控制器及機械臂)	China	ZL201910594866.2	Motor and encoder technology	Record the rotation angle and input the recorded data into the measurement model to accurately determine the external torque of the cobot joint
Position positioning method for magnetic encoder, device, electronic equipment and computer-readable storage medium (磁編碼器的位置定位方法、裝置、電子設備及計算機可讀存儲介質)	China	ZL201911405465.4		Determine the position of the encoder and improve its positioning accuracy
A motor running angle measurement method and system, and a joint angle measurement system (一種電機運行角度測量方法和系統、關節角度測量系統)	China	ZL201911379738.2	Integrated drive and control technology	Obtain the comparison data between the motor running angle value and the encoder measurement value to accurately obtain the motor angle
Adaptive modeling method for robot drive and control integrated system (機器人驅控一體系統的自適應建模方法)	China	ZL201811605226.9		Integrated modeling of cobots' drive and control systems to achieve precise matching of relevant models
Robotic arm and its joint module (機械臂及其關節模組)	China	ZL202211229329.6	Integrated joint technology	The drive components and deceleration components can be tested separately before assembly, which is also beneficial to subsequent maintenance
Cobot arm and its joint module (協作機械臂及其關節模組)	China	ZL202211230239.9		Detect the angular position of the output shaft and record the number of rotations of the output shaft
Robotic arm and its joint module (機械臂及其關節模組)	China	ZL202211226201.4		Increase the coaxiality between the rotating shaft and the electrode output shaft, improving the detection accuracy of the encoder
Joints, robotic arms, robots and their harmonic reducer devices (關節、機械臂、機器人及其諧波減速器裝置)	China	ZL202111160367.6		Make the harmonic reducer more compact

Patent name	Place of registration	Patent number	Core technology involved	Major function
Braking devices for robotic arm joints, robotic arm joints and robotic arms (用於機械臂關節的制動裝置、機械臂關節及機械臂)	China	ZL202180011958.9		Align the brake pad with the hub, secure the electromagnetic brake to the joint housing with a fastener, and simplify installation through reverse assembly
Robotic arm and its joint modules and coding components (機械臂及其關節模組、編碼組件)	China	ZL202211226202.9	Integrated joint technology	Connect the encoder and motor shafts with axial preload to simplify and strengthen the connection
Robotic arm and joint module	United States	US11820012 B1		The drive components and deceleration components can be tested separately before assembly, which is also beneficial to subsequent maintenance
A graphical programming method, device and intelligent terminal for robots (一種機器人的圖形編程方法、裝置及智能終端)	China	ZL201811650764.X	Intelligent human-robot interaction platform	Improve the response speed of graphical programming
A robot model display method, device and intelligent terminal (一種機器人模型的展示方法、裝置及智能終端)	China	ZL201811650765.4		Display the operating status of the robot and assist users in controlling the robot
Communication method between terminal and equipment, terminal, electronic equipment and storage medium (終端與設備的通信方法、終端、電子設備及存儲介質)	China	ZL202011459418.0		Delegate device operation data to a mobile terminal, speeding up communication with the web, simplifying processing, and enhancing control efficiency
Communication method, device and computer-readable storage medium based on wireless local area network (基於無線局域網的通信方法、裝置及計算機可讀存儲介質)	China	ZL202011464366.6		Establish communication channels among multiple smart devices in a WLAN for data transmission, reducing short-distance communication costs
Robot safety control method and device based on multiple perceptions (基於多重感知的機器人安全控制方法及裝置)	China	ZL202010590912.4	High-performance real-time control system	Enhance robot safety with 3D vision, electronic skin proximity, and tactile technologies for graded control strategies

Patent name	Place of registration	Patent number	Core technology involved	Major function
Space trajectory transition method for industrial robots, system and robots (工業機器人的空間軌跡過渡方法、系統及機器人)	China	ZL201811627820.8		Determine the trajectory velocity in the transition region
A robot control method, system and robot (一種機器人控制方法、系統及機器人)	China	ZL201811627830.1		Reduce wear and failure rates of cobots by real-time detection and assessment of the cobot's motion state, along with speed planning and acceleration adjustment
A jerk-continuous speed planning method, device, controller and robot (一種加加速度連續的速度規劃方法、裝置、控制器及機器人)	China	ZL201911380048.9	Complex continuous trajectory control technology	Determine parameters such as displacement, speed and acceleration, improving the stability and efficiency of the cobot
A movement trajectory planning method, device, equipment and storage medium (一種移動軌跡規劃方法、裝置、設備和存儲介質)	China	ZL201811648453.X		Enhance the application range of moving parts by deriving angle, angular velocity, and angular acceleration correlation curves that match the spatial arc trajectory of circular motion commands
Motion path planning method of robotic arm, device, equipment, media and robotic arm (機械臂的運動路徑規劃方法、裝置、設備、介質及機械臂)	China	ZL202110582502.X		Plan each path point on the generated motion path to achieve specific operation requirements
Robotic arm and its movement path planning method, control system, media and robot (機械臂及其運動路徑規劃方法、控制系統、介質及機器人)	China	ZL202210039416.9		Optimize initial paths by updating waypoints to simplify route planning
Robot dynamic parameter identification method, device, terminal equipment and storage medium (機器人動力學參數辨識方法、裝置、終端設備及存儲介質)	China	ZL201811600643.4	Compliance and force control technology	Avoid the accumulation of errors in the single joint identification process and improve the identification accuracy of dynamic parameters
Data verification method, security controller and data verification system (數據校驗方法、安全控制器及數據校驗系統)	China	ZL202110790486.3	Safety controller technology	Monitor joint operation data separately with two control boards to alert significant discrepancies, ensuring reliable data validation
A secure communication method, device, robotic arm and storage medium (一種安全通信方法、裝置、機械臂及存儲介質)	China	ZL202110791902.1		Enhance monitoring accuracy by detecting communication anomalies between the main and safety controllers

Patent name	Place of registration	Patent number	Core technology involved	Major function
Flexible device housings, robotic arms and robots (柔性的裝置外殼、機械臂和機器人)	China	ZL202110570306.0		Reduce the risk of e-skin being damaged due to collision
Housings of mechanical equipment, housing components, robotic arms and robots (機械設備的殼體、殼體組件、機械臂以及機器人)	China	ZL201980041854.5		Achieve non-contact distance sensing
Object area recognition method, device, equipment and computer-readable storage medium (物體面積識別方法、裝置、設備及計算機可讀存儲介質)	China	ZL201911383454.0	SafeSkin	Determine the direct area between the e-skin component and obstacles so that the cobot can accurately avoid obstacles
A robot display method, device and electronic equipment (一種機器人展示方法、裝置及電子設備)	China	ZL201911379650.0		Adjust the display information of the electronic model through changes in capacitance value
Housing components for mechanical equipment and robots (機械設備的殼體組件和機器人)	China	ZL201980041853.0		Mount electrodes onto a fixed part constructed on the shell, simplifying the assembly of electronic skin with the shell
Sensing circuit, logic circuit board, joint control board, main controller board and robot (傳感電路、邏輯電路板、關節控制板、主控器板及機器人)	China	ZL201980041894.X		Connect sensing circuit terminals to electrode of electronic skin, enabling capacitive coupling with nearby conductors for non-contact distance sensing

Patent name	Place of registration	Patent number	Core technology involved	Major function
Robotic arm control method, device, equipment, system, storage medium and robotic arm (機械臂控制方法、裝置、設備、系統、存儲介質及機械臂) . .	China	ZL202110581850.5		Use electronic skin to sense and convert surrounding obstacles into repulsive forces, enhancing robotic arm safety by preventing collisions
Robots and control methods, devices, equipment, storage media, and robotic arms (機器人及其控制方法、裝置、設備、存儲介質、機械臂)	China	ZL202211014994.3		Plan robot avoidance maneuvers using a virtual repulsive field based on proximity information, balancing obstacle avoidance with operational objectives
Robotic arm obstacle avoidance method, device, robotic arm and robot (機械臂避障方法、裝置、機械臂及機器人)	China	ZL202011463416.9	Non-contact collision prevention technology	Pre-plan obstacle avoidance paths to keep robots running without stopping, boosting operational efficiency
Robotic arm robot, obstacle avoidance method and storage medium of robot (機械臂式機器人、機器人的避障方法及存儲介質) . . .	China	ZL202010627285.7		Decelerate or stop the robot abruptly in its current motion direction when it approaches obstacles within a dynamic urgency threshold to prevent collisions
Robot obstacle avoidance method, robotic arm robot and storage medium (機器人避障方法、機械臂式機器人及存儲介質)	China	ZL202010627301.2		Determine the urgency threshold for the robot based on its current speed, maximum allowable collision speed with obstacles, and deceleration acceleration, aiming to prevent collisions or reduce impact force with obstacles
A robot collision detection method, device, storage medium and robot (一種機器人碰撞檢測方法、裝置、存儲介質及機器人) . .	China	ZL201811636935.3		Calculate the external moment of the joint, and determine that the cobot has collided when the external moment is greater than the pre-set value
A servo control method, device and robot (一種機器人的伺服控制方法、裝置及機器人)	China	ZL201811622861.8	Collision detection technology	Improve the dynamic tracking performance of the cobot during acceleration and deceleration
Robot collision detection method, device, equipment and computer-readable storage medium (機器人碰撞檢測方法、裝置、設備及計算機可讀存儲介質)	China	ZL201911383473.3		Obtain the detection parameters of the acceleration sensor set at the end and further determine whether the cobot has collided
Collaborative robotic arm and its motion control method, collision detection method, and control system (協作機械臂及其運動控制方法、碰撞檢測方法、控制系統). . .	China	ZL202211220131.1		Use theoretical joint motion status and servo motor torque to limit drive currents, reducing damage from collisions in cobot arms

Patent name	Place of registration	Patent number	Core technology involved	Major function
Robot trajectory reproduction method, control device, equipment and readable storage medium (機器人軌跡復現方法、控制裝置、設備及可讀存儲介質)	China	ZL201911380760.9		Capture multiple robot waypoints during teaching in zero-force control mode activated by an operator, creating a teaching trajectory file for path reproduction
Coffee latte art trajectory generation method, coffee making method, related equipment and system (咖啡拉花軌跡生成方法、咖啡製作方法、相關設備及系統)	China	ZL202211311541.7	Motion capture and imitation technology	Automate latte decoration by capturing cup tilt and latte decoration container data, ensuring consistent high-quality coffee without human influence
A coffee latte art teaching system (一種咖啡拉花示教系統)	China	ZL202111443351.6		Use motion capture devices to detect markers on the teaching cup, gather positional data, and determine its position and orientation for calibration
Teleoperation manipulator and its spindle, teleoperation equipment (遙操作機械手及其主軸、遙操作設備)	China	ZL202111185802.0		Reduce the difficulty of disassembly and assembly of the cobot
Teleoperation manipulator and its transmission structure, teleoperation equipment (遙操作機械手及其傳動結構、遙操作設備)	China	ZL202111185803.5		Reduce the center of gravity of the entire manipulator and improve its movement stability
Teleoperation manipulator and its turntable, teleoperation equipment (遙操作機械手及其轉檯、遙操作設備)	China	ZL202111185818.1	Teleoperation technology	Reduce the center of gravity of the entire turntable and improve its stability
Teleoperation manipulator and teleoperation equipment (遙操作機械手及遙操作設備)	China	ZL202111185860.3		Improve the applicability of manipulators
Teleoperation system, teleoperation method and chip (遙操作系統、遙操作方法及芯片)	China	ZL202111176553.9		Motion control of slave operating devices and camera devices via a single master operating device

Patent name	Place of registration	Patent number	Core technology involved	Major function
A target position detection method (一種目標位置檢測方法)	China	ZL202010016602.1	Deep learning technology	Use 3D local feature descriptors to find optimal point cloud segments in scene data, improving 3D feature extraction and target detection
Fruit stem positioning and fruit picking methods, devices, robots and media (果梗定位及水果採摘方法、裝置、機器人及介質)	China	ZL202111179412.2		Calculate pixel coordinates of fruit stems in image frames using a pre-trained regression network, incorporating depth information for camera and robot coordinates determination
Three-dimensional target detection method, detection device, terminal equipment and computer-readable storage medium (三維目標檢測方法、檢測裝置、終端設備及計算機可讀存儲介質)	China	ZL201911383359.0		Map segmented point cloud data onto RGB images for precise instance recognition, enhancing accuracy
Object recognition and positioning methods, devices and terminal equipment (物體識別定位方法、裝置及終端設備)	China	ZL201911380815.6		Use image recognition to identify the 2D target area and geometric shape type of an object, then map it onto 3D point cloud data for precise object localization
A method, apparatus, robotic arm, system, and medium for collecting teaching trajectory points (一種示教軌跡點採集方法、裝置、機械臂、系統及介質)	China	ZL202111263269.5		Locate the position of the teaching tip on the calibration board through two-dimensional images captured by the camera, and collect the trajectory points of the teaching tip under the world coordinate system
A method, apparatus, and computer-readable storage medium for reproducing robot teaching trajectories (機器人示教軌跡復現方法、裝置及計算機可讀存儲介質)	China	ZL202010590911.X	Imitation learning technology	Achieve the autonomous generation of similar trajectories through the trajectory generalization algorithm
A semi-intelligent teaching and learning method, intelligent robot, and storage medium (半智能示教學習方法、智能機器人和存儲介質)	China	ZL201811467840.3		Reducing the computational complexity and human involvement in the correction process, and improving the intelligence level of motion learning

As advised by our PRC Legal Advisor, pursuant to the Patent Law of the People's Republic of China (中華人民共和國專利法), an invention patent registered in China is valid for a term of 20 years from the date of filing of the application for the patent, an utility model patent registered in China is valid for a term of 10 years from the date of filing of the application for the patent, and since June 1, 2021, a design patent registered in China is valid for a term of 15 years from the date of filing of the application for the patent. Despite our precautions, 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 we did not have any material disputes or any other pending material legal proceedings of intellectual property rights with third parties during the Track Record Period and up to the Latest Practicable Date.

OUR SALES NETWORK

Over the years, we have built up a broad and geographically diversified customer base in China and globally, spreading across over 80 countries and regions. We distribute our cobot products through direct sales and distributors, who contribute to a broad customer coverage. The following table sets forth a breakdown of our revenue by distribution channels for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)									
							(unaudited)			
Direct sales										
Mainland China	23,138	13.3	37,050	15.4	56,897	19.8	18,177	16.5	21,640	18.0
European markets	5,446	3.1	13,011	5.4	14,483	5.1	8,849	8.0	6,600	5.5
Americas	4,044	2.3	6,384	2.6	11,771	4.1	6,016	5.5	5,132	4.3
Asia-Pacific markets	12,705	7.3	23,627	9.8	33,881	11.8	11,609	10.6	18,822	15.5
Subtotal of direct sales	**45,333**	**26.0**	**80,072**	**33.2**	**117,032**	**40.8**	**44,651**	**40.6**	**52,194**	**43.3**
Distributorship										
Mainland China	67,319	38.6	63,843	26.5	60,324	21.0	21,003	19.1	24,904	20.7
European markets	35,152	20.2	52,953	22.0	53,830	18.8	23,036	21.0	21,712	18.0
Americas	12,375	7.1	24,324	10.1	25,787	9.0	11,097	10.1	11,159	9.3
Asia-Pacific markets	14,135	8.1	19,821	8.2	29,776	10.4	10,125	9.2	10,493	8.7
Subtotal of distributorship	**128,981**	**74.0**	**160,941**	**66.8**	**169,717**	**59.2**	**65,261**	**59.4**	**68,268**	**56.7**
Total	**174,314**	**100.0**	**241,013**	**100.0**	**286,749**	**100.0**	**109,912**	**100.0**	**120,462**	**100.0**

Our sales force is essential to build our brand image by interacting, introducing and demonstrating the features of our products directly to our customers. Our sales team is equipped with knowledge of our cobot products and is primarily responsible for frequently communicating with our customers and understanding their feedback on the quality, preferences, improvements and market demand of our products. They play an important part in the planning, development and implementation of our planned marketing strategies. To encourage and incentivize our sales force, we have implemented a compensation structure that includes a fixed component as well as a performance-based component and also set performance targets for our sales team. We generally evaluate the performance of our sales team members on a quarterly basis and pay out performance-based compensation accordingly.

During the Track Record Period, we sold our products to customers located in the Relevant Countries. See "—Relevant Activities in Respect of the Relevant Countries with International Sanctions Exposure" for details of Relevant Activities relating to the Relevant Countries.

Direct Sales

In 2021, 2022, 2023 and the six months ended June 30, 2024, we served 289, 411, 434 and 304 direct sale customers, respectively. Our direct sales customers mainly comprise (1) end users, including corporate customers in manufacturing industries, primarily covering automotive manufacturing, 3C manufacturing, mechanical manufacturing, and semiconductor fabrication, research laboratories and educational institutions, and consumer goods companies, and (2) cobot integrators who integrate cobots, additional components, software systems and other services with specialized design, engineering and programming resources. In terms of revenue contribution in each year/period during the Track Record Period, over 16% of our revenue from direct sales was from end users, and not less than 60% of the same was from cobot integrators. Having made reasonable inquiries and to our best knowledge, in terms of revenue contribution, around 40% of such end users were from education sectors and over 20% were from manufacturing sectors, and over 35% of such cobot integrators were from manufacturing 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. For certain direct sales customers such as domestic educational institutions, public tender is required. Upon becoming aware of the tender, we make a preliminary assessment of the potential tender. In considering whether to bid for the tender, we generally take into account the following factors: (1) the profitability of the order including the cost of raw materials and labor and potential revenue, (2) the feasibility of undertaking such project with reference to customers' demand, our capacity and expertise, our then available labor force and financial resources, and (3) the delivery schedule.

The following table sets forth key metrics of our direct sale customers for the years/period indicated.

	Year ended December 31,			Six months ended June 30,
	2021	2022	2023	2024
Number of direct sale customers	289	411	434	304
Number of new direct sale customers	233	322	260	152
Number of transactions with direct sale customers	658	916	1,027	661
Average direct sale customer value[(1)] (RMB in thousands)	157	195	270	172
Average transaction value of direct sale customers[(2)] (RMB in thousands)	69	87	114	79
Direct sale customer retention rate[(3)]	42.7%	30.8%	42.3%	N/A
Net dollar retention rate of direct sale customers[(4)]	72.5%	76.7%	81.6%	N/A

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

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

(3) Calculated by dividing the number of direct sale customers of both current and previous periods by the number of direct sale customers of the previous period, multiplied by 100%.

(4) Calculated by dividing the revenue of a current period from direct sale customers of both current and previous periods by the revenue of the previous period of such direct sale customers, multiplied by 100%.

Distributors

We believe that by engaging distributors, we are able to leverage their experience and knowledge of the target local markets as well as their existing sales networks and resources, which can help us expand our market reach over a wider geographical area and achieve deeper market penetration than if we were to proceed with direct sales and marketing alone, without having to incur substantial sales and marketing costs. In 2021, 2022, 2023 and the six months ended June 30, 2024, there were 344, 387, 358 and 224 distributors, respectively.

Our relationship with our distributors is a buyer and seller relationship, as our distributors acquire ownership of the products we deliver to them. We generally allow returns and/or exchanges for limited circumstances such as quality defects or damages during transportation. We recognize sales revenues from distributors when the control over our products is transferred to them. We designate pre-determined distribution areas for our distributors as defined in their respective distribution agreements to encourage them to explore more potential customers within such pre-determined areas.

According to the CIC Report, as the global cobot industry is at a nascent stage of development, cobot distributors rarely develop sub-distributors to further distribute cobot products. Our distributors generally do not need our specific authorization to engage sub-distributors. We do not require sub-distributors to enter into direct agreements with us. Our distributors occasionally develop sub-distributors to leverage their coverage of the underserved areas within the same city or the peripheral regions. During the Track Record Period, there was no revenue directly generated from the sub-distributors, as they purchased our products from our distributors and we did not have any sale, payment or other direct transaction with the sub-distributors. To our best knowledge having made reasonable enquiries, we had insignificant number of sub-distributors and only immaterial amount of sales had been made through our distributors to sub-distributors during the Track Record Period. Therefore, we did not and believe that it is not necessary to monitor the movement of our sub-distributors.

As part of our commitment to maintaining high standards, we select new distributors throughout the year. We have implemented rigorous selection criteria for new distributors to ensure that they are well equipped to represent our brand and promote our products. Our primary evaluation criteria, among others, are their advertising and marketing activities, such as seminars, webinars, industry exhibitions and social media marketing, and their actual annual purchase amounts.

We strive to provide our distributors with operational supports to boost their development. In particular, we provide them with training from time to time, so that their employees are equipped with knowledge of our cobot products. We also provide them with product procurement guidance based on their respective circumstances as part of our efforts to control and monitor our distributors' inventories. We impose a sales target on our distributors, which is the result of negotiation between us and each distributor. Such sales target is not mandatory in nature but rather one of the factors that we consider when it comes to renewing the distributorship, similar to our selection criteria for new distributors. Failure to meet the target does not constitute a ground for automatic termination of distributorship. However, if a distributor repeatedly fails to hit its target, we reserve the right to terminate our cooperation with such distributor.

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

	Year ended December 31,			Six months ended June 30,
	2021	2022	2023	2024
Number of distributors at the beginning of the year/period	310	344	387	358
Number of new distributors	194	223	158	66
Number of exiting distributors	(160)	(180)	(187)	(200)
Number of distributors at the end of the year/period	344	387	358	224
Number of transactions with distributors	1,317	1,411	1,582	721
Average distributor value[(1)] (RMB in thousands)	375	416	474	305
Average transaction value of distributors[(2)] (RMB in thousands)	98	114	107	95
Distributor retention rate[(3)]	48.4%	47.7%	51.7%	N/A
Net dollar retention rate of distributors[(4)]	109.9%	72.5%[(5)]	75.8%	N/A

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

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

(3) 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%.

(4) 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%.

(5) The net dollar retention rate of distributors decreased from 109.9% in 2021 to 72.5% in 2022, primarily because certain major customers in 2021 did not place orders with us in 2022.

In 2021, 2022 and 2023, the number of our exiting distributors was 160, 180 and 187, respectively, accounting for 46.5%, 46.5% and 52.2% of the number of our distributors at the end of respective years. We experienced such changes in our distributor mix primarily because those distributors did not have any transactions with us in respective years. Continuous replacement of distributors demonstrates our ongoing efforts to optimize our distribution network. Nonetheless, among these exiting distributors in 2021, 2022 and 2023, 21, 15 and 10 of them subsequently had transactions with us and rejoined our distribution network, respectively.

According to the CIC Report, the distribution model in the cobot industry differs significantly from that of traditional industries, primarily due to the sector's nascent stage of development. Unlike conventional distributors, cobot distributors typically operate on a reactive basis, i.e., they typically initiate orders upon receiving requests from end customers. Because cobots are characterized by their durability and specialized applications rather than being mass-market consumer goods. Sales in the cobot industry are typically project-based and/or order driven transactions.

Major term of distribution agreements

We typically enter into standard distribution agreements with our distributors. However, depending on the country where a specific distributor is located, the terms could be different due to local laws and regulations. Major terms of our standard distribution agreements with our distributors include:

- *Duration.* The duration of distribution agreements is typically one year.
- *Right to use our trademark.* We authorize our distributors to use our trademarks within the duration and scope of distribution agreements.
- *Retail prices.* We provide distributors with suggested retail prices of our products.
- *Scope of distribution.* Our distributors are generally only permitted to sell our products in a predetermined geographic area.
- *Sub-distribution.* Our distributors generally do not need our specific authorization to engage sub-distributors. We do not require sub-distributors to enter into direct agreements with us.
- *Sales target.* Subject to negotiation, we may impose an annual minimum sales target upon certain distributors. Failure to meet such target gives us the right to terminate our relationship with such distributor.
- *Payment.* Depending on distributors' demand and their credit history with us, we may require our distributors to make payment before the delivery of our products. For certain distributors with stable business relationships with us, we may provide short-term payment period.
- *Logistics.* We deliver our products according to the time and method specified in the purchase order, or as separately notified by our distributors.
- *Limitations on return or exchange.* We typically do not accept return or exchange of products from our distributors. We generally allow product return or exchange within certain days after delivery under limited circumstances such as quality defects or damages during transportation.
- *Termination.* We are entitled to terminate the distribution agreements if our distributors breach the distribution agreements.

During the Track Record Period, we did not experience material breach of distribution agreements that had a significant impact on our business. During the same period, we did not have any material disputes with or any material return or exchange of products from our distributors that had a significant impact on our business. In 2021, 2022, 2023 and the six months ended June 30, 2024, the amount of returned products from our distributors was RMB0.7 million, RMB0.2 million, RMB0.8 million and nil, respectively, accounting for 0.4%, 0.1%, 0.3% and nil of the total revenue generated from our distributors in the same years/period, respectively.

During the Track Record Period, we had one distributor whose shareholder, director and supervisor were our former employees. In 2021, 2022, 2023 and the six months ended June 30, 2024, the revenue generated from such distributor was RMB0.5 million, RMB0.2 million, RMB23.0 thousand and RMB6.6 thousand, respectively. Except for this, our Directors confirm that, to their best knowledge having made reasonable enquiries, they are not aware of any other past or present relationships (including business, employment, family, trust and financing) between our Group and our distributors, their respective substantial shareholders, directors, supervisors or senior management, or any of their respective close associates during the Track Record Period.

MARKETING

We seek to explore the use cases of our cobot products through maintaining and building relationships with our existing or new customers. To achieve this, we adopt multi-faceted marketing initiatives, including industry exhibitions, digital marketing, content marketing, search engine marketing and advertising campaigns, among others. Part of our marketing strategies is to demonstrate the capabilities of our products and share our experience and knowledge of our products with our customers, so we engage with our community through a wide variety of content, with the goal of creating interactive exchanges with our customers and promoting and sharing the information of our products. We also upload videos that demonstrate the use cases of our cobot products for viewing on our official website. In 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, our selling and distribution expenses were RMB63.6 million, RMB89.3 million, RMB127.4 million, RMB56.6 million and RMB62.5 million, respectively, representing 36.5%, 37.0%, 44.4%, 51.5% and 51.9% of our revenue for the same years/periods, respectively.

The following table sets forth the details of our marketing activities.

Types	Details
Social media	Interacting with our customers through multiple types of social media platforms, we aim to enhance our brand awareness among our existing and potential customers. As of the Latest Practicable Date, we had established our presence on LinkedIn, Facebook, YouTube, WeChat Channels (微信視頻號), Douyin and WeChat Official Accounts (微信公眾號), among others. We illustrate the advancement of our products on these platforms and collect user feedback to further enhance our customer experience and engagement.
Industry exhibitions	We have been actively participating in various industry exhibitions, including China International Industrial Fair (中國國際工業博覽會), China Educational Equipment Exhibition (中國教育裝備展示會), the Hannover Messe (漢諾威工業博覽會), Automate Show (美國工業自動化及機器人展覽會), and Robot Technology Japan (日本機器人技術展會), among others. Participating in these exhibitions provides us with the opportunity to showcase our products to customers around the world and communicate with potential customers.

Types	Details
Sponsorships	We actively promote our cobot products and reinforce our position as an established provider in the industry through our support of relevant competition events. For example, we sponsored the DOBOT Intelligent Manufacturing Challenge of World Robot Olympiad (世界機器人大賽DOBOT智造大挑戰賽項) for over five years and China's second Vocational Skills Competition (中國第二屆職業技能大賽) in 2023.
National events	We have participated in various national events which allows us to benefit from word-of-mouth marketing and minimizes our sales and marketing costs. For example, in 2021, we participated in the recording of the First Lesson of School (開學第一課) by the Ministry of Education of China and China Central Television, showcasing the advancement of our Magician Lite and CR Series products. In 2023, we held seminars in connection with intelligent manufacturing by cobots in major cities in China, and as a supporting unit, we participated in the National University Robot+ Construction Forum (全國高校機器人+專業建設論壇).

CUSTOMERS

We are a China-based cobot company with overseas footprint. Over the years, we have forged relationships with international companies across different industries. We value compatibility and the impact brought by our partnerships to the world, amid the global phenomenon of automation in manufacturing. To this end, we analyze customer dynamics and market trends in key sectors to seek more opportunities across industries, which allows us to enlarge the use cases of our cobot products and customer base.

Over the years, we have built up a broad and geographically diversified customer base in China and globally, spreading across over 80 countries and regions. In 2021, 2022, 2023 and the six months ended June 30, 2024, our revenue from the five largest customers in each year/period during the Track Record Period in total was RMB49.6 million, RMB50.7 million, RMB36.7 million and RMB24.9 million, respectively, accounting for 28.5%, 21.0%, 12.8% and 20.7% of our total revenue, respectively. In the same years/period, our revenue from the single largest customer in each year/period during the Track Record Period was RMB22.0 million, RMB21.1 million, RMB10.2 million and RMB9.4 million, accounting for 12.6%, 8.8%, 3.5% and 7.8% of our total revenue, respectively.

The following tables set forth the details of the five largest customers in each year/period during the Track Record Period.

Customers	Type of customer	Background
For the year ended December 31, 2021		
Customer A	Distributor	A cloud service provider in China, providing a variety of cloud services including cloud computing, cloud storage, big data and artificial intelligence, among others
Customer B	Distributor	An exam technology and education solution provider in Russia, providing exam management systems and educational technology services
Customer C	Distributor	A technology company in Japan that provides technical consulting, training and development services
Customer D	Distributor	A German company providing high-performance robotic systems and automation solutions
Customer E	Distributor	An educational technology company in China that improves the quality of education through technological innovation and provides online education platforms and solutions

Customers	Type of customer	Background
For the year ended December 31, 2022		
Customer B	Distributor	An exam technology and education solution provider in Russia, providing exam management systems and educational technology services
Customer F	Direct sales customer	An electronic manufacturing services company in China specializing in the production of electronic components and assembly services
Customer C	Distributor	A technology company in Japan that provides technical consulting, training and development services
Customer G	Distributor	A Brazilian company focused on the manufacture and sale of test and measurement equipment serving the industrial and educational markets
Customer H	Distributor	An information technology company in China that provides software development, information systems integration, and technology consulting services

Customers	Type of customer	Background
For the year ended December 31, 2023		
Customer B	Distributor	An exam technology and education solution provider in Russia, providing exam management systems and educational technology services
Customer C	Distributor	A technology company in Japan that provides technical consulting, training and development services
Customer I	Direct sale customer	A Japanese company focused on the research and development of aviation and space technology
Customer J	Distributor	An education solution provider in Japan, specializing in organizing large-scale robot competitions and relevant textbook compilation
Customer K	Direct sales customer	A provincial public university in Xi'an, Shaanxi, China

Customers	Type of customer	Background
For the six months ended June 30, 2024		
Customer B	Distributor	An exam technology and education solution provider in Russia, providing exam management systems and educational technology services
Customer L	Direct sales customer	An Indian company focusing on industrial automation solutions, which provides customized automation systems, robotics, and Industrial Internet of Things solutions
Customer C	Distributor	A technology company in Japan that provides technical consulting, training and development services
Customer M	Distributor	An industrial cobot integrator in the United States
Customer N	Distributor	A Chinese company that provides cybersecurity and information technology solutions, covering multiple fields such as enterprise-level cybersecurity management, data protection and cybersecurity consulting services

In 2021, 2022, 2023 and the six months ended June 30, 2024, our revenue from the five largest direct sales customers in each year/period during the Track Record Period in total was RMB15.0 million, RMB20.9 million, RMB23.4 million and RMB12.1 million, respectively, accounting for 8.6%, 8.7%, 8.1% and 10.0% of our total revenue, respectively. In the same years/period, our revenue from the five largest distributors in each year/period during the Track Record Period was RMB49.6 million, RMB46.5 million, RMB33.9 million and RMB22.0 million, respectively, accounting for 28.5%, 19.3%, 11.8% and 18.3% of our total revenue, respectively.

The single largest customer in 2022 and 2023 was Customer B, one of our distributors and an exam technology and education solution provider in Russia. The decrease in revenue from such customer in 2022 to that of 2023 was primarily due to their higher level of procurement in 2022 to meet the increase in their downstream demand driven by the local government spendings in relevant fields in 2022.

To the best of our knowledge, all of our five largest customers in each year/period during the Track Record Period were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, Supervisors, their associates or any of our Shareholders (who or which to the knowledge of the Directors or Supervisors owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year/period during the Track Record Period.

SUPPLIERS

Our suppliers primarily consist of (1) providers of raw materials and components for the production of our cobot products and accessories, and (2) manufacturing partners for the production of our cobot products. We select leading suppliers in the relevant sectors in order to ensure the availability and quality of such raw materials, components and services. Our procurement process is under periodic review for higher efficiency and cost control purpose without jeopardizing the quality of deliverables.

Providers for Raw Materials and Components

The key raw materials and components for the production of our cobot products primarily include chips, PCB, motor body, gear reducers and sensors. 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 typically obtain quotations from at least three suppliers, in order to ensure supply stability and optimal procurement cost control, whereas we may source those components which we believe substitute suppliers can be easily identified.

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 the production of our cobot products. See "—Production." We typically select manufacturing partners based on prices, contract performance, delivery ability and quality of services. We maintain good relationships with our manufacturing partners through frequent and open 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 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, the outsourced production costs was RMB6.1 million, RMB2.1 million, RMB1.2 million, RMB0.4 million and RMB0.4 million, respectively, accounting for 7.1%, 1.5%, 0.7%, 0.5% and 0.6% of our total cost of sales in the same years/periods, respectively.

Major Suppliers

The purchases from our top five suppliers in each year/period during the Track Record Period were RMB52.8 million, RMB75.0 million, RMB60.1 million and RMB27.1 million, respectively, representing 61.2%, 52.5%, 37.1% and 40.1% of our total cost of sales in the same years/period, respectively. The purchases from our largest supplier in each year/period during the Track Record Period were RMB28.6 million, RMB34.8 million, RMB22.2 million and RMB10.7 million, respectively, representing 33.2%, 24.4%, 13.7% and 15.8% of our total cost of sales in the same years/period, respectively. The following tables set forth the details of our top five suppliers in each year/period during the Track Record Period.

Supplier	Purchase amount	Percentage of total cost of sales	Year of commencement of business relationship	Credit period	Payment method	Principal business activities	Type of supplier	Location
	(RMB in thousands)	(%)						
For the year ended December 31, 2021								
Supplier A . .	28,604	33.2	2018	30 days	Bank transfer	Sales of power supplies, magnetic components, special transformers and other products as well as original design manufacturer services	Finished product processing	Shenzhen, Guangdong Province
Supplier B . .	11,097	12.9	2017	N/A	Bank transfer	Sales of mechanical and electrical equipment and products	Reducers	Shenzhen, Guangdong Province
Supplier C . .	5,385	6.2	2020	30 days	Bank transfer	Hardware product manufacturing and mold manufacturing	Machine parts	Dongguan, Guangdong Province
Supplier D . .	4,221	4.9	2017	60 days	Bank transfer	Sales of motors, motor accessories and motor drivers	Motors	Changzhou, Jiangsu Province
Supplier E . .	3,484	4.0	2018	30 days	Bank transfer	Motor manufacturing, motor and control system research and development, and industrial robot manufacturing	Motors	Hangzhou, Zhejiang Province
Total	**52,791**	**61.2**						

Supplier	Purchase amount	Percentage of total cost of sales	Year of commencement of business relationship	Credit period	Payment method	Principal business activities	Type of supplier	Location
	(RMB in thousands)	(%)						
For the year ended December 31, 2022								
Supplier F . .	34,845	24.4	2021	30 days	Bank transfer	Sales of precision harmonic reducers	Reducers	Suzhou, Jiangsu Province
Supplier C . .	13,313	9.3	2020	30 days	Bank transfer	Hardware product manufacturing and mold manufacturing	Machine parts	Dongguan, Guangdong Province
Supplier E . .	10,377	7.3	2018	30 days	Bank transfer	Sales of servo motors	Motors	Hangzhou, Zhejiang Province
Supplier D . .	9,367	6.6	2017	60 days	Bank transfer	Sales of motors, motor accessories and motor drivers	Motors	Changzhou, Jiangsu Province
Supplier B . .	7,059	4.9	2017	N/A	Bank transfer	Sales of mechanical and electrical equipment and products	Reducers	Shenzhen, Guangdong Province
Total	**74,961**	**52.5**						

Supplier	Purchase amount	Percentage of total cost of sales	Year of commencement of business relationship	Credit period	Payment method	Principal business activities	Type of supplier	Location
	(RMB in thousands)	(%)						
For the year ended December 31, 2023								
Supplier F . .	22,170	13.7	2021	30 days	Bank transfer	Sales of precision harmonic reducers	Reducers	Suzhou, Jiangsu Province
Supplier C . .	14,962	9.2	2020	30 days	Bank transfer	Hardware product manufacturing and mold manufacturing	Machine parts	Dongguan, Guangdong Province
Supplier G . .	10,159	6.3	2023	N/A	Bank transfer	Sales of industrial automation equipment, mechatronics equipment and electrical equipment	Vocational training platforms	Tianjin
Supplier H . .	6,562	4.1	2019	30 days	Bank transfer	Sales of precision hardware and tooling fixtures	Machine parts	Shenzhen, Guangdong Province
Supplier D . .	6,292	3.9	2017	60 days	Bank transfer	Sales of motors, motor accessories and motor drivers	Motors	Changzhou, Jiangsu Province
Total	**60,145**	**37.1**						

Supplier	Purchase amount	Percentage of total cost of sales	Year of commencement of business relationship	Credit period	Payment method	Principal business activities	Type of supplier	Location
	(RMB in thousands)	(%)						
For the six months ended June 30, 2024								
Supplier F . . .	10,683	15.8	2021	30 days	Bank transfer	Sales of precision harmonic reducers	Reducers	Suzhou, Jiangsu Province
Supplier C . . .	6,698	9.9	2020	30 days	Bank transfer	Hardware product manufacturing and mold manufacturing	Machine parts	Dongguan, Guangdong Province
Supplier H . . .	4,381	6.5	2019	30 days	Bank transfer	Sales of precision hardware and tooling fixtures	Machine parts	Shenzhen, Guangdong Province
Supplier I . . .	2,781	4.1	2017	60 days	Bank transfer	Sales of motors, motor accessories and motor drivers	Motors	Changzhou, Jiangsu Province
Supplier J . . .	2,597	3.8	2022	30 days	Bank transfer	Sales of harmonic reducers, electric actuators and robot joint modules	Reducers	Shenzhen, Guangdong Province
Total	**27,140**	**40.1**						

Our Directors confirm that we had not experienced any significant material fluctuation in prices set by our suppliers, material breach of contract on the part of our suppliers or delay in delivery of our orders from our suppliers during the Track Record Period. As of the Latest Practicable Date, none of our Directors, Supervisors, their associates or any of our Shareholders (who or which to the knowledge of the Directors or Supervisors owned more than 5% of our issued share capital) had any interest in any of our top five suppliers in each year/period during the Track Record Period.

We place purchase orders with our suppliers on case-by-case basis. Set forth below is a summary of our standard terms of purchase order for raw materials and components.

- *Payment*. The purchase orders set out specific payment terms depending on the type of materials and/or components to be procured.

- *Delivery*. The supplier is generally responsible for delivering the raw materials and/or components to our designated locations.

- *Quality assurance*. We require the raw materials and/or components to satisfy our quality standard. The supplier is responsible for returns and/or exchanges in the event of any defects.

OVERLAPPING OF MAJOR CUSTOMERS AND SUPPLIERS

In 2021, one of our top five customers was also our supplier for textbooks and curriculum for STEAM education sold together with our Magician Series cobots. Negotiations of the terms of our sales to and purchases from this overlapping customer/supplier 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 this overlapping customer/supplier were conducted in the ordinary course of business under normal commercial terms and in arm's length transactions. In 2021, the revenue from this overlapping customer/supplier was RMB4.8 million, accounting for approximately 2.8% of our total revenue in the same year; the gross profit generated from this overlapping customer/supplier was RMB3.6 million, accounting for approximately 4.1% of our total gross profit in the same year; the gross profit margin of our sales to this overlapping customer/supplier was 74.1% in the same year. In 2021, the purchase amount from this overlapping customer/supplier was RMB0.2 million, accounting for approximately 0.2% of our total cost of sales in the same year.

In 2023, two of our top five suppliers for reducers or auxiliary equipment were also our customers for cobot products for their production lines. Negotiations of the terms of our sales to and purchases from these overlapping customers and suppliers were conducted on an individual basis and the sales and purchases were neither inter-connected nor inter-conditional with each other. In 2023, the purchase amount attributable to these overlapping customers/suppliers was RMB32.3 million, accounting for approximately 20.0% of our total cost of sales in the same year. In 2023, the revenue from these overlapping customers/suppliers was RMB1.4 million, accounting for approximately 0.5% of our total revenue in the same year; the gross profit generated from these overlapping customers/suppliers was RMB0.6 million, accounting for approximately 0.5% of our total gross profit in the same year; the gross profit margin of our sales to these overlapping customers/suppliers was 46.3% in the same year.

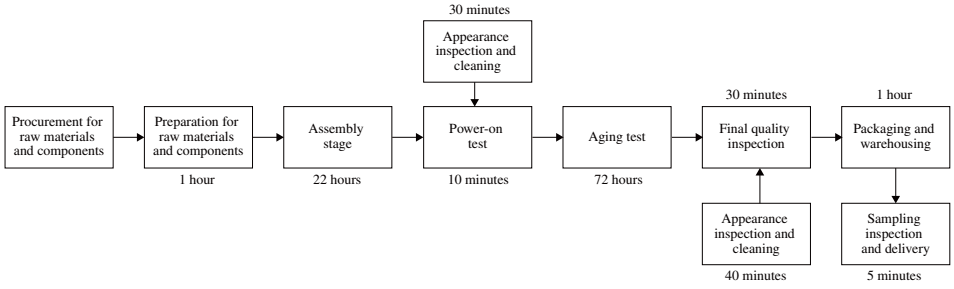
PRODUCTION

During the Track Record Period, we manufactured and produced our cobot products through (1) our two production facilities in Rizhao and Qingdao, Shandong Province and (2) our manufacturing partners. Prior to the establishment of our first production facility in Rizhao, Shandong Province in 2022, we had engaged manufacturing partners for the production of all of our cobot products. Since 2022, we had gradually transferred from contract manufacturing to self-production. In 2023, we established our second production facility in Qingdao, Shandong Province. As of the Latest Practicable Date, we continued to outsource printed circuit board assembly and the production of our MG400 products to our manufacturing partners, while the remainder of the production process were primarily completed by our own production facilities.

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 facilities. 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.

Our Production Processes

The following diagram illustrates the principal steps of the production process generally applicable to our cobot products. The production time in the following diagram represents our estimation of time required for each production step.



- *Assembly stage.* We generally start the production process of our cobot products by first assembling the essential cobot components to form the core body of the product. Depending on the type of product being produced and the functionalities required, the core body is further imported with various parameters.

- *Testing stage.* After we assemble all of the required components for our cobot product, an overall completeness check is performed to ensure that all components have been properly assembled, and necessary software checks are also carried out at this stage. An overall functionality test is then conducted to test whether the product could perform all of its intended functions properly. The next step is posture correction, where we perform more specific tests and carry out necessary adjustments to ensure the accuracy of the physical postures and movements of the product.

- *Packaging stage.* The finished cobot products are packaged and transported to the warehouses for final delivery.

Our Production Facilities

As of the Latest Practicable Date, we had two production facilities in Rizhao and Qingdao, Shandong Province. The following table sets forth the details of our two production facilities.

Location	Approximate gross floor area	Main functions
	(square meters)	
Rizhao, Shandong	34,104.6	Standard production for all models except for MG400 products
Qingdao, Shandong	21,664.0	Production for integrated cobot products

The following tables sets forth the details of the production capacities and utilization rates of our production facilities during the Track Record Period.

Production base	Production line	Production capacity of finished products[1]				Production volume of finished products				Utilization rate[2]			
		2021	2022	2023	First half of 2024	2021	2022	2023	First half of 2024	2021	2022	2023	First half of 2024
		(units)				(units)				(%)			
Rizhao, Shandong	Four-axis cobots	—	23,951	24,936	10,422	—	7,871	9,438	4,583	—	32.9	37.8	44.0
	Six-axis cobots	—	4,472	4,832	2,384	—	2,619	2,963	1,688	—	58.6	61.3	70.8
Qingdao, Shandong	Integrated cobots	—	—	1,190	1,094	—	—	406	479	—	—	34.1	43.8

(1) Production capacity is calculated based on the actual operating days of each production line in each year/period during the Track Record Period, operating at eight hours per day.

(2) Utilization rate is calculated by dividing the production volume of a given year/period by the production capacity of the same year/period.

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. Finished products that have passed quality inspections are delivered by the logistics service providers from our manufacturing partners or our own production facilities directly to our customers or to our designated warehouses and ultimately to locations specified by our customers.

Our inventories include raw materials, work-in-process, finished goods and goods in transit. As of December 31, 2021, 2022 and 2023 and June 30, 2024, our inventories were RMB70.9 million, RMB131.8 million, RMB141.5 million and RMB155.3 million, respectively. See "Financial Information—Discussion of Certain Balance Sheet Items—Inventories." We have a strict inventory control policy to monitor our inventory levels in order to minimize obsolete inventory. Through close coordination with our customers and our manufacturing partners, we are able to carry less raw materials and in-process inventories and lower our inventory risk.

In order to prevent future occurrences of significant write-down of inventories, we have implemented the following inventory management measures:

- conduct more detailed sales forecasts taking into consideration of factors such as sales strategy, historical sales data, industry changes, inventory levels of finished goods, and supply chain risks;

- conduct regular checks and reviews on the performance of distributors and provide supports to underperformed distributors;

- strengthen the reviewing process of the key terms in relation to our agreements with customers and distributors to mitigate inventory risks which may arise from such agreements; and

- communicate more frequently with customers and distributors to obtain a better understanding of market demand.

QUALITY CONTROL

We are committed to maintaining high level of quality and safety for our products. We have designed and implemented stringent monitoring and quality control systems to manage our manufacturing activities. Our quality control system compasses all aspects of our operations, including product design and development, sourcing and procuring of raw material, parts and components, production, packaging, inventory storage, delivery and after-sales services. Our products comply with the safety standards and quality requirements of various countries and regions. We have also adopted the appropriate quality control system and engaged independent product testing and certification organizations to test and certify our products on the relevant standards of each target market. As a result of our adherence to quality control procedures, we did not experience any material sales returns or any material product liability or major legal claims due to product safety and quality control issues, and we did not recall any products during the Track Record Period and up to the Latest Practicable Date. We typically provide 12 to 36 months warranties as stated in our contracts with our customers. Our warranty term is usually limited to 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.

As of December 31, 2021, 2022 and 2023 and June 30, 2024, our provision for product warranties was RMB3.5 million, RMB6.6 million, RMB6.1 million and RMB5.0 million, respectively. Our product quality engineers work with our engineering team to ensure that the product designs meet functional specifications and durability requirements of the relevant industry standards and our customer requirements. At the procurement stage, we select reliable suppliers and enter into quality control agreements with them, allowing us to seek remedies, such as damages and rectification if supplies fall below our quality standards. We conduct thorough test and examination of product samples to make sure they satisfy all the technical requirements set forth in our design. Our main component suppliers provide manufacturer warranties for a period ranging from one to two years. Our quality control team continually monitors the quality of incoming components and materials, finished products, and the assembling processes at our production facilities.

Before entering into business partnerships with our manufacturing partners, we review their licenses, certifications and other credentials and examine their technological expertise. We also conduct site visits to our manufacturing partners from time to time to examine their product quality and manufacturing capacity.

EMPLOYEES

As of the Latest Practicable Date, we had 548 employees. Most of our employees are based in China, primarily located at our headquarters in Shenzhen. The following table sets forth a breakdown of our employees by function as of the Latest Practicable Date.

	Number of employees
Research and development	139
Sales and marketing	191
Production and procurement	153
General administration and management	65
Total	**548**

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 campus recruitment, online recruitment, internal referrals, and third-party recruiters, to select the best-fit personnel for the corresponding positions in response to our various talent demands. We invest in continuing training programs, including regular and tailor-made internal and external training, for our employees to improve their professional knowledge and management skills, upgrade their skill sets, and keep abreast of the industry standards in their respective positions. Pre-employment induction training and orientation is provided to all new hiring. We also organize activities to provide our employees with a deeper understanding of our culture. 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.

We are required by PRC social insurance and housing provident fund laws and regulations to make contributions for mandatory social insurance and housing provident funds for our employees. During the Track Record Period, we did not make adequate contributions to the social insurance and housing provident funds with respect to certain of our employees as required by the relevant PRC laws and regulations. Furthermore, during the Track Record Period, instead of making the contributions to the social insurance and housing provident funds on our own for certain employees, we engaged third-party agencies to make such contributions, which was not in strict compliance with applicable PRC laws and regulations. See "Risk Factors—Risks Relating to Our General Operations and Industry—We may be required to make additional contributions of social insurance fund and/or housing provident fund and late payments and fines under PRC laws and regulations."

We did not make full contributions to the social insurance and housing provident fund for the relevant employees primarily because (1) the applicable PRC laws and regulations governing social insurance and housing provident funds are intricate and vary by region, which added complexity to our compliance efforts, and (2) many of our employees were not willing to bear the costs associated with social insurance and housing provident funds. Our Directors believe that the incident described above would not have a material adverse effect on our business and results of operations, considering that (1) we have obtained written confirmations issued by certain relevant local social insurance and housing provident funds authorities that no administrative penalty was imposed on us during the Track Record Period; (2) as of the Latest Practicable Date, we had not received any notification from the relevant PRC regulatory authorities requiring us to pay material shortfalls with respect to social insurance and housing provident funds; (3) we were not aware of any employee complaints nor were involved in any labor disputes with our employees with respect to social insurance and housing provident funds; and (4) we undertake to make full contributions or to pay the shortfall within a prescribed time period if and when requested by the competent government authorities. In addition, pursuant to the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilizing the Levy of Social Insurance Payment (關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知) promulgated on September 21, 2018 by the Ministry of Human Resources and Social Security, administrative enforcement authorities are prohibited from organizing and conducting centralized collection of enterprises' historical social insurance arrears. Furthermore, as advised by our PRC Legal Advisor, the risk is remote that relevant local social insurance and housing provident funds authorities will impose administrative penalty on us, and such that the incident described above would not have a material adverse effect on our business and results of operations. Based on the foregoing, we did not make provision for the shortfall in social insurance and housing provident fund contribution.

To monitor our compliance with relevant laws and regulations in respect of social insurance and housing provident fund contributions, we have taken the following internal control measures:

- we have designated our human resources department to review and monitor the reporting and contributions of social insurance and housing provident funds on a monthly basis;

- we are in the process of communicating and will continue to communicate with our employees with a view to seeking their understanding and cooperation in complying with the applicable payment base for the social insurance and housing provident funds, which also requires additional contributions from our employees. We also undertake to gradually increase the applicable payment base for the social insurance and housing provident funds for our employees within the next available time period in each year as indicated by the competent government authorities; and

- we will consult our PRC legal advisors on a regular basis for advice on relevant PRC laws and regulations to keep us abreast of relevant PRC laws and regulatory developments, including but not limited to PRC laws and regulations in relation to social insurance and housing provident funds, and will provide relevant employees with legal compliance trainings relating to the same.

We have maintained a good relationship and expect to maintain an amicable relationship in the future with our employees. During the Track Record Period and up to the Latest Practicable Date, there were no material strikes which had an adverse impact on our operations and no material disputes between the Group and our employees.

INSURANCE

We believe we have adequate insurance coverage in connection with our business operations by putting in place all the mandatory insurance policies required by PRC laws and regulations, such as product liability insurance. As required by PRC laws and regulations, our employee-related insurance includes pension insurance, maternity insurance, unemployment insurance, work-related injury insurance and medical insurance. During the Track Record Period, we did not make any material insurance claim in relation to our business.

PROPERTIES

As of the Latest Practicable Date, all of our production facilities were located in China.

According to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which require a valuation report with respect to all the Group's interests in land or buildings, for the reason that, as of June 30, 2024, we had no single property with a carrying amount of 15% or more of our total assets.

Owned Properties

As of the Latest Practicable Date, we owned five properties with an aggregate gross floor area of approximately 55,768.7 square meters in China. We have obtained title certificates for such five properties.

Leased Properties

As of the Latest Practicable Date, we leased 19 properties from third parties relating to our business operations in total with an aggregate gross floor area of approximately 31,217.4 square meters in China, which had been used mainly as production base, office and staff dormitory. As of the same date, there were defects in some of our leased properties in China. See "Risk Factors—Risks Relating to Our General Operations and Industry—We lease properties in various place as premises primarily for our office spaces. Any non-renewal of leases, substantial increase in rent, or any third-party or government challenge to our leasehold interest may affect our business and financial performance."

As of the Latest Practicable Date, we also leased four properties in the United States, Germany and Japan, which had been used mainly as office and warehouse. In particular, as of the same date, we leased one property with an aggregate gross floor area of approximately 262.1 square meters in the United States, one property with an aggregate gross floor area of approximately 667.2 square meters in Germany, and two properties with an aggregate gross floor area of approximately 267.0 square meters in Japan. In addition, we have entered into an agreement with a third party storage service provider in Germany which offers a shared warehouse that provides us with storage space on demand.

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. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant authorities in China that are material to the operation of our existing business.

The following table sets out a list of material licenses, permits and approval held by us as of the Latest Practicable Date.

License/permit	Entity holding the license/permit	Grant date	Expiration date
Registration Certificate of Customs Declaration Entity (中國海關報關單位註冊登記證書)	Our Company	December 2015	N/A
	Shenzhen Qimo Technology Co., Ltd. (深圳市齊墨科技有限公司)	November 2018	N/A
High-tech Enterprise Certificate (高新技術企業證書)	Our Company	December 2023	December 2026

AWARDS AND RECOGNITIONS

During the Track Record Period and 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 Specialty and New Little Giant Enterprise (國家級專精特新小巨人企業)	Ministry of Industry and Information Technology of China	2021
National Intellectual Property Advantage Enterprise (國家知識產權優勢企業)	China National Intellectual Property Administration	2022
China Patent Excellence Award (中國專利優秀獎)	China National Intellectual Property Administration	2023
High-tech Enterprise (高新技術企業)	Shenzhen Science and Technology Innovation Committee (深圳市科技創新委員會), Shenzhen Municipal Finance Bureau (深圳市財務局) and State Administration of Taxation Shenzhen Municipal Taxation Bureau (國家税務總局深圳市税務局)	2017, 2020 and 2023
Engineering Research Center Pilot Base of Ministry of Education for Intelligent Unmanned Systems (智能無人系統教育部工程研究中心中試基地)	Ministry of Education of China	2019
Industrial Robot Technology and Skills Talents Training Base (工業機器人技術技能人才培養培訓基地)	Education and Examination Center of the Ministry of Industry and Information Technology of China	2019
Guangdong Robot Intelligent Interaction and Control Engineering Technology Research Center (廣東省機器人智能交互與控制工程技術研究中心)	Guangdong Provincial Department of Science and Technology	2020
Guangdong Industrial Design Center (廣東省工業設計中心)	Guangdong Provincial Department of Industry and Information Technology	2019

Awards and Recognition	Awarding Parties	Year of Award
Guangdong Province Patent Excellence Award (廣東專利獎優秀獎)	Guangdong Patent Award Review Committee Office (廣東專利獎評審委員會辦公室)	2022
Guangdong Province Patent Silver Award (廣東專利獎銀獎)	Guangdong Patent Award Review Committee Office (廣東專利獎評審委員會辦公室)	2023
Shenzhen Cobot Safety and Intelligent Control Engineering Research Center (深圳市協作機器人安全與智慧控制工程研究中心)	Shenzhen Municipal Development and Reform Commission	2022
Shenzhen Patent Award (深圳市專利獎)	The People's Government of Shenzhen City	2021
Shenzhen Intellectual Property Advantage Enterprise (深圳市知識產權優勢單位)	Shenzhen Intellectual Property Administration	2022
German Red Dot Design Award	The Design Center North Rhine-Westphalia	2018
iF Design Award	iF International Forum Design GmbH	2018

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time become 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 our Company 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 our Company 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 various regulatory requirements and guidelines issued by regulatory authorities in China. During the Track Record Period and as of the Latest Practicable Date, we did not commit any material non-compliance of the laws and regulations, and we did not experience any material non-compliance incident, which taken as a whole, in the opinion of our Directors, is likely to have a material and adverse effect on our business, results of operations or financial condition. 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 laws and regulations in all material respects in China.

RISK MANAGEMENT AND INTERNAL CONTROL

Our Board is responsible for the overall effectiveness of our risk management and establishing our internal control system and reviewing its effectiveness. We have established and we maintain risk management and internal control systems consisting of policies and procedures that are appropriate for our business operations, and we are dedicated to continuously improving and implementing these systems to ensure our policies and implementation are effective and sufficient.

In preparation for the [**REDACTED**], we have engaged an independent third-party consultant (the "Internal Control Consultant") to perform a review over selected areas of our internal controls over financial reporting in May 2024 (the "Internal Control Review"). The scope of the Internal Control Review performed by the Internal Control Consultant was agreed between us and the Internal Control Consultant. The selected areas of our internal controls over financial reporting that were reviewed by the Internal Control Consultant included entity-level controls and business process level controls, including (1) sales, accounts receivable and collection, (2) procurement, accounts payable and payment, (3) inventory management, (4) production and costing, (5) research and development, (6) human resource and payroll, (7) fixed assets and construction management, (8) cash and treasury management, (9) insurance, (10) financial reporting and disclosure controls, (11) taxes, (12) intangible assets and intellectual properties, (13) IT general controls, and (14) contract management.

The Internal Control Consultant performed the follow-up reviews in June 2024 to review the status of the management actions taken by us to address the findings of the Internal Control Review (the "Follow-up Review"). The Internal Control Consultant did not have any further recommendation in the Follow-up Review. The Internal Control Review and the Follow-up Review were conducted based on information provided by our Group and no assurance or opinion on internal controls was expressed by the Internal Control Consultant.

Having considered the report prepared by our Internal Control Consultant, the 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.

DATA SECURITY AND PRIVACY

During the use of our cobot products (including those empowered by our AI technologies), we do not collect any personal data and information of users. During our provision of cobot products, with the prior consent of our customers and distributors, we collect and maintain their delivery and contact information to the extent necessary and in accordance with the relevant laws and regulations on data privacy and security in China. We have taken measures to maintain the confidentiality of such information to ensure regulatory compliance. Specifically, we perform de-identification on raw data stored, during which we redact personal identifiable data, such as name and phone number of a specific customer or distributor. Since the collection, storage, usage, retention and transmission of information that can be identified as specific individuals or reflect the relevant activities of specific individuals are all subject to relevant data protection laws and regulations, the de-identification of raw data is necessary for us to efficiently protect personal data of our customers and distributors. We also set up an access control system for personal information in our internal system so that it cannot be viewed without proper authorization or exported in bulk. We set up firewalls to prevent information loss or leakage caused by cyber-attacks. In addition, we from time to time examine the security of our data storage system. We

strictly restrict the range of data that our employees are authorized to access based on their title and function. We have entered into confidentiality agreements with our employees to prevent improper use or disclosure of information.

In addition, we continue to pay close attention to the legislative and regulatory developments in cybersecurity and data protection and conduct routine cybersecurity and data protection compliance check and rectification to keep pace with regulatory development. In particular, we have established a comprehensive set of internal cybersecurity and data protection rules and policies. We have also formulated the overarching data security management policy, user personal information protection management policy and network security management policy, which provide the principal management rules on cybersecurity and data protection.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material data leakage or data loss, nor did we experience any material unauthorized use of customers' or distributors' personal information.

Regulation on Cybersecurity Review and Data Security

On December 28, 2021, the Cyberspace Administration of China (the "CAC") and several other PRC authorities jointly issued the Cybersecurity Review Measures (網絡安全審查辦法), which became effective on February 15, 2022. The Cybersecurity Review Measures provides that a critical information infrastructure operator purchasing network products and services, and platform operators carrying out data processing activities that affect or may affect national security, must apply for cybersecurity review. The Cybersecurity Review Measures also provide that a platform operator with more than one million users' personal information aiming to list abroad must apply for cybersecurity review. According to the Regulations on the Administration of Network Data Security (網絡數據安全管理條例) promulgated by the State Council of the People's Republic of China on September 24, 2024 and to be implemented on January 1, 2025, network data processors carrying out network data processing activities that affect or may affect national security shall conduct national security reviews in accordance with relevant state regulations.

Our Directors and our PRC Legal Advisor are of the view that the Cybersecurity Review Measures, if implemented in current form, are not applicable to our Group and will not have material adverse impact on our business operations or the proposed [**REDACTED**], as the relevant PRC authorities are unlikely to identify us as a critical information infrastructure operator based on the following reasons:

(1) as of the Latest Practicable Date, we had not received any notice or determination from relevant PRC authorities identifying us as a critical information infrastructure operator;

(2) our business does not and will not involve the operation of critical information infrastructure as defined under the Security Protection Regulations for Critical Information Infrastructure (關鍵信息基礎設施安全保護條例), which, in case of destruction, loss of function or leak of data, may result in serious damage to the national security, the national economy and the people's livelihood and public interests;

(3) as of the Latest Practicable Date, we had not encountered any incident of data or personal information leakage, violation of data protection and privacy laws and regulations, or investigation or other legal proceeding that may materially and adversely affect our business operation; and

(4) we have installed a well-established system to prevent such data and personal information leakage.

Having inspected the operation of our Group's sample products, their user manuals, and the business model of our Group, and were given to understand that our Group's products do not collect any user data or carry out any data processing activities, and having considered, among others, the view of the PRC Legal Advisor, and obtained the confirmation from the PRC legal advisor of the [**REDACTED**] in which they concurred with the view of the PRC Legal Advisor, nothing has come to the attention of the [**REDACTED**] which led them to have any concern on the above Directors' view.

RELEVANT ACTIVITIES IN RESPECT OF THE RELEVANT COUNTRIES WITH INTERNATIONAL SANCTIONS EXPOSURE

Through executive orders, passing of legislation or other governmental means, the Relevant Sanctions Authorities, including certain authorities of the U.N., the U.S., the E.U., the U.K., and Australia, have implemented measures that impose economic sanctions against the Relevant Countries or targeted industry sectors, groups of companies, persons or organizations from the Relevant Countries.

During the Track Record Period, we sold our products to customers located in Armenia, Azerbaijan, Bosnia and Herzegovina, Egypt, Iran, Hong Kong, Lebanon, Myanmar/Burma, Romania, Russia (excluding Crimea, Luhansk, Donetsk, Zaporizhzhia and Kherson regions), Serbia, Tunisia, Turkey, Ukraine (excluding Crimea, Luhansk, Donetsk, Zaporizhzhia and Kherson regions) and Venezuela. These Relevant Countries are subject to certain forms of International Sanctions programs administered by the Relevant Sanctions Authorities. In particular, Iran was subject to comprehensive sanctions during the Track Record Period, and since February 2022, Russia has been subject to expanding sanctions scope by the Relevant Sanctions Authorities. During the Track Record Period, we did not sell any products to the Crimea, Luhansk, Donetsk, Zaporizhzhia and Kherson regions, nor did we sell or procure our products to or from companies, persons or organizations while they are on the list of Sanctioned Targets administered by the Relevant Sanctions Authorities.

During the Track Record Period, some of our cobots sold to Russia (excluding Crimea, Luhansk, Donetsk, Zaporizhzhia and Kherson regions) were under the Relevant Custom Codes, such codes stand for (1) industrial robots, (2) parts of machines and mechanical appliances having individual functions, (3) machines for additive manufacturing by rubber or plastic deposit, and (4) parts of machines for additive manufacturing. As advised by our International Sanctions Legal Advisor, such cobots falling under the Relevant Custom Codes were prohibited from being exported to Russia under sanctions laws and regulations of the E.U. and the U.K. During the Track Record Period, we recorded an insignificant portion of revenue from the sales of cobots to Russia (excluding Crimea, Luhansk, Donetsk, Zaporizhzhia and Kherson regions) which falls under the Relevant Custom Codes, such as our CR series (*industrial robots*), MG400 (*industrial robots*), integrated cobots for printing (*machines for additive manufacturing by rubber or plastic deposit*), and the accessories (*parts of machines and mechanical appliances having individual functions*; *parts of machines for additive manufacturing*), being nil, RMB2.2 million, RMB1.6 million and RMB3.1 million in 2021, 2022, 2023 and the six months ended June 30, 2024, respectively, representing nil, 0.9%, 0.5% and 2.6% of our total revenue in the same periods, respectively. On the other hand, our remaining sales to Russia (excluding Crimea, Luhansk, Donetsk, Zaporizhzhia and Kherson regions) during the Track Record Period mostly consisted of Magician Series cobots and relevant accessories, which do not fall under the Relevant Custom Codes, and thus, as advised by our International Sanctions Legal Advisor, are not prohibited from being exported to Russia under sanctions laws and

regulations of the E.U. and the U.K. During the Track Record Period and up to the Latest Practicable Date, no cobots or products were sold to Crimea, Luhansk, Donetsk, Zaporizhzhia and Kherson regions, and since June 2024, our Group has ceased sales of all cobots to Russia falling under the Relevant Custom Codes.

As advised by our International Sanctions Legal Advisor, Russia (excluding Crimea, the Luhansk People's Republic, the Donetsk People's Republic, the Zaporizhia and Kherson regions) was not subject to a general and comprehensive export, import, financial or investment embargo under U.S. sanctions laws and regulations. However, since February 2022, Russia has been subject to sanctions measures under U.S. executive orders, among which, Executive Order 14024 expanded the authority of OFAC to designate and sanction persons or entities determined to "have materially assisted, sponsored, or provide financial, material, or technological support for, or goods or services to or in support of architecture, engineering, construction, manufacturing and transportation sectors of the Russian Federation economy." Such U.S. executive orders specified the restrictions for (1) transactions with or export to the designated persons or entities; (2) export of products, parts, commodities, software or technology from the U.S.; and (3) export of products and its applicable limits outside of U.S. involving U.S. origin components. During the Track Record Period, (1) the Group has not made any sales to any designated persons or entities under the relevant U.S. sanctions laws, regulations and executive orders, (2) the Group did not export, products, parts, commodities, software or technology from the U.S. under the relevant U.S. sanctions laws, regulations and executive orders, and (3) the sales of cobots to Russia (excluding Crimea, Luhansk, Donetsk, Zaporizhzhia and Kherson regions) falling under the Relevant Custom Codes did not involve U.S. origin components over the applicable limits under the relevant U.S. sanctions laws, regulations and executive orders, therefore, based on the abovementioned facts, the Group was advised by our International Sanctions Legal Advisor that the Group did not implicate violations of U.S. sanctions laws, regulations and executive orders.

During the Track Record Period, we generally include warranties and after-sales service obligation in our agreements with customers for products under the Relevant Custom Codes. As confirmed by our Directors that during the Track Record Period and up to the Latest Practicable Date, no request for exchange, replace, further deliver or refund under warranty or after-sales services was made by any of such customers. The relevant warranties and after-sales services obligation generally last for 12 to 15 months, and the last warranty and after-sales service obligation will expire in May 2025. As advised by our International Sanctions Legal Advisor, the Group should not exchange, replace, further deliver or refund any product under the Relevant Custom Codes, or perform any warranties and after-sales services obligation included in our Group's agreements with customers for products under the Relevant Custom Codes. Since June 2024, our Group has ceased sales of all cobots to Russia falling under the Relevant Custom Codes and provision of all such warranties and after-sales service in June 2024. As advised by our PRC Legal Advisor, the maximum legal exposure due to any potential claim from our customers as a result of cessation of warranties and after-sales services obligation that were still valid as of the Latest Practicable Date shall not exceed RMB3.2 million, being the total revenue generated from the relevant sales.

In June 2024, we have conducted an internal control review of our Group's business activities with respect to the compliance of the International Sanctions laws and regulations and enhanced our internal control measures with respect to sanctions and export control since June 2024.

International Sanctions Laws Analysis

Application of economic sanctions to our Relevant Activities

Our International Sanctions Legal Advisor has advised us that, based on the review to assess the sanctions risk, as well as the factors set out below, save as the sales of cobots to Russia (excluding Crimea, Luhansk, Donetsk, Zaporizhzhia and Kherson regions) falling under the Relevant Custom Codes by the relevant Group company which may constitute as Secondary Sanctionable Activities, (1) none of our Group nor any of our counterparties, including customers and suppliers, during the Track Record Period and up to the Latest Practicable Date was listed as a Sanctioned Target administered by the Relevant Sanctions Authorities; and (2) our Group's business dealings with our counterparties, including customers and suppliers, during the Track Record Period and up to the Latest Practicable Date did not constitute Primary Sanctioned Activities or Secondary Sanctionable Activities, as:

- our Company is incorporated in China, and except for a few non-principal subsidiaries incorporated in Hong Kong, the U.S., Germany and Japan, all of our subsidiaries were incorporated in China; thus, none of our group companies are located, incorporated, organized, or domiciled in the Relevant Countries;

- neither of our Company nor any of our subsidiaries was listed as a Sanctioned Target administered by the Relevant Sanctions Authorities;

- none of our shareholders is located in countries subject to comprehensive sanctions or was listed as a Sanctioned Target administered by the Relevant Sanctions Authorities;

- none of the Directors or senior management of our Company are nationals of the Relevant Jurisdictions;

- our Company is not owned 50% or more or controlled by nationals of the Relevant Jurisdictions;

- although we have subsidiaries in the U.S. and Germany, none of their employees have been involved in any way (either directly or indirectly) in any sales of our products to the Relevant Countries (including the negotiation, approval or on-going performance of these sales); in addition, no financing or financial assistance has been received by our Group, from any entity, body or corporation incorporated or located in the Relevant Jurisdictions;

- we have implemented our Sanctions and Export Control Compliance Measures since June 2024, to ensure that going forward (1) our counterparties, including customers and suppliers are not listed as a Sanctioned Target administered by the Relevant Sanctions Authorities; and (2) our products sold to the Relevant Countries will not breach any International Sanctions laws and regulations; and

- some of our cobots and relevant accessories sold to Russia (excluding Crimea, Luhansk, Donetsk, Zaporizhzhia and Kherson regions) were under the Relevant Custom Codes. As advised by our International Sanctions Legal Advisor, such cobots falling under the Relevant Custom Codes were prohibited from being exported to Russia under sanctions laws and regulations of the E.U. and the U.K. Our Company has confirmed that during the Track Record Period and up to the Latest Practicable Date, no cobots or products were sold to Crimea,

Luhansk, Donetsk, Zaporizhzhia and Kherson regions, and since June 2024, we will not accept any further orders from Russia for any products of such categories that are prohibited under the sanctions laws and regulations of the Relevant Jurisdictions. We have been advised by our International Sanctions Legal Advisor that potential breaches could be corrected by taking the position that from now on, our Group will no longer make sales in Relevant Countries that would breach the sanctions laws and regulations of the Relevant Jurisdictions.

Application of export controls to our business

The Relevant Sanctions Authorities govern the exports, re-exports and transfers of products, software and technology, including dual-use products which, while not intended for military use, could potentially be used in military activities.

Pursuant to the U.S. Export Administration Regulations, an item may be exempted from being subject to such regulations if it fulfills certain criteria, such as where it is a foreign made item, which contains not more than 25% U.S. origin content by value (the "De Minimis Rule"). Such 25% U.S. origin content by value generally refers to foreign made products which (1) incorporate U.S. origin parts or components into the finished product and those parts or components would themselves require a specific license if they were exported separately and (2) the fair market value of those parts or components as a percentage of the total value of the finished product exceeds 25%.

It is noted that (1) none of our Group nor any of our counterparties, including customers and suppliers, during the Track Record Period and up to the Latest Practicable Date was listed as a Sanctioned Target administered by the Relevant Sanctions Authorities; (2) all of our cobots (including our cobots falling under the Relevant Custom Codes) are not listed as a military products by the Relevant Jurisdictions; and (3) all of our cobots (including our cobots falling under the Relevant Custom Codes) are not intended for military use. We have been advised by our International Sanctions Legal Advisor that any potential past breaches could be corrected by taking the position that from now on, our Group will no longer make sales in Relevant Countries that would breach the sanctions laws and regulations of the Relevant Jurisdictions.

We have implemented our Sanctions and Export Control Compliance Measures since June 2024 to ensure that going forward our products sold to the Relevant Countries will not breach any International Sanctions laws and regulations and are fit for exporting to their destinations. Since June 2024, we require all of our suppliers to certify their compliance with U.S. export control regulations with respect to any U.S.-origin goods, raw materials or components supplied to us as part of our export control compliance measures. Furthermore, during the Track Record Period, we did not import any products, raw materials and components directly from the U.S. and E.U. into China that are material to our business operation.

Analysis conclusion

In summary, our International Sanctions Legal Advisor has advised us that the Relevant Activities of our Group during the Track Record Period and up to the Latest Practicable Date did not result in and are not subject to any material sanctions risk to the Relevant Persons under the International Sanctions of the Relevant Jurisdictions.

Given the scope of the [**REDACTED**] and the [**REDACTED**], our International Sanctions Legal Advisor is of the view that the involvement by the [**REDACTED**] Committee, the Stock Exchange and its related group companies and our Company's [**REDACTED**] and shareholders in the [**REDACTED**] should not implicate any applicable International Sanctions risk on them.

While only the export of cobots to Russia falling under the Relevant Custom Codes is prohibited under sanctions laws and regulations of the E.U. and the U.K., as advised by our International Sanctions Legal Advisor, potential breaches could be corrected by taking the position that from now on, our Group will no longer make sales in Russia that would breach the sanctions laws and regulations of the Relevant Jurisdictions.

The Group has been advised by our International Sanctions Legal Advisor that, in general, sanctions laws and regulations of the E.U. and the U.K. apply to their nationals wherever they are physically located; any legal person, entity or body incorporated or constituted under their laws; or any individual, legal person, entity or body in respect of any actions done in whole or in part within their territories. In relation to the sales of cobots to Russia (excluding Crimea, Luhansk, Donetsk, Zaporizhzhia and Kherson regions) falling under the Relevant Custom Codes by the relevant Group company, since (i) the relevant Group company was not incorporated in the E.U. or the U.K.; and (ii) the relevant transactions were not conducted in whole or in part within the E.U. or the U.K., there is no relevant "nexus" with the E.U. or the U.K. We have been advised by our International Sanctions Legal Advisor that (1) it is unlikely that such Group company will be fined or such fine could be enforced against such Group company; and (2) in the unlikely event that such Group company is fined, and considering as a first offender of such sanctions, it is expected that such penalty should not exceed RMB1.8 million.

While we do not intend to increase the levels of our business dealings in respect of the Relevant Countries, by ensuring our continued compliance with our internal control measures with respect to International Sanctions, we would still be able to continue to conduct limited business activities with the Relevant Countries, including Russia in spite of (but in compliance with) the recent International Sanctions on Russia. In the future when the sanctions laws and regulations evolve, our Group shall continue and maintain its compliance with our internal control measures, and to cease business activities with the Relevant Countries (including Russia), if and when required, our Directors are of the view that any such cessation will not have any material impact on our Group's financial position and business operations.

Save for our sales of cobots to Russia falling under the Relevant Custom Codes during the Track Record Period, as advised by our International Sanctions Legal Advisor, the sales of our other cobot products and accessories to the Relevant Countries during the Track Record Period did not implicate violations of International Sanctions.

Sanctions and Export Control Compliance Measures

We have established and will continue to implement the following internal controls and risk management measures related to Sanctions and Export Control Compliance:

- issue annual management compliance commitment statement to all employees, ensuring compliance with relevant laws and regulations;

- establish a compliance management committee and the compliance department consisting of members with relevant experience and expertise in laws and regulations related to sanctions and export controls, finance, risk management and compliance, to promote the effective implementation of the sanctions and export control compliance programs;

- establish a system related to sanctions and export control compliance management, and standardize the processes such as the business risk assessment and review, education and training, consultation and reporting, investigation and supervision, and file management;

- prior to engaging in business activities, evaluate sanctions and export control risks through:
  - conducting the first round of know your client due diligence by the relevant business departments on customers, suppliers, business partners and other counterparties, including reviewing background information, such as identity, business nature, ownership structure, geographic location and related parties, and setting up corresponding internal profile records;
  - performing on-boarding screening and on-going monitoring on an as needed basis to check the counterparties against various lists of restricted parties and countries maintained by the U.S., the E.U., the U.K., the U.N. and Australia, including, without limitation, any government, individual or entity that is the subject of any sanctions and export controls of which the lists are publicly available;
  - review and continuously monitor whether the products we purchase and sell are subject to relevant sanctions and export control regulations, and whether there are further classification and export authorization license requirements;
  - conducting review and further investigation by the compliance department to confirm where there is any situation that may trigger sanctions and export controls, especially when there is a potential screen hit, license determination concern or question, or the presence of a red flag transaction;
- require the high-risk counterparties to issue a letter of commitment for compliance with sanctions and export controls, or include a compliance clause in contracts, requesting them to undertake that (i) any export, re-export, sales or transit of our products to third parties shall comply with applicable laws and regulations related to sanctions and export controls; (ii) products will not be directly or indirectly exported, re-exported, sold or transited to any embargoed or sanctioned countries or regions; (iii) products will be used for civilian end-users and purposes and will not be involved in any activities prohibited by applicable laws and regulations related to sanctions and export controls;
- continuously monitor, collect updates of recent legal development in the fields of sanctions and export controls through public information by the compliance department, ensuring the effective implementation of new rules, such as conducting refreshed screening of high-risk counterparties against updated sanctions lists;
- establish an internal compliance learning platform to be regularly updated by the compliance department, through which our management and employees can keep abreast of the latest information related to sanctions and export controls;

- conduct ongoing and comprehensive sanctions and export control compliance training for our management and employees to enhance compliance awareness and response capability, including courses tailored to senior management, new staff, and staff from relevant business functions, such as sales, finance, and purchase, with the intent to ensure that trainees understand the latest regulatory requirements and company policies, and understand how to timely and effectively identify, assess and report risks and potential issues associated with sanctions and export controls during daily business activities;

- support and protect employee reporting of potential sanctions and export control compliance risks, and conduct relevant investigations if required;

- organize special audit inspections of relevant business departments on a regular basis to assess their compliance with sanctions and export control; and

- engage external consultant to advise on the development of risk-based sanctions and export controls compliance program to mitigate potential risks associated with our business activities.

View of the Internal Control Consultant

In May 2024, we appointed an internal control consultant to perform a review over our internal control management system for sanctions and export controls and provide recommendations to us for enhancing our internal control management measures. Based on the internal control consultant's review, they have identified certain internal control deficiencies and recommended that we enhance our internal control management measures by establishing and implementing policy and procedures on the management of sanctions and export controls and providing training to all staff as an introduction of the enhanced management system. Since the adoption of such internal control management measures in June 2024, the internal control consultant has not identified any significant internal control deficiencies in relation to our internal control measures in the follow-up review. Our Directors and the internal control consultant are also of the view that, we have adequate and effective internal controls procedures and policies in place to identify and mitigate material risks related to the sanctions and export control.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG Governance

We are committed to fostering enduring and positive impact on the environmental, social and governance ("ESG") aspects for our customers, suppliers, and the communities influenced by our operations and are committed to operating our business in a lawful, ethical and responsible way. Our management places significant emphasis on ESG issues and has established and enforced pertinent operational mechanisms.

Our Board regularly reviews the overall ESG performance, ensuring a comprehensive assessment of our Company's adherence to sustainable practices. In collaboration with our management, our Board evaluates our Company's ESG performance by referencing industry leaders and peers of comparable sizes, providing a benchmark for continuous improvement. Additionally, our Board and management closely monitor the cooperation between different business divisions, ensuring that operations and practices align with relevant ESG visions, approaches, strategies, and initiatives. To foster effective communication, they supervise the establishment of communication methods among divisions to facilitate the exchange of ESG-related issues. Furthermore, our management reports the annual ESG report to our Board, highlighting key insights and recommendations. Through various communication channels, including Board meetings, special reports, and other relevant means, our Board receives regular updates on our Company's ESG performance, vision, and strategies. We hold regular meetings to ensure our Board's awareness of ESG developments. Our Board takes a role in monitoring and tracking the plans, budgets, and expenditures related to ESG measures and initiatives.

ESG Strategy and Risk Management

The table below sets forth the material ESG-related issues we identified that have significant impact on our business.

ESG-related issues	Impact period	Our strategies	Targets
Operational compliance	Long-term	Compliance with laws and regulations underpins our operations and reputation. We established comprehensive procurement and supplier management procedures as well as a supplier admission and performance review system, requiring suppliers to comply with environmental protection laws and purchasing materials in a responsible and sustainable manner. We also provide trainings on product quality control and management to enhance employees' awareness of compliance.	We continue to strictly comply with ESG-related laws and regulations at the operational level.
Product quality management . . .	Long-term	We have implemented a comprehensive set of policies to ensure quality control throughout the entire production to after-sales process. These policies encompass various aspects, including warehouse management, manufacturing processes, quality inspections, and post-delivery service, among others.	We aim to achieve 0% safety accident rate for our products.
Research and development . . .	Long-term	As an innovative enterprise, we maintain a strong focus on research and development. To standardize the product development and project management efforts within our research and development process, we have implemented effective controls for research and development projects, new product development, and design processes. These controls are aimed at improving product development quality and enhancing our competitive edge.	We will allocate certain amount of our revenue towards research and innovation.

ESG-related issues	Impact period	Our strategies	Targets
Intellectual property protection	Long-term	As part of our commitment to protecting our technological advancements, we actively pursue patent applications to safeguard our achievements. We have established a series of policies related to intellectual property management, including but not limited to the R&D Intellectual Property Management Policy, Sales and After-sales Intellectual Property Management Procedures, and Technical and Commercial Confidentiality Management Policy.	To demonstrate a commitment to educating employees about intellectual property, preventing violations of rights, and actively pursuing the development and protection of patents, we have set the following targets: • Achieve 100% training on intellectual property among employees. • Ensure zero incidents of intellectual property rights violations each year.
Employment compliance	Long-term	We prioritize the protection of the lawful rights and interests of ours employees. To ensure compliance with employment regulations, we have established policies related to recruitment, employment, performance management, and attendance management.	To maintain employment compliance, our target is to have no major violations of employment regulations each year.
Occupational health and safety	Long-term	We develop an annual work plan for occupational safety and health, set annual safety management objectives, and enhance our team's health and efficiency through the identification and mitigation of hazards, emergency drills, safety training and health screening.	We consider the health and safety of every employee as our primary responsibility, and we strive to ensure that there are no major safety accidents.

Global warming poses a wide range of risks to business operations. We actively identify and monitor climate-related risks and opportunities that may affect our business, strategy and financial performance.

For climate-related physical risks, the increased severity of extreme weather events and changes in precipitation patterns due to climate change can lead to significant operational challenges. These challenges include delays in project planning authorization and implementation, transportation difficulties, supply chain disruptions, and negative impacts on the workforce. Such disruptions may result in a reduction in our production capacity. To address these risks, we have developed comprehensive crisis and emergency management plans to manage the impacts of increasingly frequent extreme weather events. In response to unusual weather conditions, we have implemented an emergency evacuation plan and issue safety warnings to notify employees and on-site workers about special work and safety arrangements. Additionally, we adopt special work arrangements, such as policies under typhoon signals, to safeguard our workforce. Furthermore, we closely monitor daily observatory predictions and will promptly notify our employees and other personnel of any related measures in case of extreme weather.

Metrics and Targets

Environmental protection

Responsible environmental management can lead to economic and environmental co-existence. We have been complying with the relevant laws and regulations of the jurisdictions where we operate and formulated our internal environmental management documents based thereon, so as to carry out environmental management more efficiently and achieve sustainable development. We have established and implemented an environmental management system that meets the requirements of ISO 14001:2015. To protect the environment, we have set the following goals:

Aspect	Target[(1)]
Greenhouse gas ("GHG") emission	(1) Reduce the total greenhouse gas emission intensity by 5% by 2026 (with the year 2023 as the base year) (2) Reduce the Scope 2 greenhouse gas emission intensity by 6% by 2026 (with the year 2023 as the base year) (3) Reduce the Scope 3 greenhouse gas emission intensity by 5% by 2026 (with the year 2023 as the base year)
Electricity consumption	Reduce the electricity consumption intensity by 4% by 2026 (with the year 2023 as the base year)
Water Consumption	Reduce the water consumption intensity by 6% by 2026 (with the year 2023 as the base year)

(1) All intensities are calculated based on million RMB revenue.

In 2021, 2022, 2023 and the six months ended June 30, 2024, our historical expenditure on environmental compliance was RMB49,040, RMB54,500, RMB59,893 and RMB46,087, respectively. The cost of meeting environmental compliance includes, but is not limited to, third-party environmental testing or treatment, investment in establishing an environmental management system, and environmental safety management service fees. During the Track Record Period, we did not have any material non-compliance with environmental laws and regulations. We monitor the following metrics to assess and manage the environmental and climate-related risks arising from our manufacturing processes:

GHG emissions

To reduce GHG emissions, we have implemented the following emission reduction measures:

- implementing paper conservation strategies by optimizing computer and printer settings for double-sided printing and ink-saving mode, promoting the use of electronic communication technology, monitoring and setting print limits for users when applicable, and conducting periodic paper usage audits to identify areas for improvement; and

- promoting sustainable transportation practices among employees by encouraging the use of public transportation, prioritizing direct flights for necessary business travel, and utilizing video conferences as a viable alternative to non-essential international trips.

The following table sets forth our GHG emissions in 2021, 2022 and 2023 and the six months ended June 30, 2024, respectively:

	Year ended December 31,			Six months ended June 30,
GHG Emissions	**2021**	**2022**	**2023**	**2024**
Total GHG emissions (t-CO_2e)	229.48	1,374.36	1,817.02	815.68
Total GHG Emissions Intensity (t-CO_2e/Revenue RMB' million)	1.32	5.70	6.34	6.77
Scope 1 — direct GHG emission (t-CO_2e)[(1)]	N/A	N/A	1.90	3.86
Scope 2 — indirect energy emission (t-CO_2e)[(2)]	54.44	1,199.42	1,287.40	616.83
Scope 2 Intensity (t-CO_2e/Revenue RMB' million)	0.31	4.98	4.49	5.12
Scope 3 — other indirect emission (t-CO_2e)[(3)(4)]	175.04	174.94	527.72	194.99
Scope 3 Intensity (t-CO_2e/Revenue RMB' million)	1.00	0.73	1.84	1.62

(1) The calculation scope of GHG emissions (Scope 1) includes combustion of fuels in mobile sources. Due to our acquisition of vehicles in 2023, there were no relevant emissions in 2021 and 2022.

(2) The calculation scope of GHG emissions (Scope 2) includes the purchased electricity and heating used by factories and offices. Due to our property replacement in Shenzhen, the data for 2021 cannot be obtained.

(3) The calculation scope of GHG emissions (Scope 3) includes the emissions generated from the business air travel, treatment of waste paper and electricity used for fresh water and sewage processing.

(4) The significant increase in our Scope 3 emissions in 2023 was primarily due to (a) the increase in our business volume in 2023 resulted in a higher number of long-haul flights and (b) the normalization of business operations following the pandemic which led to an increase in employee traveling for business purposes.

Resource consumption—electricity

We monitor our electricity consumption levels at our production bases and offices. This includes conducting monthly electricity usage statistics to closely track our energy consumption patterns. We have set it as our target to strengthen the promotion of energy-saving measures and reduce electricity consumption. We reduce electricity usage through the following measures:

- completely turning off electronic devices during non-working hours;
- paying attention to unplugging electric kettles and microwaves, especially before weekends and holidays, to reduce power consumption in the office; and
- installing independently controllable lighting switches in different lighting zones and using motion sensor or sound-activated lights in public areas.

The following table sets forth our electricity consumption for the years/period indicated.

	Year ended December 31,			Six months ended June 30,
Electricity Consumption	**2021[1]**	**2022**	**2023**	**2024**
Electricity consumption (MWh)	61.56	1,453.75	1,620.33	752.84
Electricity Consumption Intensity (MWh/Revenue RMB' million)	0.35	6.03	5.65	6.25

(1) Due to our property replacement in Shenzhen, the data for 2021 cannot be obtained.

Resource consumption—water

We monitor our water consumption levels at our production bases and offices and have implemented various measures to promote water conservation. These include encouraging employees to turn off faucets tightly to prevent water leakage, posting water-saving reminder stickers in restrooms to raise awareness about responsible water usage, and promptly repairing any dripping faucets to minimize water wastage. By implementing these initiatives, we have set it as our target to strengthen the promotion of water-saving measures and reduce water consumption. The following table sets forth our water consumption for the years/period indicated.

	Year ended December 31,			Six months ended June 30,
Water Consumption	**2021[1]**	**2022**	**2023**	**2024**
Water Consumption (m^3)	N/A	10,508.70	9,906.00	4,268.00
Water Consumption Intensity (m^3/Revenue RMB' million)	N/A	43.60	34.55	35.43

(1) Due to our property replacement in Shenzhen, the data for 2021 cannot be obtained.

Pollutant management

Vehicles serve as the primary source of air pollutant emissions for our Company. Due to the availability of air pollutant data for only one year, we currently do not have sufficient data to establish quantitative targets. However, we are committed to reducing air pollutant emissions and will be taking the following measures:

- reducing the use of motor vehicles and exploring options such as electric vehicles to minimize related emissions; and

- encouraging the utilization of public transportation by our employees and adopting online meetings whenever possible.

The following table sets forth our air pollution for the years/period indicated.

Air Pollutant	Year ended December 31,			Six months ended June 30,
	2021[1]	2022[1]	2023	2024
NO_x (kg)	N/A	N/A	0.852	1.461
SO_x (kg)	N/A	N/A	0.012	0.024
PM (kg)	N/A	N/A	0.066	0.109

(1) Due to our acquisition of vehicles in 2023, there were no relevant emissions in 2021 and 2022.

Green office initiatives

In our commitment to achieving our green office targets, we have taken proactive steps to enhance our sustainability efforts. We have established an intelligent IoT platform management system to effectively monitor and manage various aspects of our office operations. As part of this system, we have implemented intelligent gateways, smart scene panels, smart lighting fixtures, intelligent light sensors, as well as smart plugs and intelligent air conditioning controllers. These advanced technologies enable us to optimize energy usage, improve operational efficiency, and create a more environmentally friendly workspace. By integrating these intelligent solutions into our office infrastructure, we enhance our ability to track and control energy consumption, reduce waste, and contribute to a more sustainable future.

Social responsibility

Labor practice

We commit to promoting fairness and equality in the workplace and adhere to a policy of transparency and fairness in recruitment and promotion, ensuring that all employees are provided with equal opportunities in matters including recruitment, promotion, welfare protection, and career development.

We do not tolerate any form of discrimination, including gender, sexual orientation, disability, age, race, nationality, family status, or any other legally protected factors and do focus on embracing diversity within our organization and equal and respectful treatment of all of our employees in their hiring, training, wellness and professional and personal development. This approach applies to all employee activities and human resources matters, including recruitment, promotion, transfer, rewards, and training, among others. While maximizing equal career opportunity for everyone, we will also continue to promote work-life balance and create a pleasant workplace for all of our employees.

Employee training and development

Based on the needs of our Group's business development, Dobot Training Administration System is formulated to standardize our Company's training work, improve the quality of training and provide a reliable basis for employee training management. With the aim of further supporting professional development, we engage in various kinds of training programs and procure training resources relevant to specific job roles. This includes inviting external instructors, which is considered one of the company's welfare benefits. By providing opportunities for continuous learning and growth to our employees, we aim to enhance their skills and knowledge, promoting their professional advancement within our Group.

Occupational health and safety

Compliance with laws and regulations pertaining to employee health and safety is a priority for our operations. To mitigate risks and ensure the well-being of our employees, we have developed comprehensive internal policies and measures on occupational health and safety. These include safety management plans and inspection schedules to identify and address potential hazards. During the Track Record Period, we had maintained a strong safety record with no significant accidents reported, and we were not aware of any material claims related to health and occupational safety.

Supply chain management

Our supplier chain management is guided by our commitment to establishing a well-defined supplier management procedure and implementing a rigorous supplier risk management process. The procurement department, research and development department and quality department are primarily responsible for introducing suppliers. We conduct a comprehensive three-step process when introducing new suppliers, which includes supplier material review, supplier investigation, and collective decision-making. We generally require suppliers to provide environmentally friendly products based on business needs. This includes encouraging suppliers to minimize the use of raw materials during production and design processes.

We believe good supply chain management practices to ensure quality, reliability and efficiency of products. Suppliers are evaluated based on the following criteria: quality system documents, procurement and supplier management, engineering management, warehouse management, quality management, and product management. Only suppliers who meet these criteria will be considered for recruitment or selection.

Product responsibility

Ensuring product excellence is of paramount importance to us. We have implemented a comprehensive quality management system and products undergo testing before being introduced to the market. Additionally, we actively manage and track customer feedback, taking appropriate actions in response to product quality and safety issues. We consider customer feedback as a valuable resources and treat each feedback seriously. We strictly enforce a meticulous quality control procedure, which encompasses detailed procedures for managing incoming inspections, in-process inspections, and finished product inspections. Our commitment to maintaining high quality standards is demonstrated by our certifications in health, safety, and service management systems, including, but not limited to, ISO 9001:2015 and ISO 14001:2015.

During the Track Record Period, we had successfully maintained an impeccable record with no product recalls attributed to safety and health concerns. Furthermore, we had received no substantial complaints regarding product quality.

Data security and privacy protection

We have established information security management policy to strengthen our information security practices, standardize information security operations, and enhance our capability and level of information security protection. The policy outlines the management structure of information security, with the information security committee being responsible for its implementation.

When handling confidential or classified information during company operations, the appropriate approval process must be followed. To ensure data security, all servers and office computers must have software designated by the information department, with anti-virus, anti-malware, and intrusion prevention capabilities installed. Without approval from the information security team, individuals are prohibited from uninstalling security software. In the event of internal information leakage or potential breaches, employees are expected to take immediate remedial measures and promptly report to the information security team, which will promptly respond and address the situation.

Operational compliance

In the pursuit of upholding the highest standards of ethical conduct and integrity in the operations, we have established a comprehensive anti-fraud policy that encompasses policies on conflict of interest, confidentiality, bribery, anti-corruption, and equal opportunity. All violations of the anti-fraud policy and business ethics will be addressed and could lead to termination of the business relationship or employment. To reinforce the principles stated, we have developed an anti-fraud policy to prevent any forms of corruption and bribery. We incorporate fraud risk assessment into our enterprise risk assessment work and implement relevant internal controls measures for anti-fraud, such as approval, authorization, and verification, cross-checking, division of responsibilities and performance review in different forms.

We have established different reporting channels, including reporting hotline and email, as well as suggestion box, etc. We encourage employees and relevant parties to report any internal violations of discipline or law, fraud and behaviors that damage our Group's interests and image, in an orderly manner.

Community engagement

We are committed to cultivating young people to become talents in science and technology innovation and have hosted multiple educational and popular science public welfare activities. We have launched AI public welfare experience activities, invited young people to visit our headquarters, provided immersive experiences with cobot products, and sparked young people's interest in AI. In the future, we will continue to invest in the field of community education, providing young people with diverse learning opportunities and resources to help foster innovative talents. We also plan to collaborate with schools to establish specialized scholarships to incentivize technological innovation. Furthermore, we plan to hold at least one donation event each year, including but not limited to donating public welfare books and used goods. At the same time, we plan to hold at least one charity sale donation event each year, continuing to organize employees to participate in public welfare charity donations and assist in community development.

PATH TO PROFITABILITY

We are at a relatively early stage of commercialization of our cobot products. We have historically achieved continuous revenue growth as we successfully 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 increased at a CAGR of 28.3% from RMB174.3 million in 2021 to RMB286.7 million in 2023 and by 9.5% from RMB110.0 million in the six months ended June 30, 2023 to RMB120.5 million in the six months ended June 30, 2024. We are a top 2 player in the global cobot industry and the No.1 player among all Chinese cobot companies, with a global market share of 13.0% as measured by shipment volume in 2023, according to the CIC Report. The global cobot industry is at a nascent stage of development, whose market size accounted for less than 2% of the global robot industry in terms of revenue in 2023. Our export volume of cobots has consistently ranked first in China for six consecutive years from 2018 to 2023, according to the same source.

Over the years, we have built up a broad and geographically diversified customer base in China and globally, spreading across over 80 countries and regions. We have made proactive efforts in product commercialization and global market expansion, which has contributed significantly to the expansion of our market reach and customer base, and as a result, the growth of our sales volume and revenue. In 2021, 2022, 2023 and the six months ended June 30, 2024, we had 289, 411, 434 and 304 direct sale customers, respectively, and in the same years/period, we had 344, 387, 358 and 224 distributors, respectively. During the Track Record Period, we sold a total of over 53,000 cobots globally. We expect to further expand our sales network, grow revenue base, increase our market share and solidify our industry leading position as we continue to develop technologies, enhance customer experience, establish effective commercialization strategies and successfully market new products.

In 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, we had loss for the year/period of RMB41.8 million, RMB52.5 million, RMB103.3 million, RMB51.7 million and RMB59.9 million, respectively. We have implemented Share Incentive Schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of our operations. Eliminating the impact of share-based payments expenses, our adjusted net loss (non-IFRS measure) in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024 amounted to RMB43.0 million, RMB39.9 million, RMB81.8 million, RMB45.8 million and RMB35.0 million, respectively. Our net losses during the Track Record Period were in part attributable to the substantial amounts of research and development expenses and selling and marketing expenses to design, develop and market our products and enhance our market presence and brand visibility. We may continue to incur net losses in the short term. We are optimistic in achieving profitability as we expect to continue to expand our business scale and improve our operational efficiency.

We had cash and cash equivalents of RMB149.1 million, RMB297.8 million, RMB111.0 million and RMB73.0 million as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. Our primary uses of cash are to fund our procurement of raw material, research and development and sales activities, construction of our production facilities 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 bank borrowings. As of December 31, 2021, 2022 and 2023, June 30, 2024 and the Latest Practicable Date, we had utilized bank facilities of nil, RMB22.0 million, RMB8.0 million, RMB30.0 million and RMB49.0 million, respectively, and our remaining bank facilities available for use were nil, RMB78.0 million, nil, RMB40.0 million and RMB120.0 million, respectively. Taking into account the financial resources available to us, including our cash and cash equivalents, future cash flow from operating activities, financial assets at FVTPL, available bank facilities and the estimated [**REDACTED**] from the [**REDACTED**], 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 document.

To pave the way for a long-term success in the evolving cobot industry and rapidly growing market, we have been focusing on expanding our sales network and building and developing our research and development and production capacity, rather than seeking immediate financial returns or profitability, in order to lay a solid foundation to capture future growth of the global cobot industry. The global cobot market size has grown significantly from US$466.6 million in 2019 to US$1,039.5 million in 2023, at a CAGR of 22.2%, and is expected to reach US$4,950.0 million by 2028, at a CAGR of 36.6% from 2023 to 2028. As we expand our product offering and scale of our business, we expect to make continuous improvement in our profitability.

We expect to continue to incur net losses after the Track Record Period. Going forward, we plan to maintain sustainability and achieve profitability by (1) driving sustainable revenue growth and business scale through (i) enriching and expanding our product offering that meets the demand of the rapidly expanding market, (ii) leveraging global distributorship which complements our formidable localized local marketing team that enables us to deepen penetration or expand into new markets or regions, and (iii) cooperating, both in depth and scope, with reputable companies, as well as (2) effectively managing our costs and expenses and continually improving our net profit margin.

Driving Sustainable Revenue Growth and Business Scale

To drive sustainable revenue growth and expand our business scale, we are committed to enriching and expanding our product offering to meet the increasing demand of the rapidly evolving market. Our strategy involves developing new products that cater to the dynamic needs of the market, thereby enhancing our market share and visibility. Leveraging our research and development team consisting of industry experts and senior engineers with extensive experience in the robotics industry, we intend to focus on comprehensive improvements in product performance, quality and usability. This includes developing software packages for specific applications such as welding and palletizing, which simplifies product use in targeted applications and opens new markets. We also expect to make further advancements in perception and interaction technologies to bolster our competitive edge.

Additionally, to maintain our competitive edge in the industry, we are in the process of developing new models of our cobots, including the next-generation CR series with robotic drivetrain solutions, structural design and control systems, more lightweight models for existing product series, and a new product series targeting the medical and healthcare sector. These innovations aim to address the needs of both the existing and new application settings, in particular commercial settings such as the medical and healthcare sector. We are also investing in AI technologies and upgrading our X-Trainer, integrating AI-based algorithms to enhance the intelligence and autonomy of our cobots. This integration will result in cobots that are more versatile and adaptive, capable of learning from demonstrations and collaborating effectively with humans in shared environments. As we continue to enhance the generalized learning capabilities of our X-Trainer, we expect to have our AI-empowered cobots applied to increasingly diverse use cases. These efforts are expected to drive significant growth and position us at the forefront of the industry.

Moreover, we are expanding our presence in industrial sectors. We are striving for wider adoption of our products in existing customers' facilities. This includes expanding production lines and extending use cases. For example, we aim to increase the number of cobots used in automotive manufacturing, from welding to assembly and quality inspection. We are also seeking opportunities for adoption by other large-scale factories. We are actively pursuing partnerships with major manufacturers in electronics and pharmaceuticals to integrate our cobots into their production processes. In addition, we are closely monitoring the establishment of new smart factories. As intelligent manufacturing becomes more

prevalent, we aim to be involved from the early stages of factory setup, ensuring our cobots are integrated into as many suitable facilities as possible.

In the commercial sector, we are focusing on penetrating chain restaurants with highly repetitive and standardized processes. Our goal is to have our products validated by a customer and then replicated across their other branches. Key areas include coffee art and brewing in cafes, food preparation in fast-food chains, such as frying chips or stir-frying, and beverage preparation in bubble tea shops.

In the educational settings, we are tapping into the growing demand for robotics education by deepening our cooperations with large education equipment integrators and promoting our educational products through training bases and research centers in various provinces and cities across the country, ensuring wide-reaching exposure to our products in educational and academic settings. We are focusing on the construction of cobot laboratories that support industry-education integration, industrial talent cultivation, and global robotics training.

To further deepen our market penetration and tap into new regions, we plan to further expand our global sales network. Our collaboration with global distributors enables us to enhance the presence of our products in new overseas markets without incurring substantial sales and marketing costs. We plan to continue to expand the number of distributors to meet the increasing demand in these new markets. Concurrently, we plan to utilize localized sales and marketing teams and technical support team to deepen regional reach. In 2023, we established a technical support team in Japan, the United States and Germany to proactively address the localized needs of end users. We plan to continuously improve sales and marketing service quality through training and enhance our localized capabilities. We will also expand our local teams in countries, such as the U.S. and Japan, thereby increasing the number of end customers and improving customer engagement.

Enhancing customer engagement is also a priority. We plan to actively invite third-party developers to join our ecosystem and provide necessary development tools, initiate marketing and advertising campaigns, participate in large scale industry conferences and events, and sponsor robotics competitions. These efforts are designed to drive revenue growth and solidify our market position.

In addition to these strategies, we seek more in-depth collaboration and broader scope with esteemed customers globally. For example, we have been in discussion with one of the world's largest electric vehicle battery manufacturers to increase the adoption rate of our cobots in their workstations. We also aim to raise our market share and visibility in the new retail industry by collaborating with a leading Chinese coffee brand. Our advanced coffee-making cobots can perform tasks, such as customized coffee making and intricate latte decoration, which we plan to market to coffee or milk tea companies with a large number of retail outlets. Collaborations with these reputable companies will amplify our achievements and attract a broader clientele and forge valuable partnerships with distributors. These synergies are expected to catalyze further growth of our Company.

See "—Growth Strategies" for details of the above measures to achieve profitability.

Continually Improving Net Profit Margin

Continually improving our net profit margin is crucial to achieving long-term profitability. We expect lower manufacturing costs resulting from economies of scale as demand for our products continues to grow. This will be further bolstered by the ongoing ramp-up of our production base in Rizhao, Shandong. We also plan to introduce more automated production equipment and processes to boost production efficiency and capacity, further reducing the manufacturing costs for our cobots. We also aim to streamline our supply chain management and maintain control over raw material costs and key component quality. By adopting our own surface mount production lines and introducing advanced machining techniques, we can further enhance our production efficiency, product quality, and cost-effectiveness. See "—Growth Strategies" for details of measures to enhance production capabilities and streamline supply chain management.

We plan to further increase operational efficiency to improve net profit margin. We will enhance customer acquisition efficiency, primarily driven by (1) brand and product loyalty for our distributorship and direct sales channels; (2) achieving greater cost efficiency with our sales and marketing initiatives; (3) the advancement of new functions within our existing series to further enhance marketing efficiency with more targeted distribution; and (4) continual collaboration with existing distributors. We will also benefit from enhanced economies of scale, as our general and administrative expenses will remain relatively stable in relation to revenue. This stability will contribute to a stronger financial position, ultimately supporting our path to profitability. See "—Growth Strategies" for details of measures to further fortify our sales network and expand our product offering and ecosystem.

OVERVIEW

As of the Latest Practicable Date, Mr. Liu controlled 31.08% of the voting power at the general meetings of our Company, comprising (1) 26.62% beneficially owned by him directly, (2) 3.50% beneficially owned by Yuejiang LP, which is controlled by Mr. Liu as its general partner, and (3) 0.96% beneficially owned by Qinmo LP, which is controlled by Mr. Liu as its general partner. Upon the [**REDACTED**], Mr. Liu will control [**REDACTED**]% of the voting power at the general meetings of our Company, comprising (i) [**REDACTED**]% beneficially owned by him directly, (ii) [**REDACTED**]% beneficially owned by Yuejiang LP, and (iii) [**REDACTED**]% beneficially owned by Qinmo LP, assuming the [**REDACTED**] is not exercised. Therefore, Mr. Liu, Yuejiang LP and Qinmo LP were a group of our Controlling Shareholders as of the Latest Practicable Date and will be our single largest group of Shareholders upon the [**REDACTED**]. Yuejiang LP is a share incentive platform of our Company and Qinmo LP is a shareholding platform of our certain financial investors.

NO COMPETITION AND CLEAR DELINEATION OF BUSINESS

Our Controlling 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 OUR CONTROLLING SHAREHOLDERS

Management Independence

Our business is primarily managed and conducted by our Board and senior management. Upon the completion of the [**REDACTED**], our Board will comprise of three executive Directors, one non-executive Director and three independent non-executive Directors. Our Company has also established a Supervisors Committee, comprising three Supervisors. See "Directors, Supervisors and Senior Management" for more information.

Our Directors believe that our Board and senior management is able to manage our business and function independently from our Controlling Shareholders based on the following reasons:

(1) 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;

(2) 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;

(3) we have three 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 our Articles of Associations and internal policies;

(4) our daily management and operations are carried out by our senior management team. Except Mr. Liu himself, our senior management team members are independent from our Controlling 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;

(5) we have established a Supervisors Committee comprising three Supervisors who are independent from our Controlling Shareholders. Our Supervisors shall be responsible for the supervision of performance of our Directors and the senior management team, including monitoring any acts of a Director or senior management member which may be detrimental to the interests of our Company; and

(6) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling 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 Controlling Shareholders. Our Company (through our subsidiaries) 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 Controlling 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 Controlling Shareholder Group and their close associates.

Financial Independence

We have an independent financial system. Our Group's accounting and finance functions are independent of our Controlling 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 Controlling Shareholders and their close associates. We do not share any other functions or resources with any of our Controlling 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 Controlling 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 Controlling 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 Controlling 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 Controlling Shareholders or any of their close associates has a material interest, our Controlling 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 [**REDACTED**], 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 Guotai Junan 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 Controlling 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 our Controlling Shareholders and their respective close associates and our Group and to protect the interests of our Shareholders, in particular, the minority Shareholders.

OVERVIEW

Upon the [**REDACTED**], the Board will consist of seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors. The Board is responsible, and has general authority for, the management and operation of the 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 Supervisory Committee consists of three Supervisors. Supervisors serve for a term of three years and shall be subject to re-election upon expiry of the term of office.

Our senior management is responsible for the day-to-day operations of the Company.

All of the Directors, Supervisors and senior management have met the qualification requirements under the relevant PRC laws and regulations and the Listing Rules for their respective positions.

BOARD OF 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, Supervisors and senior management
Executive Directors						
Mr. Liu Peichao (劉培超)	38	Chairman of the Board, executive Director and general manager	July 2015	July 2015	Responsible for the overall strategic planning, business direction and management of our Group	N/A
Mr. Wang Yong (王勇)	44	Executive Director, chief financial officer, Board secretary and joint company secretary	August 2022	December 2022	Responsible for the overall strategic planning, Board and capital market, financial and accounting affairs of our Group	N/A
Mr. Lang Xulin (郎需林)	36	Executive Director and chief scientist	July 2015	September 2016	Responsible for the overall strategic planning, business direction, R&D and management of our Group	N/A

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Responsibility	Relationship with other Directors, Supervisors and senior management
Non-executive Director						
Mr. Jing Liang (景亮)	44	Non-executive Director	April 2020	April 2020	Responsible for providing guidance on overall strategic planning, corporate governance and business direction of our Group	N/A
Independent non-executive Directors						
Mr. Li Yibin (李貽斌)	64	Independent non-executive Director	December 2022	December 2022	Responsible for providing independent advice on the operations and management of our Group	N/A
Mr. Ng Jack Ho Wan (吳浩雲)	48	Independent non-executive Director	May 2024	May 2024	Responsible for providing independent advice on the operations and management of our Group	N/A
Dr. Hou Lingling (侯玲玲)	49	Independent non-executive Director	December 2022	December 2022	Responsible for providing independent advice on the operations and management of our Group	N/A

Executive Directors

Mr. Liu Peichao (劉培超), aged 38, is our chairman of the Board, executive Director and general manager of our Company, and was appointed as an executive Director and general manager of our Company in July 2015. Mr. Liu is primarily responsible for the overall strategic planning, business direction and management of our Group. Mr. Liu has also served as a director in certain subsidiaries of our Company.

Mr. Liu has nine years of experience in the robot industry.

Mr. Liu was awarded the Shenzhen New Industry Leader (深圳行業領袖新青年) by the Shenzhen General Chamber of Commerce (深圳市工商業聯合會(總商會)) in September 2022, the China Youth Entrepreneurship Award (中國青年創業獎) by the Ministry of Human Resources and Social Security of the People's Republic of China (中華人民共和國人力資源和社會保障部) in November 2021 and the Shenzhen Municipal Leading Talent (深圳市地方級領軍人才) by the Shenzhen Municipal Government in July 2020. He was selected as one of the 2019 Shenzhen Top 10 Small and Medium-sized Enterprise Entrepreneurial Talents by the Shenzhen Small and Medium-sized Enterprises Development Promotion Association (深圳市中小企業發展促進會) in November 2019, and the Technological Innovation and Entrepreneurial Talents of the Innovation Talent Advancement Program (創新人才推進計劃科技創新創業人才) by the Ministry of Science and Technology of the People's Republic of China (中華人民共和國科學技術部) in June 2019.

Mr. Liu obtained a bachelor's degree in mechanical design & manufacturing and automation from Shandong University (山東大學) in the PRC in June 2011. Mr. Liu further obtained a master's degree in mechanical engineering from Shandong University in June 2014.

Mr. Wang Yong (王勇), aged 44, is our executive Director, chief financial officer, Board secretary and joint company secretary. Mr. Wang joined our Company in August 2022 and was appointed as an executive Director in December 2022. Mr. Wang is primarily responsible for the overall strategic planning, Board and capital market, financial and accounting affairs of our Group.

Mr. Wang has more than 22 years of experience in corporate governance and finance. Prior to joining our Company, from October 2014 to August 2021, Mr. Wang successively served as a vice general manager, board secretary and chief financial officer in Antel Intelligent Technology Corp., Ltd. (深圳市道通科技股份有限公司), whose shares are listed on the Shanghai Stock Exchange (stock code: 688208). From September 2002 to September 2014, Mr. Wang successively served as an auditor, senior auditor, manager and senior manager in Ernst & Young Hua Ming LLP (安永華明會計師事務所(特殊普通合夥)). During his employment in Ernst & Young Hua Ming LLP, from October 2007 to March 2009, Mr. Wang participated in Ernst & Young's global exchange program and worked at Ernst & Young's Milwaukee office in the United States. From July 2001 to September 2002, Mr. Wang served as a financial accountant in Shenzhen SDG Information Co., Ltd. (深圳市特發信息股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 000070).

Mr. Wang obtained a bachelor's degree in investment economics from Southwestern University of Finance and Economics (西南財經大學) in July 2001.

Mr. Lang Xulin (郎需林), aged 36, is our executive Director and chief scientist. Mr. Lang joined our Company in July 2015 and was appointed as an executive Director in September 2016. Mr. Lang is primarily responsible for the overall strategic planning, business direction, R&D and management of our Group. Mr. Lang has also served as a director in certain subsidiaries of our Company.

Mr. Lang has more than nine years of experience in the robot industry. Prior to founding our Company with Mr. Liu, from July 2014 to July 2015, Mr. Lang served as an engineer in Shenzhen Inovance Technology Co., Ltd. (深圳市匯川技術股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 300124).

Mr. Lang obtained a bachelor's degree in mechanical design & manufacturing and automation from Shandong University in the PRC in June 2011. Mr. Lang obtained a master's degree in mechanical design and theories from Shandong University in June 2014.

Non-executive Director

Mr. Jing Liang (景亮), aged 44, is a non-executive Director. Mr. Jing was assigned by Qianhai Equity to join our Company as a non-executive Director in April 2020. Mr. Jing is primarily responsible for providing guidance on overall strategic planning, corporate governance and business direction of our Group.

Mr. Jing has worked in Qianhai Fangzhou Asset Management Co., Ltd. (前海方舟資產管理有限公司), Shenzhen Oriental Fortune Capital Co., Ltd. (深圳市東方富海投資管理有限公司) and China Southern Asset Management Co., Ltd. (南方基金管理有限公司).

Mr. Jing obtained a master's degree in finance and management from Loughborough University in England, the United Kingdom in December 2009.

Prior to May 2022, Mr. Jing had once served as the general partner of Shenzhen Yifu Equity Investment Partnership (Limited Partnership) (深圳宜富股權投資合夥企業(有限合夥)) ("Shenzhen Yifu"), a fund established in the form of limited partnership established in the PRC on January 11, 2013, whose business license was revoked in May 2022. The business license of Shenzhen Yifu was revoked as it failed to conduct the annual inspection in a timely manner in accordance with the applicable PRC laws as a result of its lack of substantial operation since establishment, in light of the background that the fund had not received sufficient capital as originally planned to be injected by its limited partners. Mr. Jing confirmed that (i) Shenzhen Yifu was solvent immediately prior to the revocation of business license; (ii) there was no wrongful act on his part leading to the revocation of business license of Shenzhen Yifu; (iii) he is not aware of any actual or potential claim which has been or could potentially be made against him as a result of the revocation of business license of Shenzhen Yifu; and (iv) no misconduct or misfeasance had been involved on his part in the revocation of business license of Shenzhen Yifu.

Independent Non-executive Directors

Mr. Li Yibin (李貽斌), aged 64, is an independent non-executive Director. Mr. Li joined our Company in December 2022 and was appointed as an independent non-executive Director in December 2022. Mr. Li is primarily responsible for providing independent advice on the operations and management of our Group.

Mr. Li has served as (i) an independent director in Siasun Robot & Automation Co., Ltd. (瀋陽新松機器人自動化股份有限公司), a limited liability company engaging in robotics and automation equipment, whose shares are listed on the Shenzhen Stock Exchange (stock code: 300024), since January 2022, (ii) an independent director in CITIC Heavy Industries Co. Ltd. (中信重工機械股份有限公司), a limited liability company engaging in heavy mechanical equipment business, whose shares are listed on the Shanghai Stock Exchange (stock code: 601608), since November 2020, (iii) the chairman of the supervisory committee in Shandong Desheng Robot Co., Ltd. (山東德晟機器人股份有限公司), a limited liability company engaging in intelligent equipment and systems business, since June 2018, and (iv) a supervisor in Shandong Youbaote Intelligent Robotics Co., Ltd. (山東優寶特智能機器人有限公司), a limited liability company engaging in bionic family service robots and mine informatization business, since January 2014. From September 2019 to February 2023, Mr. Li served as an independent director in Cosonic Intelligent Technologies Co., Ltd. (佳禾智慧科技股份有限公司), a limited liability company engaging in smart electroacoustic products and smart wearable products business whose shares are listed on the Shenzhen Stock Exchange (stock code: 300793). Furthermore, Mr. Li has served as a professor in Shandong University since September 2003. Prior to that, from August 1982 to July 2003, Mr. Li successively served as a lecturer, vice professor and professor in Shandong University of Science and Technology (山東科技大學) (formerly known as the Shandong Institute of Mining and Technology (山東礦業學院)).

Mr. Li has been serving as the president of the council of Shandong Automation Society (山東省自動化學會) since July 2018.

Mr. Li obtained a bachelor's degree in industrial automation from Tianjin University (天津大學) in the PRC in July 1982. Mr. Li obtained a master's degree in mining electrification and automation from Shandong University of Science and Technology (山東科技大學) (formerly known as the Shandong Institute of Mining and Technology (山東礦業學院)) in July 1990.

Mr. Li had once served as the vice chairman of the board of directors of Shandong Anhua Intelligence Technology Co., Ltd. (山東安華智能技術股份有限公司) ("Anhua Intelligence") from March 2009 to January 2013. The business license of Anhua Intelligence was revoked in January 2013, as Anhua Intelligence failed to conduct the annual inspection in a timely manner in accordance with the applicable PRC laws as a result of its lack of substantial operation since establishment. Mr. Li confirmed that (1) Anhua Intelligence was solvent immediately prior to the revocation of business license; (2) there was no wrongful act on his part leading to the revocation of business license of Anhua Intelligence; (3) he is not aware of any actual or potential claim which has been or could potentially be made against him as a result of the revocation of business license of Anhua Intelligence; and (4) no misconduct or misfeasance had been involved on his part in the revocation of business license of Anhua Intelligence.

Mr. Ng Jack Ho Wan (吳浩雲), whose former name was Mr. Ng Ho Wan (吳浩雲), aged 48, is an independent non-executive Director. Mr. Ng joined our Company in May 2024 and was appointed as an independent non-executive Director in May 2024. Mr. Ng is primarily responsible for providing independent advice on the operations and management of our Group.

Mr. Ng has served as (1) an independent non-executive director in Cheshi Technology Inc. (車市科技有限公司), whose shares are listed on the Stock Exchange (stock code: 1490), since December 2020, (2) an independent non-executive director in HM International Holdings Limited, whose shares are listed on the Stock Exchange (stock code: 8416), since December 2016, and (3) the managing director in Jack H.W. Ng CPA Limited (吳浩雲會計師行有限公司) since June 2013. Prior to that, from June 2018 to July 2021, Mr. Ng served as an independent non-executive director in Zhejiang Cangnan Instrument Group Company Limited (浙江蒼南儀錶集團股份有限公司), whose shares were previously listed on the Stock Exchange. From March 2001 to October 2012, Mr. Ng worked in KPMG in Hong Kong with the last position as partner. From September 1997 to February 2001, Mr. Ng worked in PricewaterhouseCoopers LLP in Canada.

Mr. Ng obtained a bachelor's degree in business administration from Simon Fraser University in Canada in May 2000. In addition, Mr. Ng has obtained the qualification of (1) Chartered Financial Analyst (CFA) accredited by CFA Institute since September 2007, (2) Certified Information Systems Auditor accredited by the Information Systems Audit and Control Association since January 2007, (3) Financial Risk Manager accredited by the Global Association of Risk Professionals since November 2004, (4) Certified Public Accountant of Hong Kong Institute of Certified Public Accountants since September 2003, and (5) Chartered Professional Accountant (CPA, CA) accredited by the Chartered Professional Accountants of Canada since February 2001.

Dr. Hou Lingling (侯玲玲), aged 49, is an independent non-executive Director. Dr. Hou joined our Company in December 2022 and was appointed as an independent non-executive Director in December 2022. Dr. Hou is primarily responsible for providing independent advice on the operations and management of our Group.

Dr. Hou has served as an arbitrator of Dongguan Arbitration Commission (東莞仲裁委員會) since April 2022 and Shenzhen Court of International Arbitration (深圳國際仲裁院) (also known as South China International Economics and Trade Arbitration Commission (華南國際經濟貿易仲裁委員會), Greater Bay Area International Arbitration Centre (粵港澳大灣區國際仲裁中心) and Shenzhen Arbitration Commission (深圳仲裁委員會)) since February 2019. Dr. Hou has successively served as an associate professor and professor in the Law School of Shenzhen University (深圳大學法學院). Prior to that, Dr. Hou served as a lecturer in the Law School of South China University of Technology (華南理工大學法學院) from September 2006 to August 2009 and the Law School of Zhongnan University of Economics and Law (中南財經政法大學法學院).

Dr. Hou obtained a bachelor's degree in economic law from Zhongnan University of Economics and Law (中南財經政法大學) (formerly known as Zhongnan Institute of Economics and Law (中南政法學院)) in the PRC in June 1997 and a master's degree in economic law from Zhongnan University of Economics and Law in June 2000. Dr. Hou also obtained a doctor's degree in international trade from Hunan University (湖南大學) in June 2006.

SUPERVISORS

The following table sets forth general information regarding the Supervisors of our Company:

Name	Age	Position	Date of joining our Group	Date of appointment as a Supervisor	Responsibility	Relationship with other Directors, Supervisors and senior management
Ms. Wan Ying (萬穎)	36	Chairlady of the Supervisory Committee	March 2017	January 2021	Supervising the performance of duties by our Directors and members of the senior management of our Group	N/A
Mr. Li Liuwei (李劉偉)	42	Supervisor and quality and business operations director	July 2017	January 2021	Supervising the performance of duties by our Directors and members of the senior management of our Group	N/A
Ms. Ma Jingxian (馬靜嫻)	40	Supervisor	May 2023	May 2023	Supervising the performance of duties by our Directors and members of the senior management of our Group	N/A

Ms. Wan Ying (萬穎), whose former name was Ms. Wan Suping (萬蘇萍), aged 36, is the administrative manager and the chairlady of the Supervisory Committee. Ms. Wan joined our Company in March 2017 as an administrative supervisor and was appointed as the chairlady of the Supervisory Committee in January 2021. Ms. Wan is responsible for supervising the performance of duties by our Directors and members of the senior management of our Group.

Prior to joining our Company, from March 2014 to March 2017, Ms. Wan served as a human resource and administrative supervisor in Ningbo Zhongsheng Information Technology Co., Ltd. (寧波中晟信息科技有限公司).

Ms. Wan obtained college diploma in administrative management from Wuhan University (武漢大學) in the PRC in December 2012. Ms. Wan also obtained a bachelor's degree in human resource management from Shandong University in June 2021.

Mr. Li Liuwei (李劉偉), aged 42, is the quality and business operations director, and a Supervisor of our Company. Mr. Li joined our Company in July 2017 and was appointed as a Supervisor in January 2021. Mr. Li is responsible for supervising the performance of duties by our Directors and members of the senior management of our Group. In addition, Mr. Li is a supervisor of one of our subsidiaries.

Prior to joining our Company, from May 2013 to July 2017, Mr. Li served as a commercial manager of global sales business platforms in Shenzhen Gongjin Electronics Co., Ltd. (深圳市共進電子股份有限公司), a limited liability company engaging in the research, development, manufacturing and sales of communication products, advanced mobile communication equipment and application products, whose shares are listed on the Shanghai Stock Exchange (stock code: 603118). From March 2011 to May 2013, Mr. Li served as a quality control supervisor in Siemens Shenzhen Magnetic Resonance Co., Ltd. (西門子(深圳)磁共振有限公司), a limited liability company engaging in the R&D and production of MRI systems, angiography systems and medical electronic components. From March 2005 to March 2011, Mr. Li served as a quality supervisor in Epson Engineering (Shenzhen) Ltd. (愛普生技術(深圳)有限公司).

Mr. Li obtained a bachelor's degree in electronic information engineering from Hubei University of Technology (湖北工業大學) in June 2004.

Ms. Ma Jingxian (馬靜嫻), aged 40, is a Supervisor of our Company. Ms. Ma was assigned by Internet Investment to join our Company as a Supervisor in May 2023. Ms. Ma is responsible for supervising the performance of duties by our Directors and members of the senior management of our Group.

Ms. Ma has served as a supervisor in SEMI-TECH Co., Ltd. (賽美特信息集團股份有限公司), a limited liability company engaging in Internet information service business since May 2023, and a director in Luculent Smart Technologies Co., Ltd. (朗坤智慧科技股份有限公司), a limited liability company engaging in software development, system integration, management consulting and Internet information service business since January 2021. In addition, Ms. Ma has served as an investment manager in China Internet Investment Fund (Limited Partnership) since November 2017. She had once worked in Skandia-BSM Life Insurance Company Ltd. (瑞泰人壽保險有限公司), Three Gorges Capital Holdings Co., Ltd. (三峽資本控股有限責任公司), and PricewaterhouseCoopers LLP.

Ms. Ma obtained a bachelor's degree in accounting from Hohai University (河海大學) in the PRC in June 2006 and a master's degree in accounting from Beijing Jiaotong University (北京交通大學) in the PRC in July 2008.

SENIOR MANAGEMENT

Mr. Liu Peichao (劉培超), aged 38, is our chairman of the Board, executive Director and general manager of our Company. See "—Board of Directors—Executive Directors" for his biographical details.

Mr. Wang Yong (王勇), aged 44, is our executive Director, chief financial officer, Board secretary and joint company secretary. See "—Board of Directors—Executive Directors" for his biographical details.

Mr. Liu Zhufu (劉主福), aged 36, is our deputy general manager. Mr. Liu Zhufu joined our Company in December 2015 and successively served as the R&D director, industry development director and general manager of industrial department. Mr. Liu Zhufu is responsible for the management of the domestic industrial department.

Prior to joining us, Mr. Liu Zhufu served as a control algorithm engineer in Hedy Medical Device Company Limited (廣州七喜醫療設備有限公司), a limited liability company engaging in the medical equipment business. Mr. Liu Zhufu also worked in Guangzhou ZHIYUAN Electronics Co., Ltd. (廣州致遠電子有限公司), an industrial Internet product and solution provider.

Mr. Liu Zhufu obtained a bachelor's degree in automation from Shandong University in June 2011.

Mr. Jiang Yu (姜宇), whose former name was Mr. Jiang Erlei (姜二雷), aged 40, is our deputy general manager. Mr. Jiang joined our Company in August 2017 and successively served as a deputy R&D director, supply chain director and R&D director. Mr. Jiang is responsible for the management of the R&D department and procurement department.

Prior to joining us, from July 2012 to August 2017, Mr. Jiang successively served as a hardware engineer, project manager, product manager and senior hardware engineer in Shanghai STEP Electric Corporation (上海新時達電氣股份有限公司), a limited liability company engaging in the provision of comprehensive solutions for intelligent manufacturing, whose shares are listed on the Shenzhen Stock Exchange (stock code: 002527).

Mr. Jiang obtained a bachelor's degree in mechanical design, manufacturing and automation from Hunan University of Technology (湖南工業大學) in the PRC in June 2009 and a master's degree in mechanical engineering from Shandong University in June 2012.

Save as disclosed above, each of our Directors, Supervisors and senior management members confirms with respect to himself or herself that (1) he or she had no other relationship with any Director, Supervisor, senior management or substantial Shareholder of our Company as at the Latest Practicable Date; (2) he or she did not hold any other directorships in the three years prior to the Latest Practicable Date in any public companies of which the securities are listed on any stock exchange in Hong Kong and/or overseas; and (3) there are no other matters concerning our Directors' and Supervisors' appointment that need to be brought to the attention of our Shareholders and the Stock Exchange or shall be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

JOINT COMPANY SECRETARIES

Mr. Wang Yong (王勇), aged 44, is our executive Director, chief financial officer, Board secretary and joint company secretary. See "—Board of Directors—Executive Directors" for his biographical details.

Ms. Ching Shuk Wah Shirley (程淑華), aged 51, is our joint company secretary.

Ms. Ching joined SWCS Corporate Services Group (Hong Kong) Limited ("SWCS"), a corporate service provider, in January 2020 and is currently an assistant manager of SWCS, responsible for assisting in providing company secretarial services.

Ms. Ching obtained a bachelor's degree in business administration from the University of Western Sydney in Australia in November 2004 and a master degree in corporate governance from the Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong) in November 2020. Ms. Ching is a Chartered Secretary and a Chartered Governance Professional of The Chartered Governance Institute in the United Kingdom. Ms. Ching is also an Associate of The Hong Kong Institute of Chartered Secretaries.

BOARD COMMITTEES

The Company has established four committees under the Board of Directors, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy Committee.

Audit Committee

The Audit Committee consists of three Directors, namely Mr. Ng Jack Ho Wan, Mr. Li Yibin and Mr. Jing Liang, with Mr. Ng Jack Ho Wan currently serving as the chairman. Mr. Ng Jack Ho Wan 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. Li Yibin, Dr. Hou Lingling and Mr. Wang Yong, with Mr. Li Yibin currently serving as the chairman. The Remuneration and Appraisal Committee is mainly responsible for evaluating the remuneration polices for Directors, Supervisors and senior management of our Group and making recommendations thereon to the Board of Directors 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 Dr. Hou Lingling, Mr. Ng Jack Ho Wan and Mr. Lang Xulin, with Dr. Hou Lingling currently serving as the chairlady. The Nomination Committee is mainly responsible for identifying, screening and recommending to the Board of Directors qualified candidates to serve as the Directors, Supervisors and senior management and monitoring the procedures for evaluating the performance of the Board of Directors 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.

Strategy Committee

The Strategy Committee consists of three Directors, namely Mr. Liu, Mr. Li Yibin and Mr. Wang Yong, with Mr. Liu serving as the chairman. The Strategy Committee is mainly responsible for researching and recommending the development strategy and capital operation of our Company to the Board of Directors and has the terms of reference in compliance with the relevant PRC laws and regulations.

DIVERSITY POLICY OF THE BOARD OF DIRECTORS

The Board of Directors has adopted a board diversity policy (the "Board Diversity Policy") in order to enhance the effectiveness of our Board of Directors and to maintain high standard of corporate governance. The Board Diversity Policy sets out the criteria in selecting candidates to our Board of Directors, 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 of Directors.

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. The Board of Directors is of the view that our Board of Directors satisfies the Board Diversity Policy. In addition, our Board of Directors has a wide range of age, ranging from 36 years old to 64 years old. One of our Directors is female. Our Board of Directors 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 the Board of Directors. After [**REDACTED**], the Nomination Committee will monitor and evaluate the implementation of the 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 the Board Diversity Policy, including any measurable objectives set for implementing the 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. Liu 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, SUPERVISORS AND SENIOR MANAGEMENT

The compensation and remuneration of the Directors, Supervisors and members of the senior management of the Company are determined by the Shareholders' meetings and the Board of Directors as appropriate in the form of salaries and bonuses. The Company also reimburses them for expenses which are necessary and reasonably incurred in providing services to the Company or discharging their duties in relation to the operations of the Company. When reviewing and determining the specific remuneration packages for our Directors, Supervisors and members of the senior management of the Company, the Shareholders' meetings and the Board of Directors 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, the Company also participates in various defined contribution plans organized by relevant provincial and municipal government authorities and welfare schemes for employees of the Company, including medical insurance, injury insurance, unemployment insurance, pension insurance, maternity insurance and housing provident fund.

The 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 fees, salaries, contribution to pension schemes, housing allowances, other allowances and benefits-in-kind and discretionary bonuses and excluding share-based payment) paid to the Directors and Supervisors for the three years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024, were approximately RMB2.2 million, RMB3.1 million, RMB3.7 million and RMB1.8 million, respectively.

The aggregate amounts of remuneration (including fees, salaries, contribution to pension schemes, housing allowances, other allowances and benefits-in-kind and discretionary bonuses and excluding share-based payment) paid to the five highest paid individuals, excluding Directors and chief executive, for the three years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024, were approximately RMB2.7 million, RMB2.4 million, RMB2.8 million and RMB1.3 million, respectively.

It is estimated that remuneration equivalent to approximately RMB4.7 million in aggregate will be paid to the Directors and Supervisors by the Company for the year ending December 31, 2024, based on the arrangements in force as of the date of the document.

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.

COMPLIANCE ADVISOR

The Company appointed Guotai Junan Capital Limited as the compliance advisor pursuant to Rules 3A.19 of the Listing Rules, and the compliance advisor will advise the 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 the Company proposes to use the [**REDACTED**] of the [**REDACTED**] in a manner that is different from that detailed in this document or where our business activities, developments or results deviate from any forecasts, estimates or other information in this document; and

(iv) where the Stock Exchange makes an inquiry of the Company regarding unusual movements in the [**REDACTED**] or [**REDACTED**] volume of the Shares, the possible development of a false market in the Shares or any other matters.

The terms of the appointment of the compliance advisor will commence on the [**REDACTED**] and end on the date when the Company distributes the annual report of its financial results for the first full financial year commencing after the [**REDACTED**].

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 document.

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 May 31, 2024; 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.

This section presents certain information regarding our share capital prior to and following the completion of the [**REDACTED**] and the [**REDACTED**].

BEFORE THE [REDACTED]

As of the Latest Practicable Date and immediately prior to the [**REDACTED**] and the [**REDACTED**], the registered and issued share capital of our Company was RMB360,000,000, comprising 360,000,000 Domestic Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE [REDACTED] AND THE [REDACTED]

Immediately following completion of the [**REDACTED**] and the [**REDACTED**], assuming that the [**REDACTED**] is not exercised, the registered and issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the enlarged issued share capital after the [REDACTED]
Domestic Shares	[**REDACTED**]	[**REDACTED**]
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00%**

See "— [**REDACTED**]" below for details of the identities of our Shareholders whose Shares will remain as Domestic Shares and whose Shares will be [**REDACTED**] into H Shares upon [**REDACTED**].

Immediately following completion of the [**REDACTED**] and the [**REDACTED**], assuming that the [**REDACTED**] is fully exercised, our registered and issued share capital will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the enlarged issued share capital after the [REDACTED]
Domestic Shares	[**REDACTED**]	[**REDACTED**]
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00%**

See "— [**REDACTED**]" below for details of the identities of our Shareholders whose Shares will remain as Domestic Shares and whose Shares will be [**REDACTED**] into H Shares upon [**REDACTED**].

OUR SHARES

Upon completion of the [**REDACTED**] and the [**REDACTED**], the Shares will consist of Domestic Shares and H Shares. Domestic Shares and H Shares are all ordinary Shares in the share capital of our Company. Apart from certain qualified domestic institutional [**REDACTED**] in the PRC, the qualified PRC [**REDACTED**] under the Shanghai-Hong Kong Stock Connect and the Shenzhen- Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be [**REDACTED**] for by or [**REDACTED**] between legal or natural PRC persons. Domestic Shares can only be [**REDACTED**] for by and [**REDACTED**] between legal or natural PRC persons, qualified foreign institutional [**REDACTED**] and foreign strategic [**REDACTED**]. H Shares may only be [**REDACTED**] and [**REDACTED**] in Hong Kong dollars. Domestic Shares, on the other hand, may only be [**REDACTED**] and transferred in Renminbi. Domestic Shares and H Shares are regarded as one class of Shares under our Articles of Association. Our Domestic Shares are not [**REDACTED**] or [**REDACTED**] on any stock exchange.

RANKING

Save as described in this document, Domestic Shares and H Shares shall rank *pari passu* with each other in all other respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of Domestic Shares are to be paid by us in Renminbi. In addition to cash, dividends may be distributed in the form of Shares. For holders of H Shares, dividends in the form of Shares will be distributed in the form of additional H Shares. For holders of Domestic Shares, dividends in the form of Shares will be distributed in the form of additional Domestic Shares.

[**REDACTED**]

According to stipulations made by the State Council's securities regulatory authority and the Articles of Association, our Domestic Shares may be [**REDACTED**] into H Shares, and such [**REDACTED**] H Shares may be [**REDACTED**] or [**REDACTED**] on an overseas stock exchange, provided that prior to the conversion and [**REDACTED**] of such [**REDACTED**] Shares, the requisite internal approval processes have been duly completed and the approvals from the relevant PRC regulatory authorities, including the CSRC, and the relevant overseas stock exchange have been obtained. In addition, such conversion, [**REDACTED**] and [**REDACTED**] shall in all respects 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.

The [**REDACTED**] will involve an aggregate of [**REDACTED**] Domestic Shares held by [41] existing Shareholders (the "Full Circulation Participating Shareholders"), representing [**REDACTED**]% of total issued Shares of the Company upon completion of the [**REDACTED**] and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

Set out below is the shareholding of the existing Shareholders immediately before and after the completion of the [**REDACTED**] and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

Name of Shareholders	Number of Domestic Shares as of the Latest Practicable Date and immediately prior to the [REDACTED] and the [REDACTED]	Approximate percentage of interest in the total issued share capital of our Company as of the Latest Practicable Date and immediately prior to the [REDACTED] and the [REDACTED]	Number of [REDACTED] H Shares	Approximate percentage of [REDACTED] H Shares in the total issued share capital of our Company immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)	Number of remaining Domestic Shares immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)	Approximate percentage of remaining Domestic Shares in the total issued share capital of our Company immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)
		(%)		(%)		(%)
Mr. Liu	95,847,016	26.62	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Yuejiang LP	12,599,991	3.50	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Qinmo LP	3,441,999	0.96	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Lumo Consulting Partnership (Limited Partnership) (深圳市魯墨諮詢合夥企業(有限合夥))	14,897,259	4.14	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Qimo Investment Partnership (Limited Partnership) (深圳市齊墨投資合夥企業(有限合夥))	12,961,193	3.60	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Chumo Consulting Partnership (Limited Partnership) (深圳市楚墨諮詢合夥企業(有限合夥))	11,633,873	3.23	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Lang Xulin (郎需林)	7,968,213	2.21	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Wu Zhiwen (吳志文)	7,968,213	2.21	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Greenpine Growth Equity Investment Partnership (Limited Partnership) (深圳市松禾成長股權投資合夥企業(有限合夥))	21,698,003	6.03	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Qianhai Equity Investment Fund (Limited Partnership) (前海股權投資基金(有限合夥))	19,572,616	5.44	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Name of Shareholders	Number of Domestic Shares as of the Latest Practicable Date and immediately prior to the [REDACTED] and the [REDACTED]	Approximate percentage of interest in the total issued share capital of our Company as of the Latest Practicable Date and immediately prior to the [REDACTED] and the [REDACTED]	Number of [REDACTED] H Shares	Approximate percentage of [REDACTED] H Shares in the total issued share capital of our Company immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)	Number of remaining Domestic Shares immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)	Approximate percentage of remaining Domestic Shares in the total issued share capital of our Company immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)
		(%)		(%)		(%)
CICC Qizhi (Shanghai) Private Equity Investment Center L.P. (中金祺智(上海)股權投資中心(有限合夥))	16,168,502	4.49	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ningbo Meishan Bonded Port Area Tongban Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區同伴投資管理合夥企業(有限合夥))	13,873,955	3.85	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
China Internet Investment Fund (Limited Partnership) (中國互聯網投資基金(有限合夥))	13,254,573	3.68	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司)	10,352,962	2.88	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Wenrun Zhenxin No.1 (Zhuhai) Equity Investment Fund Partnership (Limited Partnership) (溫潤振信壹號(珠海)股權投資基金合夥企業(有限合夥))	9,911,298	2.75	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
CRRC (Qingdao) Technology Innovation Venture Capital Partnership (Limited Partnership) (中車(青島)科技創新創業股權投資合夥企業(有限合夥))	9,741,529	2.71	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Nanshan Hongtu Equity Investment Fund Partnership (Limited Partnership) (深圳市南山紅土股權投資基金合夥企業(有限合夥))	8,258,657	2.29	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Name of Shareholders	Number of Domestic Shares as of the Latest Practicable Date and immediately prior to the [REDACTED] and the [REDACTED]	Approximate percentage of interest in the total issued share capital of our Company as of the Latest Practicable Date and immediately prior to the [REDACTED] and the [REDACTED]	Number of [REDACTED] H Shares	Approximate percentage of [REDACTED] H Shares in the total issued share capital of our Company immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)	Number of remaining Domestic Shares immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)	Approximate percentage of remaining Domestic Shares in the total issued share capital of our Company immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)
		(%)		(%)		(%)
Shenzhen Qunda Technology Partnership (Limited Partnership) (深圳群達科技有限合夥企業(有限合夥))	6,722,502	1.87	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Wuxi Chanfa Trade in Service Investment Fund Partnership (Limited Partnership) (無錫產發服務貿易投資基金合夥企業(有限合夥))	6,063,193	1.68	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Wuxi Yunhui Internet of Things Investment Management Partnership (Limited Partnership) (無錫雲暉物聯網投資管理合夥企業(有限合夥))	6,063,193	1.68	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Qianfan Qihang No.1 Private Equity Investment Fund Partnership (Limited Partnership) (深圳千帆企航壹號私募股權投資基金合夥企業(有限合夥))	5,097,899	1.42	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hangzhou Junyi Venture Capital Partnership (杭州君溢創業投資合夥企業(有限合夥))	5,029,289	1.40	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hangzhou Daosheng Investment Partnership (Limited Partnership) (杭州道昇投資合夥企業(有限合夥))	4,757,645	1.32	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Liu Dan (劉丹)	3,572,450	0.99	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Name of Shareholders	Number of Domestic Shares as of the Latest Practicable Date and immediately prior to the [REDACTED] and the [REDACTED]	Approximate percentage of interest in the total issued share capital of our Company as of the Latest Practicable Date and immediately prior to the [REDACTED] and the [REDACTED]	Number of [REDACTED] H Shares	Approximate percentage of [REDACTED] H Shares in the total issued share capital of our Company immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)	Number of remaining Domestic Shares immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)	Approximate percentage of remaining Domestic Shares in the total issued share capital of our Company immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)
		(%)		(%)		(%)
Zhongyuan Qianhai Equity Investment Fund (Limited Partnership) (中原前海股權投資基金(有限合夥))	3,441,104	0.96	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Xizang Xinxingrong Venture Capital Co., Ltd. (西藏鑫星融創業投資有限公司)	3,441,104	0.96	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ningbo Zhuoyuan Yujiang Equity Investment Partnership (Limited Partnership) (寧波卓袁與疆股權投資合夥企業(有限合夥))	3,233,700	0.90	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Hongtu Chuangke Venture Capital Partnership (Limited Partnership) (深圳市紅土創客創業投資合夥企業(有限合夥))	3,154,420	0.88	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zhuhai Jiufeite Jiusheng Equity Investment Fund Partnership (Limited Partnership) (珠海玖菲特玖盛股權投資基金合夥企業(有限合夥))	2,548,932	0.71	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zhuhai Tongdao Qichuang Angel Investment Partnership (Limited Partnership) (珠海同道齊創天使投資合夥企業(有限合夥))	2,315,459	0.64	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mituo Zhiyue (Zibo) Equity Investment Partnership (Limited Partnership) (米拓智越(淄博)股權投資合夥企業(有限合夥))	2,249,392	0.62	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Name of Shareholders	Number of Domestic Shares as of the Latest Practicable Date and immediately prior to the [REDACTED] and the [REDACTED]	Approximate percentage of interest in the total issued share capital of our Company as of the Latest Practicable Date and immediately prior to the [REDACTED] and the [REDACTED]	Number of [REDACTED] H Shares	Approximate percentage of [REDACTED] H Shares in the total issued share capital of our Company immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)	Number of remaining Domestic Shares immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)	Approximate percentage of remaining Domestic Shares in the total issued share capital of our Company immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)
		(%)		(%)		(%)
Shenzhen Weijia Investment Enterprise (Limited Partnership) (深圳市為嘉投資企業(有限合夥)) . .	1,818,972	0.51	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Qingdao Hailian Zhongzheng Investment Enterprise (Limited Partnership) (青島海聯中正投資企業(有限合夥))	1,616,868	0.45	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shandong Huarong Tianze Investment Management Center (Limited Partnership) (山東華融天澤投資管理中心(有限合夥))	1,616,868	0.45	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Yanxi Management Consulting Partnership (Limited Partnership) (深圳言蹊管理諮詢合夥企業(有限合夥))	1,616,868	0.45	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ningbo Leili Technology Entrepreneurship Investment Center (Limited Partnership) (寧波鐳厲科技創業投資中心(有限合夥))	1,408,211	0.39	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Shizhineng Investment Management Co., Ltd. (上海勢之能投資管理有限公司) . . .	1,010,520	0.28	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Liu Simeng (劉思萌)	720,005	0.20	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Name of Shareholders	Number of Domestic Shares as of the Latest Practicable Date and immediately prior to the [REDACTED] and the [REDACTED]	Approximate percentage of interest in the total issued share capital of our Company as of the Latest Practicable Date and immediately prior to the [REDACTED] and the [REDACTED]	Number of [REDACTED] H Shares	Approximate percentage of [REDACTED] H Shares in the total issued share capital of our Company immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)	Number of remaining Domestic Shares immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)	Approximate percentage of remaining Domestic Shares in the total issued share capital of our Company immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)
		(%)		(%)		(%)
Shenzhen Woying Venture Capital Investment Center (Limited Partnership) (深圳喔贏創業投資中心（有限合夥）)	670,553	0.19	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hangzhou Shiwei Venture Investment Partnership (Limited Partnership) (杭州十維創業投資合夥企業（有限合夥）)	603,519	0.17	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Yin Guofeng (尹國鳳)	431,996	0.12	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Rongyuan (Tianjin) Venture Capital Partnership (Limited Partnership) (融元(天津)企業管理合夥企業（有限合夥）)	363,780	0.10	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zhuhai Hengqin Qichuang Gongxiang Venture Capital Fund Partnership (Limited Partnership) (珠海橫琴齊創共享創業投資基金合夥企業(有限合夥))	194,011	0.05	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Haikou Guoying Junhe Enterprise Management Partnership (Limited Partnership) (海口市國盈君和企業管理合夥企業（有限合夥）)	87,695	0.02	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	**360,000,000**	**100.00**	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

If any other of the Domestic Shares are to be [**REDACTED**], [**REDACTED**] and [**REDACTED**] as H Shares on the Stock Exchange, such [**REDACTED**], [**REDACTED**] and [**REDACTED**] will need the approval of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange. We may apply for the [**REDACTED**] of all or any portion of the Domestic Shares on the Stock Exchange as H Shares to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the [**REDACTED**]. Approval of Shareholders at a general meeting is not required for the [**REDACTED**] and [**REDACTED**] of the [**REDACTED**] Shares on an overseas stock exchange.

[REDACTED] Review and Approval by the CSRC

In accordance with the Guidelines for Applying "Full Circulation" for Domestic Unlisted Shares of H-share Listed Companies (H股公司境內未上市股份申請「全流通」業務指引) and Trial Administrative Measures and relevant five guidelines announced by the CSRC, H-share listed companies which apply for the [**REDACTED**] for [**REDACTED**] and circulation on the Stock Exchange shall conform to relevant regulations promulgated by the CSRC, and authorize the company to file with the CSRC on their behalf.

[**REDACTED**]

[REDACTED] Approval by the Stock Exchange

[**REDACTED**]

TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

The PRC Company Law provides that in relation to the [**REDACTED**] of a company, the shares issued prior to the [**REDACTED**] shall not be transferred within a period of one year from the date on which the [**REDACTED**] shares are [**REDACTED**] on any stock exchange. Accordingly, Shares issued by our Company prior to the [**REDACTED**] shall be subject to this statutory restriction and not be transferred within a period of one year from the [**REDACTED**].

REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (H股公司境內未上市股份申請"全流通"業務指引) announced by the CSRC, the domestic shareholders of unlisted shares shall handle share transfer registration business in accordance with the relevant business rules of CSDC. Further, H-share companies should submit the relevant status reports to the CSRC within 15 days after the transfer registration with the CSDC of the shares involved in the application is completed.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING IS REQUIRED

For details of circumstances under which our Shareholders' general meeting is required, please see "Appendix III—Summary of the Articles of Association—7. General provisions of general meetings" in this document.

To the best of our Directors' knowledge and information, the following persons will, immediately following the completion of the [**REDACTED**] and the [**REDACTED**], 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 [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)			
Shareholder	Nature of interest	Number of Domestic Shares	Approximate percentage of shareholding in the total issued share capital of our Company	Number of Shares	Description of Shares	Approximate percentage of shareholding in our Domestic Shares/ H Shares (as appropriate)	Approximate percentage of shareholding in the total issued share capital of our Company
Mr. Liu	Beneficial owner	95,847,016	26.62%	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
	Interest in controlled corporation[(1)]	16,041,990	4.46%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Liu Yang (劉洋)	Interest in controlled corporation[(2)]	39,492,325	10.97%	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司)	Beneficial owner	10,352,962	2.88%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation[(3)]	11,413,077	3.17%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Greenpine Growth Equity Investment Partnership (Limited Partnership) (深圳市松禾成長股權投資合夥企業(有限合夥))	Beneficial owner	21,698,003	6.03%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Qianhai Equity Investment Fund (Limited Partnership) (前海股權投資基金(有限合夥))	Beneficial owner	19,572,616	5.44%	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
Wuxi Chanfa Trade in Service Investment Fund Partnership (Limited Partnership) (無錫產發服務貿易投資基金合夥企業(有限合夥))	Beneficial owner	6,063,193	1.68%	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]

		As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)			
Shareholder	Nature of interest	Number of Domestic Shares	Approximate percentage of shareholding in the total issued share capital of our Company	Number of Shares	Description of Shares	Approximate percentage of shareholding in our Domestic Shares/ H Shares (as appropriate)	Approximate percentage of shareholding in the total issued share capital of our Company
Shenzhen Qianfan Qihang No.1 Private Equity Investment Fund Partnership (Limited Partnership) (深圳千帆企航壹號私募股權投資基金合夥企業(有限合夥)) . . .	Beneficial owner	5,097,899	1.42%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Liu Dan (劉丹)	Beneficial owner	3,572,450	0.99%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

(1) As of the Latest Practicable Date, Mr. Liu acted as the general partner of Yuejiang LP and Qinmo LP. Under the SFO, Mr. Liu is deemed to be interested in the entire Shares held by Yuejiang LP and Qinmo LP. See "Share Capital—[**REDACTED**]" for the respective numbers of Domestic Shares and H Shares held by the relevant controlled corporations immediately before and after the completion of the [**REDACTED**] and the [**REDACTED**].

(2) As of the Latest Practicable Date, Mr. Liu Yang acted as the general partner of three share incentive platforms, including Lumo LP, Qimo LP and Chumo LP. Under the SFO, Mr. Liu Yang is deemed to be interested in the entire Shares held by Lumo LP, Qimo LP and Chumo LP. See "Share Capital—[**REDACTED**]" for the respective numbers of Domestic Shares and H Shares held by the relevant controlled corporations immediately before and after the completion of the [**REDACTED**] and the [**REDACTED**].

(3) As of the Latest Practicable Date, Nanshan Hongtu and Hongtu Chuangke were ultimately controlled by SCGC. Under the SFO, SCGC is deemed to be interested in the Shares held by Nanshan Hongtu and Hongtu Chuangke. See "Share Capital—[**REDACTED**]" for the respective numbers of Domestic Shares and H Shares held by the relevant controlled corporations immediately before and after the completion of the [**REDACTED**] and the [**REDACTED**].

Save as disclosed above and in "Appendix IV—Statutory and General Information" of this document, our Directors are not aware of any person who will, immediately following the completion of the [**REDACTED**] and the [**REDACTED**] (and the [**REDACTED**] of any additional H Shares pursuant to the [**REDACTED**]), 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 audited consolidated financial statements, including the notes thereto included in the Accountants' Report set out in Appendix I to this document. You should read the entire Accountants' Report in Appendix I to this document and not rely merely on the information contained in this section. The Accountants' Report has been prepared in accordance with the IFRSs, 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 document.

OVERVIEW

We are one of leading companies that specializes in the development, manufacturing and commercialization of collaborative robots, or commonly known as "cobots." We are a top 2 player in the global cobot industry and the No.1 player among all Chinese cobot companies, with a global market share of 13.0% as measured by shipment volume in 2023, according to the CIC Report. The global cobot industry is at a nascent stage of development, whose market size accounted for less than 2% of the global robot industry in terms of revenue in 2023. Leveraging our proprietary full-stack cobot development technologies and in-house design and development of key components, we offer selections of cobots in payload capacity, axis model and use case, addressing our customers' diverse needs across a wide array of use cases. Our cobots are primarily categorized into two types based on the number of axes, i.e., four-axis cobots and six-axis cobots. As of the Latest Practicable Date, we offered a total of 27 cobot models in four series, catering to numerous use cases in manufacturing, retail, healthcare, STEAM education, scientific research settings and many more.

Our revenue was RMB174.3 million, RMB241.0 million, RMB286.7 million, RMB109.9 million and RMB120.5 million in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, respectively. We recorded gross profit of RMB88.1 million, RMB98.2 million, RMB124.8 million, RMB42.9 million and RMB52.8 million in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, respectively, and loss for the year/period of RMB41.8 million, RMB52.5 million, RMB103.3 million, RMB51.7 million and RMB59.9 million in the same years/periods, respectively.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe that the most significant factors affecting our results of operations and financial condition include the following.

Development of the Global Cobot Industry

We operate in the rapidly growing cobot market. Our business, financial performance, results of operations and future growth are in turn affected by the development of the cobot industry, including the general factors affecting the global cobot market, the global economic conditions and regulatory environment, as well as the market acceptance, adoption and demand of cobot products and related services. According to the CIC Report, the global cobot industry in terms of revenue increased from

US$466.6 million in 2019 to US$1,039.5 million in 2023, at a CAGR of 22.2%, and is expected to reach US$4,950.0 million in 2028, at a CAGR of 36.6% from 2023 to 2028. In particular, aging populations, labor shortages and rising labor costs create growing demand for and incentivize the utilization of cobots, and the development of sophisticated cobots as a key expression of AI technology also drives the growth of the cobot market. Furthermore, propelled by industry-specific demands, customization for various applications, technology integration such as AI and enhanced safety measures, there is a trend towards diversification of downstream use cases of cobots. See "Industry Overview—Overview of the Global and China's Robot and Cobot Industries—Market Drivers of the Global Cobot Market" and "Industry Overview—Overview of the Global and China's Robot and Cobot Industries—Development Trends Analysis of the Global Cobot Market." We believe that we are well-positioned to capture such market opportunity with our extensive cobot portfolio.

Our Ability to Enhance and Develop Our Products

Our cobot products are subject to diversified use cases and rapidly evolving customer demands, and the global cobot industry we operate in is characterized by constant advancements in product innovations and technology advancements. To maintain our leading position in the global cobot market and achieve sustainable growth, we must continuously enhance our cobot products to keep pace with these changes in a timely and effective manner. To that end, our ability to efficiently develop and launch new cobot products and enhance our existing cobot products is critical to our growth prospects. We have a proven track record in this regard, as demonstrated by our comprehensive product matrix catering to a wide array of use cases. We aspire to continue to leverage our existing advantages in this regard and strengthen our product matrix to drive our growth.

Our research and development capabilities are the backbone of our ability to enhance and develop cobot products. We have invested and expect to continue to invest significant resources in our research and development efforts. During the Track Record Period, our research and development expenses were RMB46.9 million, RMB52.1 million, RMB70.5 million, RMB31.2 million and RMB31.4 million in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, respectively, accounting for 26.9%, 21.6%, 24.6%, 28.4% and 26.1% of our total revenue in the same years/periods, respectively. In particular, in light of the nature of the cobot industry and cobot products and the demands for talents in the related disciplines, we believe that the ability to attract and retain a strong research and development team with the relevant knowledge, expertise and acumen is fundamental to our long-term competitiveness. Therefore, we expect to remain committed to our investment in talents. In addition, while we strive to achieve efficiency with our research and development efforts, as similar initiatives in the cobot industry are usually associated with uncertainties in the process and outcome, we may experience fluctuations in research and development expenses and we may not predict the results of and return on such investment, which, in turn, may affect our results of operations.

Our Commercialization and Sales and Marketing Capabilities

We have made proactive efforts in product commercialization and global market expansion, which has contributed significantly to the expansion of our market reach and customer base, and, as a result, the growth of our sales volume and revenue. In 2021, 2022, 2023 and the six months ended June 30, 2024, we had 289, 411, 434 and 304 direct sale customers, respectively, and in the same years/period, we had 344, 387, 358 and 224 distributors, respectively. We believe that our dual approach to sales has enabled us to tap into both the benefits of direct sales in customer engagement and product enhancements, and the benefits of distributorship in market outreach and technical support. Our ability to strengthen our customer base, expand market reach, generate sales, and achieve business growth in the future will continue to rely on the efficiency and breadth of our sales network.

As we are still at a relatively early stage of commercialization, we have devoted, and expect to continue to devote, substantial resources to our sales and marketing initiatives to deepen our penetration and achieve higher market recognition, especially in the overseas markets, for which we may incur higher relevant sales and marketing expenses. During the Track Record Period, our selling and distribution expenses were RMB63.6 million, RMB89.3 million, RMB127.4 million, RMB56.6 million and RMB62.5 million in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, respectively, representing 36.5%, 37.0%, 44.4%, 51.5% and 51.9% of our total revenue in the same years/periods, respectively. The increase was primarily due to our enhanced sales and marketing efforts, especially in connection with our overseas business expansion in 2023. As we continue to scale up our business operations, we expect to achieve greater cost efficiency with our sales and marketing initiatives.

Our Ability to Effectively Penetrate and Compete in the Global Market

As we operate in the global cobot market, we expect that our overseas market outreach and penetration will continue to have a significant impact on our growth prospects. As part of our global strategies, we have strategically established a sales network that integrates direct sales and distributorship spanning both domestic and international markets with a global footprint in over 80 countries and regions. Our revenue from markets outside of China increased both in absolute amount and as a percentage of our total revenue, accounting for 48.1%, 58.1%, 59.1% and 61.4% of our total revenue in 2021, 2022, 2023 and the six months ended June 30, 2024, respectively. Furthermore, our gross profit margin in different markets could vary, and the change in our geographical sales contribution could in turn affect our overall profitability. For instance, we generally had a higher gross profit margin in markets outside of China during the Track Record Period. Our future success will depend both on our ability to sustain our homegrown advantages in the domestic market and efficiently expand our market footprints and deepen our penetration in the global market.

We face competition with international and domestic players with diverse capabilities, some of which may have longer operating history, greater business scale and resources, higher market recognition and more effective pricing strategies than us. As such, our ability to compete effectively is crucial to our sales performance, market share and profitability. If the degree of market competition intensifies for us, we may have to adjust our business strategies and invest significant resources in our business, which would affect our results of operations.

Our Ability to Manage Our Costs and Expenses and Achieve Operational Efficiency

Our ability to achieve profitability and sustainable growth depends in part on our management of cost of sales. In 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, our cost of sales was RMB86.2 million, RMB142.8 million, RMB161.9 million, RMB67.0 million and RMB67.6 million, respectively, accounting for 49.5%, 59.2%, 56.5%, 60.9% and 56.1% of our revenue for the same years/periods, respectively. Our cost of sales primarily consists of cost of raw materials, overhead costs, direct labor costs, and outsourced production 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. For instance, our cost of raw materials accounted for 78.9%, 78.6%, 76.4%, 68.8% and 74.2% of our total cost of sales in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, respectively. The procurement costs for such raw materials may fluctuate due to a number of factors beyond our control, such as supply chain disruptions and inflation, and we are susceptible to significant changes in the availability, price and standard of critical raw materials. We have implemented risk management measures against such potential disruptions to our supply chain. In addition, our cost of sales and gross margin may, from time to time, be affected by the write-down of obsolete or slow-moving inventories.

Moreover, as we gradually shifted the production of our cobots to our own facilities in 2022, we experienced a change in our cost structure during the Track Record Period, as demonstrated by the decrease in outsourced production costs and the increases in overhead costs and direct labor costs associated with our production facilities. We also experienced fluctuations in overhead costs and direct labor costs associated with such shift. Going forward, as we further scale up our production capabilities to empower our product matrix and business expansion, we expect to achieve higher cost efficiency through the economies of scale and technology upgrades.

Our business and results of operations are also significantly affected by our operating expenses, which primarily comprised selling and distribution expenses, administrative expenses and research and development expenses during the Track Record Period. Our selling and distribution expenses and research and development expenses may continue to increase and account for a significant portion of our total operating expenses. We expect that our administrative expenses will remain relatively stable in relation to revenue. For details of our measures to improve management of costs and expenses, see "Business—Path to Profitability."

Changes in Our Revenue Mix

During the Track Record Period, we primarily generated revenue from the sales of six-axis cobots and four-axis cobots, and, to a much lesser extent, from the sales of integrated cobots. The gross profit margins of different products tend to vary, and the gross profit margins of our products could change with technology, product and manufacturing upgrades, and pricing factors. As such, our revenue mix has an impact on our overall gross profit margin. For instance, revenue from six-axis cobots accounted for 14.9%, 43.5%. 46.8%, 47.9% and 53.0% of our total revenue in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, respectively, and revenue from four-axis cobots accounted for 68.8%, 41.9%, 34.7%, 36.8% and 30.5% of our total revenue in the same years/periods, respectively. The gross profit margin of six-axis cobots was 44.1%, 37.0%, 47.2%, 44.9% and 47.3% in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, respectively, compared with 60.8%, 50.4%, 54.8%, 52.4% and 54.4% of four-axis cobots in the same years/periods, respectively. Furthermore, the gross profit margin from different geographic markets also varied during the Track Record Period, primarily due to our different pricing strategies in these markets based on their market conditions. As we launch new cobot products, upgrade our cobot product matrix and adjust our market outreach in the future, we may experience further fluctuations in the sales contribution of each category, and the gross profit margin of different product lines and markets may continue to vary, which may have an impact on our results of operations.

Government Policies Supporting the Cobot Industry

The cobot industry and we have benefited, and expect to continue to benefit, from favorable policies supporting the cobot industry. For instance, according to the CIC Report, the PRC government in recent years has been implementing a number of preferential policies and development plans to encourage the development of the cobot industry, such as the *14th Five Year Plan for the Development of the Robot Industry* and the *Implementation Plan for "Robot+" Application Action*. During the Track Record Period, we also received several government grants in connection with, among others, our research and development efforts, business achievements and our production facilities, which in turn facilitated our business expansion. However, to the extent that any such favorable government policies were discontinued or reduced in the future, the cobot industry may be affected, which may also affect our financial performance and growth prospects.

Seasonality

We generally recognize a significant portion of our revenue in the fourth quarter of our fiscal year, primarily because (1) certain of our customers, in particular those that use our cobot products in industrial and education settings, tend to place their order and/or complete their inspection in the fourth quarter in accordance with their own business practices, which causes such revenue to be recognized in the fourth quarter according to relevant revenue recognition policy; and (2) our customers tend to schedule their procurement in advance of the major holidays in China and overseas markets, many of which are in the fourth quarter, to avoid potential supply chain issues associated with the holidays. According to the CIC Report, such revenue seasonality is generally prevalent in the cobot industry, due to the following reasons: (1) certain customers in the cobot industry, including many customers from the industrial and education application settings, tend to schedule their purchase of equipment towards their fiscal year end to maintain better control over their annual capital expenditure and realize their annual budget; and (2) customers in the cobot industry tend to require that the order delivery be completed before year end to avoid shipment disruptions and other logistic issues caused by holidays at the beginning of a new year. Our revenue from fourth quarter accounted for 31.8%, 44.4% and 40.8% of our total revenue in 2021, 2022 and 2023, respectively. In contrast, the first quarter is usually our low season.

The degree of seasonality may vary from year to year due to conditions in the industry and other factors, which makes it difficult for us to predict the level of demand with precision. If seasonal demand exceeds our expectation, we may not have sufficient stock or arrange for timely production and delivery. If seasonal demand is lower than our expectation, we could be left with excess inventory, higher working capital and liquidity requirements, as well as the risk of impairment losses on our inventory.

BASIS OF PREPARATION

The historical financial information has been prepared in accordance with the IFRSs. The historical financial information has been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value at the end of each of the relevant period.

The preparation of the historical financial information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying our accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in Note 3 to the Accountants' Report in Appendix I to this document.

All IFRSs effective for the accounting period commencing from January 1, 2023, together with the relevant transitional provisions, have been adopted in the preparation of the historical financial information during the Track Record Period.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies require us to apply estimates and assumptions as well as complex judgements related to accounting items. The estimates and assumptions we use and the judgements 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 judgements based on historical experience and other assumptions which our management believes to be reasonable under the circumstances.

We set forth below accounting policies that we believe involve the most significant estimates, assumptions and judgements used in the preparation of our financial statements. Our significant 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 2.3 and 3 to the Accountants' Report in Appendix I to this document.

Revenue Recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between us and the customer at contract inception. When the contract contains a financing component which provides us with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Sale of products

Revenue from the sale of products is recognized at the point in time when control of the asset is transferred to the customers, generally on delivery or acceptance of the products as agreed in the sales contracts.

For some contracts, we provide installation and commissioning services that are bundled together with the sale of products to the customers. The installation and commissioning services significantly modify or customize the goods, and, therefore, the products and the services are highly interrelated and instead combined as one single performance obligation which is satisfied at a point in time.

(b) Product related supporting services

Revenue from services is recognized at a point in time when the service is provided to and accepted by the customer.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Provision against obsolete and slow-moving inventories

We review the condition of our inventories at the end of each reporting period and makes provisions against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use based on sales forecasts. Such sales forecasts are prepared based on agreements or orders on hand and estimated sales in the foreseeable future based on historical experiences with our customers and current market conditions of the robot industry. Management estimates the net realizable value for those obsolete and slow-moving inventories based primarily on the latest invoice prices and current market conditions. The estimation is reassessed at the end of each reporting period. The provision against obsolete and slow-moving inventories requires the use of judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such difference will impact on the carrying value of inventories and the write-down of inventories recognized in the periods in which such estimates have been changed.

Share-based Payments

We operate share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of our operations. Employees (including directors) receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value of share awards is determined by an external valuer using the probability weighted expected return method and valuation models.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each of period during the Track Record Period until the vesting date reflects the extent to which the vesting period has expired and our best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of our best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately.

Property, Plant and Equipment and Depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, we recognize such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Shorter of remaining lease terms and estimated useful lives
Buildings	3.17% to 4.75%
Furniture and fixtures	19% to 32%
Electronic equipment and others	9.5% to 32%
Motor vehicles	19% to 32%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each period during the Track Record Period.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Government Grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where we receive grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Impairment Testing of Certain Non-financial Assets

In accordance with IAS 36.12, we assess at the end of each reporting period whether there are any indications that non-current assets (other than inventories, contract assets, deferred tax assets, financial assets) may be impaired. If any such indication exists, we estimate the recoverable amount of the assets.

In 2021, 2022, 2023 and the six months ended June 30, 2024, we recorded net losses of RMB41.8 million, RMB52.5 million, RMB103.3 million and RMB59.9 million, respectively. Our losses were mainly due to the fact that cobot industry is an emerging, technology-intensive sector characterized by significant upfront research and development and market investment, which in turn mandates continual research and development and market promotion. Our cobots have been launched in the market for a relatively short period of time. Given our prolonged period of overall losses, there are indications of impairment.

In accordance with IAS 36, we performed impairment tests at each period-end on non-current assets (primarily including property, plant and equipment, right-of-use assets, intangible assets, and other non-current assets) that show indications of impairment and estimate the recoverable amount of the non-current asset. The recoverable amount is determined for the cash-generating unit to which the asset belongs.

We are primarily engaged in the development, manufacturing, and commercialization of cobots. We are highly centralized managed and our activities including research and development, procurement, manufacture and production, sales are all governed and managed in headquarters and we only have one operating segment. The non-current assets other than financial assets mainly include manufacturing factories, plant and machinery, land use rights and leased properties. The entities that hold these assets are highly inter-related and cannot be considered to generate cash inflows that are largely independent of each other. Therefore, non-current assets, other than financial assets located in different entities, are all allocated to the whole Group which is defined as the cash-generating unit ("CGU") that generates cash flows that are largely independent for impairment testing.

The recoverable amount of the CGU is determined based on a value in use calculation using cash flow projections based on financial budgets approved by the management. The budgeted sales and margins are estimated based on historical information achieved and the expected market development. The discount rates used reflect specific risks relating to our Company. According to the impairment test results, the recoverable amount of the CGU was larger than the carrying amount of the non-current assets at the end of each reporting period, thus no impairment was required.

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of profit or loss items for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
	(RMB in thousands, except for percentages)									
							(unaudited)			
Revenue	174,314	100.0	241,013	100.0	286,749	100.0	109,912	100.0	120,462	100.0
Cost of sales	(86,234)	(49.5)	(142,796)	(59.2)	(161,905)	(56.5)	(66,978)	(60.9)	(67,618)	(56.1)
Gross profit	**88,080**	**50.5**	**98,217**	**40.8**	**124,844**	**43.5**	**42,934**	**39.1**	**52,844**	**43.9**
Other income and gains	27,267	15.6	45,464	18.9	43,831	15.3	23,120	21.0	21,075	17.5
Selling and distribution expenses	(63,630)	(36.5)	(89,274)	(37.0)	(127,389)	(44.4)	(56,560)	(51.5)	(62,519)	(51.9)
Administrative expenses	(26,438)	(15.2)	(49,532)	(20.6)	(53,065)	(18.5)	(23,912)	(21.8)	(37,087)	(30.8)
Research and development expenses	(46,873)	(26.9)	(52,054)	(21.6)	(70,527)	(24.6)	(31,181)	(28.4)	(31,423)	(26.1)
Other expenses	(3,001)	(1.7)	(3,408)	(1.4)	(5,537)	(1.9)	(4,552)	(4.1)	(1,772)	(1.5)
Finance costs	(767)	(0.4)	(2,030)	(0.8)	(1,957)	(0.7)	(1,411)	(1.3)	(702)	(0.6)
Share of profit of an associate	71	0.0	5	0.0	—	—	—	—	—	—
Loss before tax	**(25,291)**	**(14.5)**	**(52,612)**	**(21.8)**	**(89,800)**	**(31.3)**	**(51,562)**	**(46.9)**	**(59,584)**	**(49.5)**
Income tax (expense)/credit	(16,465)	(9.4)	135	0.1	(13,481)	(4.7)	(125)	(0.1)	(299)	(0.2)
Loss for the year/period	**(41,756)**	**(24.0)**	**(52,477)**	**(21.8)**	**(103,281)**	**(36.0)**	**(51,687)**	**(47.0)**	**(59,883)**	**(49.7)**

Non-IFRS Measure

To supplement our consolidated financial statements which are presented in accordance with the IFRSs, we also use adjusted net loss (non-IFRS measure) as additional financial measure, which is not required by, or presented in accordance with, the IFRSs. We believe that such non-IFRS measure facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items and provides useful information to [**REDACTED**] 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) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure 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 the IFRSs.

We define adjusted net loss (non-IFRS measure) as loss for the year/period adjusted for share-based payments expenses and [**REDACTED**]. [**REDACTED**] are related to the [**REDACTED**]. Share-based payments expenses are non-cash expenses arising from granting restricted share units and options to senior management and employees. The following table sets out a reconciliation from adjusted net loss (non-IFRS measure) to loss for the year/period which is presented in accordance with the IFRSs.

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	(RMB in thousands)				
				(unaudited)	
Loss for the year/period	**(41,756)**	**(52,477)**	**(103,281)**	**(51,687)**	**(59,883)**
Add:					
Share-based payments expenses	(1,285)	12,579	21,464	5,845	13,665
[**REDACTED**]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net loss (non-IFRS measure)	**(43,041)**	**(39,898)**	**(81,817)**	**(45,842)**	**(34,976)**

KEY COMPONENTS OF OUR CONSOLIDATED INCOME STATEMENTS

Revenue

During the Track Record Period, we primarily generated revenue from the sales of six-axis cobots and four-axis cobots, and, to a much lesser extent, from the sales of integrated cobots. In 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, our revenue was RMB174.3 million, RMB241.0 million, RMB286.7 million, RMB109.9 million and RMB120.5 million, respectively. The following table sets forth a breakdown of our revenue by product type for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)									
							(unaudited)			
Six-axis cobots	25,957	14.9	104,735	43.5	134,299	46.8	52,609	47.9	63,840	53.0
Four-axis cobots	119,885	68.8	100,869	41.9	99,523	34.7	40,501	36.8	36,763	30.5
Integrated cobots	16,095	9.2	31,596	13.1	34,306	12.0	11,989	10.9	14,713	12.2
Others[(1)]	12,377	7.1	3,813	1.5	18,621	6.5	4,813	4.4	5,146	4.3
Total	**174,314**	**100.0**	**241,013**	**100.0**	**286,749**	**100.0**	**109,912**	**100.0**	**120,462**	**100.0**

(1) Others primarily represent project-based solutions, such as STEAM education labs, as well as ancillary service fees including technical service fees, training fees and maintenance fees in connection with our cobots.

Our revenue increased during the Track Record Period, primarily driven by the increase in revenue from six-axis cobots due to the increase in sales volume, as we enhanced the functions of our existing six-axis cobots, launched new six-axis cobot products, and experienced an increase in market demand. The following table sets forth the sales volume and ASP of our six-axis cobots, four-axis cobots and integrated cobots during the Track Record Period.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP
	(RMB in thousands/unit for ASP)									
Six-axis cobots	394	65.9	1,707	61.4	2,374	56.6	898	58.6	1,354	47.1
Four-axis cobots	14,626	8.2	12,524	8.1	11,782	8.4	4,918	8.2	4,464	8.2
Integrated cobots	1,218	13.2	1,560	20.3	960	35.7	365	32.8	736	20.0

During the Track Record Period, we generated revenue from multiple countries and regions, primarily including (1) mainland China, (2) European markets, which primarily include European and certain Middle East countries and regions, (3) Americas, which primarily include the United States, Brazil and Mexico, and (4) Asia-Pacific markets, which refer to Asian and Oceanian countries and regions other than mainland China. The following table sets forth a breakdown of our revenue by geographic market/country for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)						(unaudited)			
Mainland China	**90,457**	**51.9**	**100,893**	**41.9**	**117,221**	**40.9**	**39,181**	**35.6**	**46,543**	**38.6**
European markets										
Russia	11,324	6.5	23,535	9.8	14,976	5.2	4,821	4.4	10,563	8.8
Germany	11,185	6.4	7,191	3.0	7,200	2.5	5,173	4.7	3,389	2.8
Italy	1,964	1.1	4,783	2.0	7,357	2.6	2,190	2.0	1,265	1.1
Netherlands	1,595	0.9	1,425	0.6	4,431	1.5	1,421	1.3	2,051	1.7
Others	14,530	8.4	29,030	12.0	34,349	12.0	18,280	16.6	11,044	9.2
Subtotal of European markets	**40,598**	**23.3**	**65,964**	**27.4**	**68,313**	**23.8**	**31,885**	**29.0**	**28,312**	**23.6**
Americas										
U.S.	12,595	7.2	13,079	5.4	23,541	8.2	9,177	8.3	9,955	8.3
Mexico	659	0.4	3,735	1.5	4,842	1.7	3,683	3.4	3,028	2.5
Brazil	683	0.4	7,960	3.3	3,090	1.1	1,619	1.5	779	0.6
Others	2,482	1.4	5,934	2.5	6,085	2.1	2,634	2.4	2,529	2.1
Subtotal of Americas	**16,419**	**9.4**	**30,708**	**12.7**	**37,558**	**13.1**	**17,113**	**15.6**	**16,291**	**13.5**
Asia-Pacific Markets										
Japan	8,697	5.0	13,942	5.8	29,394	10.2	9,355	8.5	8,715	7.2
Thailand	7,766	4.5	9,452	3.9	9,658	3.4	4,130	3.8	3,203	2.7
South Korea	2,040	1.2	7,441	3.1	4,822	1.7	1,568	1.4	2,870	2.4
India	482	0.3	1,376	0.6	4,426	1.5	1,386	1.3	7,010	5.8
Others	7,855	4.4	11,237	4.6	15,357	5.4	5,294	4.8	7,518	6.2
Subtotal of Asia-Pacific markets	**26,840**	**15.4**	**43,448**	**18.0**	**63,657**	**22.2**	**21,733**	**19.8**	**29,316**	**24.3**
Total	**174,314**	**100.0**	**241,013**	**100.0**	**286,749**	**100.0**	**109,912**	**100.0**	**120,462**	**100.0**

Our revenue from each geographic market above increased in absolute amount from 2021 to 2023, primarily due to the expansion and enhancement of our cobot product matrix and increased sales and marketing efforts, accompanied by the higher market acceptance and demand of our cobot products. Specifically, (1) we recorded relatively higher revenue from Germany in 2021, as we concluded a major contract with a customer in 2021 (see "Business—Customers" for details); (2) we recorded relatively higher revenue from Russia in 2022, primarily due to the impact of the higher procurement from the largest customer in 2022 (see "Business—Customers" for details); (3) we recorded relatively higher revenue from Brazil in 2022, as we concluded a major contract with a customer in 2022 (see "Business—Customers" for details); and (4) we experienced a decrease in revenue from South Korea in 2023, primarily due to the decrease in demand for cobots from customers in South Korea. Furthermore, revenue from mainland China as a percentage of our total revenue decreased from 2021 to 2023, compared with the overall increase of revenue from overseas markets as a percentage of our total revenue, primarily due to our enhanced market penetration and sales network expansion in overseas markets from 2021 to 2023.

Our revenue from mainland China increased by 18.8% from RMB39.2 million in the six months ended June 30, 2023 to RMB46.5 million in the six months ended June 30, 2024, primarily due to the expansion and enhancement of our cobot product matrix, which captured the market demand from Chinese customers. Our revenue from the European markets decreased by 11.2% from RMB31.9 million in the six months ended June 30, 2023 to RMB28.3 million in the six months ended June 30, 2024, as we were still building up the market awareness and acceptance of our new products in such market, which typically took longer than such process in our domestic market, as well as the timing of revenue recognition. Our revenue from the Americas decreased by 4.8% from RMB17.1 million in the six months ended June 30, 2023 to RMB16.3 million in the six months ended June 30, 2024, primarily due to the changes in procurement schedule of certain local customer. Our revenue from the Asia-Pacific markets increased by 34.9% from RMB21.7 million in the six months ended June 30, 2023 to RMB29.3 million in the six months ended June 30, 2024, primarily due to the expansion and enhancement of our cobot product matrix, which captured the demand from certain local markets, especially cobot products of higher profit margin.

In 2021 and 2022, the overseas sales were carried out primarily through our Company. In 2022 and 2023, we established overseas subsidiaries in the United States, Europe and Japan (hereinafter referred to as the "Overseas Sales Entities"). Since then we began carrying out part of the overseas sales through the Overseas Sales Entities. The transaction flow of these sales is that our Company first sells finished goods to the Overseas Sales Entities, which then sell the products to third-party customers in the overseas markets. We adopt the "resale minus" transfer pricing method to determine the transaction prices between our Company and the respective Overseas Sales Entities. Under such transfer pricing policy, the Overseas Sales Entities should retain a reasonable gross margin. As of the Latest Practicable Date, to the best knowledge of and information available to our Directors after reasonable enquiries, none of the Overseas Sales Entities has received any enquiries or written notices from relevant competent tax authorities questioning the transfer pricing policy on the transactions between our Company and the Overseas Sales Entities. The net loss position of the Overseas Sales Entities in 2023 were primarily due to the high costs and low sales volume during the start up period. Therefore, our Directors believe that the risk exposure of transfer pricing should be low.

Cost of Sales

In 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, our cost of sales was RMB86.2 million, RMB142.8 million, RMB161.9 million, RMB67.0 million and RMB67.6 million, respectively, representing 49.5%, 59.2%, 56.5%, 60.9% and 56.1% of our revenue for the same years/periods, respectively. Our cost of sales primarily consists of (1) raw materials, primarily including various module components such as servos, motors, controllers, gear reducers and sensors; (2) overhead costs, which primarily include depreciation charges of our production equipment, utilities fees for production facilities and indirect labor costs; (3) direct labor costs, primarily related to our production personnel; and (4) outsourced production costs, primarily representing outsourced production services purchased from third-party manufacturing partners. The following table sets forth a breakdown of our cost of sales by nature for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)									
							(unaudited)			
Raw materials	68,070	78.9	112,278	78.6	123,687	76.4	46,050	68.8	50,164	74.2
Overhead costs	—	—	7,381	5.2	9,740	6.0	5,400	8.1	6,155	9.1
Direct labor costs	—	—	3,146	2.2	3,720	2.3	2,129	3.2	2,259	3.3
Outsourced production costs	6,080	7.1	2,114	1.5	1,177	0.7	360	0.5	417	0.6
Others[(1)]	6,661	7.7	9,251	6.5	6,510	4.1	2,795	4.1	2,090	3.1
Subtotal	**80,811**	**93.7**	**134,170**	**94.0**	**144,834**	**89.5**	**56,734**	**84.7**	**61,085**	**90.3**
Write-down of inventories	5,423	6.3	8,626	6.0	17,071	10.5	10,244	15.3	6,533	9.7
Total	**86,234**	**100.0**	**142,796**	**100.0**	**161,905**	**100.0**	**66,978**	**100.0**	**67,618**	**100.0**

(1) Others primarily include other contract costs, such as technical service costs and delivery costs.

As we gradually shifted the production of our cobots to our in-house facilities, we experienced a shift in our cost structure during the Track Record Period, as demonstrated by the decrease in outsourced production costs and the increases in overhead costs and direct labor costs associated with our production facilities, in particular in 2022. Along with the ramp-up of our in-house production activities, we began to achieve higher cost efficiency in 2023 compared with 2022, which was partially offset by the increase in the write-down of inventories in 2023.

Gross Profit and Gross Profit Margin

In 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, our gross profit was RMB88.1 million, RMB98.2 million, RMB124.8 million, RMB42.9 million and RMB52.8 million, respectively, representing gross profit margin of 50.5%, 40.8%, 43.5%, 39.1% and 43.9%, respectively. The following table sets forth a breakdown of our gross profit and gross profit margin by product type for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	Gross profit margin (%)	Amount	Gross profit margin (%)	Amount	Gross profit margin (%)	Amount	Gross profit margin (%)	Amount	Gross profit margin (%)
	(RMB in thousands, except for percentages)									
							(unaudited)			
Six-axis cobots	11,455	44.1	38,722	37.0	63,356	47.2	23,638	44.9	30,167	47.3
Four-axis cobots	72,845	60.8	50,848	50.4	54,517	54.8	21,221	52.4	20,005	54.4
Integrated cobots	5,335	33.1	16,372	51.8	18,206	53.1	5,946	49.6	6,928	47.1
Others	3,868	31.3	901	23.6	5,836	31.3	2,373	49.3	2,277	44.3
Subtotal	**93,503**	**53.6**	**106,843**	**44.3**	**141,915**	**49.5**	**53,178**	**48.4**	**59,377**	**49.3**
Less: write-down of inventories	(5,423)		(8,626)		(17,071)		(10,244)		(6,533)	
Total	**88,080**	**50.5**	**98,217**	**40.8**	**124,844**	**43.5**	**42,934**	**39.1**	**52,844**	**43.9**

The following table sets forth a breakdown of our gross profit and gross profit margin by geographic market for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	Gross profit margin (%)	Amount	Gross profit margin (%)	Amount	Gross profit margin (%)	Amount	Gross profit margin (%)	Amount	Gross profit margin (%)
	(RMB in thousands, except for percentages)									
							(unaudited)			
Mainland China	49,373	54.6	38,652	38.3	48,383	41.3	15,248	38.9	18,711	40.2
European markets	21,657	53.3	32,253	48.9	37,327	54.6	17,229	54.0	15,512	54.8
Americas	8,848	53.9	14,839	48.3	20,987	55.9	9,468	55.3	8,908	54.7
Asia-Pacific markets	13,625	50.8	21,099	48.6	35,218	55.3	11,233	51.7	16,246	55.4
Subtotal	**93,503**	**53.6**	**106,843**	**44.3**	**141,915**	**49.5**	**53,178**	**48.4**	**59,377**	**49.2**
Less: write-down of inventories	(5,423)		(8,626)		(17,071)		(10,244)		(6,533)	
Total	**88,080**	**50.5**	**98,217**	**40.8**	**124,844**	**43.5**	**42,934**	**39.1**	**52,844**	**43.9**

Our gross profit margin in mainland China was generally lower than those in the overseas markets in 2022, 2023 and the six months ended June 30, 2024, as we adopted pricing policies based on our evaluation of the local market conditions, including the customer profiles and competitive landscape, which resulted in a lower overall pricing level in the mainland China market.

Other Income and Gains

We recorded other income and gains of RMB27.3 million, RMB45.5 million, RMB43.8 million, RMB23.1 million and RMB21.1 million in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, respectively. Other income and gains primarily consist of government grants, investment income from and fair value gains on financial assets at fair value through profit or loss ("FVTPL"), interest income and foreign exchange gains, net. The following table sets forth a breakdown of our other income and gains for the years/periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	(RMB in thousands)				
				(unaudited)	
Other income					
Interest income	1,948	2,843	2,313	1,569	1,274
Government grants	11,598	30,920	32,915	15,759	15,954
Investment income from financial assets at FVTPL	7,045	7,391	2,657	2,059	647
Revenue from sales of raw materials[(1)]	1,545	1,655	238	43	377
Others	258	361	419	153	156
Gains					
Reversal of impairment losses on financial and contract assets[(2)]	3,178	—	—	—	1,067
Fair value gains on financial assets at FVTPL	1,695	400	4,132	2,259	1,600
Gain on disposal of items of property, plant and equipment	—	2	—	—	—
Foreign exchange gains, net	—	1,892	1,157	1,278	—
Total	**27,267**	**45,464**	**43,831**	**23,120**	**21,075**

(1) Revenue from sales of raw materials primarily consist of the revenue from sales of obsolescent raw materials.

(2) Other gains in connection with the reversal of impairment losses on financial and contract assets in 2021 were primarily related to the reversal of certain impairment provision previously recognized for trade receivables due from one customer. Such trade receivables had previously been fully impaired prior to the Track Record Period, and we recognized a partial loss reversal pursuant to the subsequent partial collection from such customer in 2021.

Government grants recognized under other income primarily represent subsidies granted by local government authorities in connection with our research and development efforts, business achievements, and our production facilities in Qingdao and Rizhao. Investment income from and fair value gains on financial assets at FVTPL were primarily related to our structured deposits and certificate deposits. For details, see "—Discussion of Major Balance Sheet Items—Financial Assets at FVTPL." The foreign exchange gains, net during the Track Record Period were primarily related to our trade receivables denominated in U.S. dollars.

The following table sets forth a breakdown of our government grants recognized under other income by basis for granting during the Track Record Period.

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	(RMB in thousands)				
				(unaudited)	
Government grants related to					
– Production facilities in Qingdao and Rizhao	2,469	15,225	21,752	10,869	9,137
– Research and development	8,945	15,266	10,331	4,708	5,944
– Talents	104	378	563	182	48
– Others	80	51	269	—	825
Total	**11,598**	**30,920**	**32,915**	**15,759**	**15,954**

Government grants recognized under other income increased from RMB11.6 million in 2021 to RMB30.9 million in 2022, primarily due to (1) an increase in government grants related to research and development efforts (including intellectual property) and business achievements, which primarily consisted of several grants from Shenzhen government departments to support the growth of small and medium-sized enterprises in high-tech sectors; and (2) the increase in government grants related to our production facilities in Rizhao. Government grants recognized under other income further increased to RMB32.9 million in 2023, primarily due to an increase in government grants related to our production facilities in Rizhao. Government grants recognized under other income increased from RMB15.8 million for the six months ended June 30, 2023 to RMB16.0 million for the six months ended June 30, 2024, primarily due to an increase in government grants related to research and development efforts, in connection with certain collaborative research and development projects.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (1) employee benefit expenses, which primarily include the salaries, wages, bonuses and share-based payments expenses for our sales and marketing personnel; (2) advertising and promotion expenses; (3) business development and traveling expenses; (4) depreciation and amortization, which are primarily related to our property, plant and equipment; (5) rental expenses, which primarily consist of the depreciation of right-of-use assets representing our office leases; and (6) after-sales service fees. The following table sets forth a breakdown of our selling and distribution expenses for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)									
							(unaudited)			
Employee benefit expenses	39,068	61.4	57,044	63.9	69,020	54.2	33,266	58.8	41,405	66.3
Advertising and promotion expenses	8,530	13.4	8,439	9.5	17,609	13.8	5,701	10.1	4,542	7.3
Business development and traveling expenses	4,428	7.0	7,346	8.2	17,115	13.4	8,140	14.4	6,149	9.8
Depreciation and amortization	1,597	2.5	5,525	6.2	9,158	7.2	3,587	6.3	6,093	9.7
Rental expenses	1,717	2.7	2,446	2.7	4,566	3.6	1,955	3.5	1,675	2.7
After-sales service fees	4,662	7.3	3,087	3.5	3,033	2.4	676	1.2	389	0.6
Others[(1)]	3,628	5.7	5,387	6.0	6,888	5.4	3,235	5.7	2,266	3.6
Total	**63,630**	**100.0**	**89,274**	**100.0**	**127,389**	**100.0**	**56,560**	**100.0**	**62,519**	**100.0**

(1) Others primarily include the cost of materials and consumables, delivery fees and utilities, offices and property management expenses associated with our sales and marketing activities.

In 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, our selling and distribution expenses were RMB63.6 million, RMB89.3 million, RMB127.4 million, RMB56.6 million and RMB62.5 million, respectively, accounting for 36.5%, 37.0%, 44.4%, 51.5% and 51.9% of our revenue for the same years/periods, respectively.

Administrative Expenses

Our administrative expenses primarily consist of (1) employee benefit expenses, which primarily include the salaries, wages, bonuses and share-based payments expenses for our administrative personnel; (2) professional service fees, which primarily include legal fees, audit fees, consulting service fees and recruitment fees; (3) business development and traveling expenses; (4) depreciation and amortization, which are primarily related to our property, plant and equipment; (5) rental expenses, which primarily consist of the depreciation of right-of-use assets representing our office leases; (6) utilities, office and property management expenses; and (7) tax and surcharges. The following table sets forth a breakdown of our administrative expenses for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)									
							(unaudited)			
Employee benefit expenses	10,314	39.0	29,409	59.4	32,364	61.0	13,078	54.7	17,957	48.4
Professional service fees	7,352	27.8	7,246	14.6	6,030	11.4	3,987	16.7	12,391	33.4
Business development and traveling expenses	1,497	5.7	1,835	3.7	2,219	4.2	1,363	5.7	1,487	4.0
Depreciation and amortization	1,558	5.9	4,329	8.7	4,709	8.9	1,673	7.0	2,265	6.1
Rental expenses	1,785	6.8	1,712	3.5	938	1.7	1,145	4.8	86	0.2
Utilities, offices and property management expenses	820	3.1	1,279	2.6	948	1.7	431	1.8	467	1.3
Tax and surcharges	1,176	4.4	1,589	3.2	3,642	6.9	849	3.5	1,547	4.2
Others[(1)]	1,936	7.3	2,133	4.3	2,215	4.2	1,386	5.8	887	2.4
Total	**26,438**	**100.0**	**49,532**	**100.0**	**53,065**	**100.0**	**23,912**	**100.0**	**37,087**	**100.0**

(1) Others primarily include the cost of materials and consumables, delivery fees and other third-party service fees associated with our administrative activities.

In 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, our administrative expenses were RMB26.4 million, RMB49.5 million, RMB53.1 million, RMB23.9 million and RMB37.1 million, respectively, representing 15.2%, 20.6%, 18.5%, 21.8% and 30.8% of our revenue for the same years/periods, respectively.

Research and Development Expenses

Our research and development expenses primarily consist of (1) employee benefit expenses, which primarily include the salaries, wages, bonuses and share-based payments expenses for our research and development personnel; (2) professional service fees, which primarily consist of product certification and testing fees and trademark and patent application fees; (3) materials and consumables for our research and development initiatives; (4) depreciation and amortization, which are primarily related to our property, plant and equipment; and (5) rental expenses, which primarily consist of the depreciation of right-of-use assets representing our office leases. The following table sets forth a breakdown of our research and development expenses for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)									
							(unaudited)			
Employee benefit expenses	33,637	71.8	39,814	76.5	51,729	73.3	24,092	77.3	24,614	78.3
Professional service fees	5,534	11.8	3,427	6.6	3,992	5.7	1,339	4.3	1,525	4.9
Materials and consumables	3,057	6.5	4,201	8.1	8,614	12.2	3,224	10.3	2,013	6.4
Depreciation and amortization	1,559	3.3	1,679	3.2	1,709	2.4	568	1.8	1,317	4.2
Rental expenses	1,768	3.8	1,499	2.9	1,438	2.1	924	3.0	1,300	4.1
Others[(1)]	1,318	2.8	1,434	2.7	3,045	4.3	1,034	3.3	654	2.1
Total	**46,873**	**100.0**	**52,054**	**100.0**	**70,527**	**100.0**	**31,181**	**100.0**	**31,423**	**100.0**

(1) Others primarily include traveling expenses, delivery fees and utilities, offices and property management expenses associated with our research and development activities.

In 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, our research and development expenses were RMB46.9 million, RMB52.1 million, RMB70.5 million, RMB31.2 million and RMB31.4 million, respectively, accounting for 26.9%, 21.6%, 24.6%, 28.4% and 26.1% of our revenue for the same years/periods, respectively.

We determine that capitalization of development costs starts when the prototype of the product is available and there are established demands for the product. There are only immaterial development costs incurred after that point until the commercialization of the product, and therefore, no research and development costs were capitalized for 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024.

Other Expenses

Our other expenses primarily include impairment losses on financial and contract assets and expense of sales of raw materials. We recorded other expenses of RMB3.0 million, RMB3.4 million, RMB5.5 million, RMB4.6 million and RMB1.8 million in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, respectively.

Finance Costs

Our finance costs primarily consist of interest on bank loans, interest on lease liabilities and accretion of interest expense. In 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, our finance costs was RMB0.8 million, RMB2.0 million, RMB2.0 million, RMB1.4 million and RMB0.7 million, respectively.

Income Tax (Expense)/Credit

We recorded income tax expense of RMB16.5 million, income tax credit of RMB0.1 million and income tax expense of RMB13.5 million in 2021, 2022 and 2023, respectively, and we recorded income tax expenses of RMB0.1 million and RMB0.3 million in the six months ended June 30, 2023 and 2024, respectively. We recognized income tax credit in 2022, primarily due to the increase in the deferred income tax resulting from the temporary differences between tax base and carrying amount of our financial assets at FVTPL and lease liabilities, as well as the decrease in taxable income such as relevant taxable government grants in 2022. Our income tax primarily comprises current income tax.

The provision for corporate income tax in China is based on the statutory rate of 25% of the taxable profits determined in accordance with the EIT Law. Our Company is qualified as a High-tech Enterprise and was entitled to a preferential income tax rate of 15% during the Track Record Period. Shenzhen Qimo Technology Co., Ltd., one of our PRC subsidiaries, is also qualified as a High-tech Enterprise and was entitled to a preferential income tax rate of 15% in 2021 and 2022. The High-tech Enterprise qualification is subject to review by the relevant tax authority every three years.

For details, see Note 10 to the Accountants' Report in Appendix I to this document.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six months ended June 30, 2024 Compared to Six months ended June 30, 2023

Revenue

Our revenue increased by 9.6% from RMB109.9 million in the six months ended June 30, 2023 to RMB120.5 million in the six months ended June 30, 2024, primarily due to (1) the increase in revenue from the sales of six-axis cobots; and (2) the increase in revenue from integrated cobots.

- Our revenue from six-axis cobots increased by 21.3% from RMB52.6 million in the six months ended June 30, 2023 to RMB63.8 million in the six months ended June 30, 2024, primarily due to the increase in the sales volume of our six-axis cobots driven by the launch of new six-axis cobot products in mid 2023, which gained traction since then, as well as the steady increase in the sales volume of other six-axis cobot products.

- Our revenue from four-axis cobots decreased by 9.2% from RMB40.5 million in the six months ended June 30, 2023 to RMB36.8 million in the six months ended June 30, 2024, primarily due to the decrease in the sales volume of certain four-axis cobot products, as we strategically adjusted our product mix for education settings.

- Our revenue from integrated cobots increased by 22.7% from RMB12.0 million in the six months ended June 30, 2023 to RMB14.7 million in the six months ended June 30, 2024, primarily due to the increase in sales volume of certain integrated products, such as integrated cobots for vocational training and palletizing, partially offset by the decrease in the ASP of integrated cobots during the period.

Cost of sales

Our cost of sales remained relatively stable at RMB67.0 million and RMB67.6 million in the six months ended June 30, 2023 and 2024, respectively.

Gross profit and gross profit margin

Our gross profit increased by 23.1% from RMB42.9 million in the six months ended June 30, 2023 to RMB52.8 million in the six months ended June 30, 2024, primarily due to the increase in gross profit from six-axis cobots. Our gross profit margin increased from 39.1% in the six months ended June 30, 2023 to 43.9% in the six months ended June 30, 2024, primarily due to the increase in the gross profit margin of our six-axis cobots for the reasons discussed below, as well as the impact of the decrease in write-down of inventories in the six months ended June 30, 2024.

- Our gross profit from six-axis cobots (before write-down of inventories) increased by 27.6% from RMB23.6 million in the six months ended June 30, 2023 to RMB30.2 million in the six months ended June 30, 2024, primarily due to (1) the increase in revenue from six-axis cobots for the reasons discussed above; and (2) the increase in gross profit margin of our six-axis cobots (before write-down of inventories) from 44.9% in the six months ended June 30, 2023 to 47.3% in the six months ended June 30, 2024. The increase in gross profit margin was primarily due to (i) the optimization of our supply chain, which led to lower procurement costs of certain raw materials and components, such as reducers, motors and machine parts; and (ii) the premium pricing of certain new six-axis cobots offered in 2024.

- Our gross profit from four-axis cobots (before write-down of inventories) decreased by 5.7% from RMB21.2 million in the six months ended June 30, 2023 to RMB20.0 million in the six months ended June 30, 2024, primarily due to the decrease in revenue for the reasons discussed above. Our gross profit margin of four-axis cobots (before write-down of inventories) increased moderately from 52.4% in the six months ended June 30, 2023 to 54.4% in the six months ended June 30, 2024, primarily due to the greater contribution of sales to overseas markets for certain four-axis cobot products, for which we adopted a premium pricing in view of the local market conditions.

- Our gross profit from integrated cobots (before write-down of inventories) increased by 16.5% from RMB5.9 million in the six months ended June 30, 2023 to RMB6.9 million in the six months ended June 30, 2024, primarily due to the increase in revenue from integrated cobots for the reasons discussed above. The gross profit margin of our integrated cobots (before write-down of inventories) decreased from 49.6% in the six months ended June 30, 2023 to 47.1% in the six months ended June 30, 2024, primarily because we incurred higher costs in servicing a customer's order for integrated cobots with a goal to integrate our products to such customer's production lines and ensure service quality, which led to a significant reduction in gross profit for such order. Such customer order incurred higher costs, primarily in connection with the personnel to install and configure the integrated cobots, which were newly launched, to ensure their smooth operations and accumulate experience to further improve and promote the implementation of such new products.

Other income and gains

Our other income and gains remained relatively stable at RMB23.1 million and RMB21.1 million in the six months ended June 30, 2023 and 2024, respectively.

Selling and distribution expenses

Our selling and distribution expenses increased by 10.5% from RMB56.6 million in the six months ended June 30, 2023 to RMB62.5 million in the six months ended June 30, 2024, primarily due to (1) an increase in employee benefit expenses of RMB8.1 million, as a result of (i) an increase in share-based payments expenses to our sales and marketing personnel of RMB2.8 million, and (ii) the recruitment of certain sales and marketing personnel under multiple departments in the six months ended June 30, 2024, such as those for branding, sector penetration and overseas markets; and (2) an increase in depreciation and amortization expenses of RMB2.5 million, as we deployed more sample cobot products for marketing purposes, partially offset by a decrease in business development and traveling expenses of RMB2.0 million, as we optimized relevant cost management, in particular for overseas trips.

Administrative expenses

Our administrative expenses increased by 55.1% from RMB23.9 million in the six months ended June 30, 2023 to RMB37.1 million in the six months ended June 30, 2024, primarily (1) an increase in employee benefit expenses of RMB4.9 million, primarily representing an increase in share-based payments expenses of RMB4.1 million; and (2) an increase in professional service fees of RMB8.4 million due to the [**REDACTED**] incurred in 2024.

Research and development expenses

Our research and development expenses remained relatively stable at RMB31.2 million and RMB31.4 million in the six months ended June 30, 2023 and 2024, respectively.

Loss for the period

As a result of the foregoing, our loss for the period increased by 15.9% from RMB51.7 million in the six months ended June 30, 2023 to RMB59.9 million in the six months ended June 30, 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue increased by 19.0% from RMB241.0 million in 2022 to RMB286.7 million in 2023, primarily due to (1) the increase in revenue from the sales of six-axis cobots; and (2) the increase in revenue from others, primarily attributable to the increase in the sales revenue of certain project-based solutions due to the bounce-back from the impact of COVID-19 pandemic in 2022.

- Our revenue from six-axis cobots increased by 28.2% from RMB104.7 million in 2022 to RMB134.3 million in 2023, primarily due to the increase in the sales volume of our six-axis cobots driven by the expanded functions and use cases of our six-axis cobots, such as those for 3C and other industrial manufacturing settings, to capture the robust customer demand.

- Our revenue from four-axis cobots remained relatively stable at RMB100.9 million and RMB99.5 million in 2022 and 2023, respectively.

- Our revenue from integrated cobots increased by 8.6% from RMB31.6 million in 2022 to RMB34.3 million in 2023, as we sold proportionately more high-value integrated cobot products in 2023, such as integrated cobots for vocational training and welding that enhanced our ASP.

Cost of sales

Our cost of sales increased by 13.4% from RMB142.8 million in 2022 to RMB161.9 million in 2023, primarily due to (1) an increase in raw material costs of RMB11.4 million, primarily due to the increase in the sales volume of six-axis cobots; (2) an increase in overhead costs of RMB2.4 million as we scaled up our production through our in-house facilities; and (3) an increase in the write-down of inventories of RMB8.4 million in connection with certain early cobot models, partially offset by the decrease in outsourced production costs of RMB0.9 million.

Gross profit and gross profit margin

Our gross profit increased by 27.1% from RMB98.2 million in 2022 to RMB124.8 million in 2023, primarily due to the increase in gross profit from six-axis cobots and four-axis cobots. Our gross profit margin increased from 40.8% in 2022 to 43.5% in 2023, primarily due to the increase in the gross profit margin of our six-axis cobots and four-axis cobots due to the reasons discussed below, partially offset by the impact of the increase in write-down of inventories in 2023.

- Our gross profit from six-axis cobots (before write-down of inventories) increased by 63.6% from RMB38.7 million in 2022 to RMB63.4 million in 2023, primarily due to (1) the increase in revenue from six-axis cobots for the reasons discussed above; and (2) the increase in gross profit margin of our six-axis cobots (before write-down of inventories) from 37.0% in 2022 to 47.2% in 2023. The increase in gross profit margin was primarily due to (i) the improvement in our cost management and greater economies of scale of our production activities in 2023; and (ii) the lower gross profit margin of certain newly launched six-axis cobots for 3C manufacturing settings which we offered for trial purpose in 2022.

- Our gross profit from four-axis cobots (before write-down of inventories) increased by 7.2% from RMB50.8 million in 2022 to RMB54.5 million in 2023, primarily due to the increase in gross profit margin of four-axis cobots (before write-down of inventories) from 50.4% in 2022 to 54.8% in 2023, as a result of the decrease in raw material costs of certain four-axis cobot products.

- Our gross profit from integrated cobots (before write-down of inventories) increased by 11.2% from RMB16.4 million in 2022 to RMB18.2 million in 2023, primarily due to the increase in revenue from integrated cobots. The gross profit margin of our integrated cobots (before write-down of inventories) remained relatively stable at 51.8% and 53.1% in 2022 and 2023, respectively.

Other income and gains

Our other income and gains remained relatively stable at RMB45.5 million and RMB43.8 million in 2022 and 2023, respectively.

Selling and distribution expenses

Our selling and distribution expenses increased by 42.7% from RMB89.3 million in 2022 to RMB127.4 million in 2023, primarily due to (1) an increase in employee benefit expenses of RMB12.0 million, as a result of (i) an increase in share-based payments expenses to our sales and marketing personnel of RMB3.9 million, and (ii) the addition of 36 sales personnel for overseas markets in 2023; (2) an increase in advertising and promotion expenses of RMB9.2 million, driven by the increase in our advertising and other promotional initiatives for overseas business expansion; (3) an increase in business development and traveling expenses of RMB9.8 million, primarily due to the increase in our business expansion initiatives in overseas markets; and (4) an increase in depreciation and amortization expenses of RMB3.6 million, as we deployed more sample cobot products for marketing purposes. Our primary business expansion activities in 2023 included participating in industry-related exhibitions and engaging in advertising, sponsorship and online marketing campaigns. For instance, we participated in several industry exhibitions in Japan, the United States and Europe in 2023. As we established our overseas subsidiaries and enhanced our efforts to penetrate relevant overseas markets in 2023, we believe the increase in relevant headcount and compensation to our sales personnel for overseas markets is fundamental to establishing our local practice, building up our local presence and fostering our direct connections with the relevant markets.

Administrative expenses

Our administrative expenses increased by 7.1% from RMB49.5 million in 2022 to RMB53.1 million in 2023, primarily due to (1) an increase in employee benefit expenses of RMB3.0 million, primarily due to an increase in the average salary of our administrative personnel; and (2) an increase in tax and surcharges of RMB2.1 million, primarily related to value-added tax surcharges and property tax.

Research and development expenses

Our research and development expenses increased by 35.5% from RMB52.1 million in 2022 to RMB70.5 million in 2023, primarily due to (1) an increase in employee benefit expenses of RMB11.9 million, primarily due to (i) an increase in share-based payments expenses to our research and development personnel of RMB4.7 million, and (ii) an increase in the headcount and average salary of our research and development personnel; and (2) an increase in materials and consumables of RMB4.4 million to meet the needs of our research and development activities. Our research and development activities in 2023 primarily included (1) developing new cobot products, such as Magician E6 and new CR Series cobots; (2) upgrading the software and platforms for our cobots, such as those for controlling our six-axis cobots and four-axis cobots; (3) developing process toolkits, such as palletizing and welding; (4) continuing our research into cobot-related technologies, such as SafeSkin; and (5) continuing the enhancement of existing cobot products. We have 157 research and development personnel as of December 31, 2023, which increased moderately from 147 as of December 31, 2022. We believe that such increased investment into our research and development personnel is necessary in 2023, in order to support the above-mentioned various research and development initiatives in 2023 and harness our research and development capabilities in a sustainable manner.

Income tax (expense)/credit

We recorded income tax credit of RMB0.1 million and income tax expense of RMB13.5 million in 2022 and 2023, respectively, primarily in relation to the taxable income of certain PRC subsidiaries arising from the government grants received in 2023.

Loss for the year

As a result of the foregoing, our loss for the year increased by 96.8% from RMB52.5 million in 2022 to RMB103.3 million in 2023.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Revenue

Our revenue increased by 38.3% from RMB174.3 million in 2021 to RMB241.0 million in 2022, primarily due to the increase in revenue from the sales of six-axis cobots and integrated cobots.

- Our revenue from six-axis cobots increased significantly from RMB26.0 million in 2021 to RMB104.7 million in 2022, primarily due the increase in the sales volume of our six-axis cobots driven by the launch of new six-axis cobot products in late 2021, which gained traction in 2022.

- Our revenue from four-axis cobots decreased by 15.9% from RMB119.9 million in 2021 to RMB100.9 million in 2022, as we concluded one major contract in 2021.

- Our revenue from integrated cobots increased by 96.3% from RMB16.1 million in 2021 to RMB31.6 million in 2022, primarily due to the increase in the sales volume and ASP of our integrated cobots driven by our product development efforts, in particular integrated cobots for vocational training, as well as the increase in market demand.

Cost of sales

Our cost of sales increased by 65.6% from RMB86.2 million in 2021 to RMB142.8 million in 2022, primarily due to (1) an increase in raw material costs of RMB44.2 million in line with the general increase of the sales volume of our six-axis cobots, which have more components; and (2) an increase in overhead costs of RMB7.4 million and an increase in direct labor costs of RMB3.1 million, partially offset by a decrease in outsourced production costs of RMB4.0 million, as we shifted the production of our cobots to our in-house facilities in 2022.

Gross profit and gross profit margin

Our gross profit increased by 11.5% from RMB88.1 million in 2021 to RMB98.2 million in 2022, primarily due to the increase in gross profit from six-axis cobots and integrated cobots. Our gross profit margin decreased from 50.5% in 2021 to 40.8% in 2022, primarily due to the decrease in gross profit margin of six-axis cobots and four-axis cobots. We shifted the cobot production to our in-house facilities in 2022, which resulted in temporary cost fluctuations in that year that reduced the gross profit margin of six-axis cobots and four-axis cobots. Specifically, during the period of initiating our in-house production activities, we had a relatively low utilization rate of our production facilities in Rizhao at 58.6% and 32.9% for six-axis cobots and four-axis cobots in 2022, respectively, compared with that of 61.3% and 37.8% in 2023, respectively. As a result, we incurred higher overhead costs, direct labor costs and relevant raw material costs, which were not fully offset by the decrease in outsourced manufacturing costs in 2022.

- Our gross profit from six-axis cobots (before write-down of inventories) increased significantly from RMB11.5 million in 2021 to RMB38.7 million in 2022, primarily driven by the significant increase in revenue from six-axis cobots for the reasons discussed above, partially offset by the decrease in gross profit margin of six-axis cobots (before write-down of inventories) from 44.1% in 2021 to 37.0% in 2022. The decrease in gross profit margin was primarily due to (1) the shift of cobot production to our in-house facilities in 2022, which resulted in temporary cost fluctuations; and (2) the lower gross profit margin of certain newly launched six-axis cobots for 3C manufacturing settings which we offered for trial purpose in 2022.

- Our gross profit from four-axis cobots (before write-down of inventories) decreased by 30.2% from RMB72.8 million in 2021 to RMB50.8 million in 2022, primarily driven by (1) the decrease in revenue from four-axis cobots for the reasons discussed above; and (2) the decrease in gross profit margin of four-axis cobots (before write-down of inventories) from 60.8% in 2021 to 50.4% in 2022. The decrease in gross profit margin was primarily due to (i) the premium pricing of certain four-axis product in 2021, as we met the requirements of a specific customer; and (ii) the shift of cobot production to our in-house facilities in 2022, which resulted in temporary cost fluctuations.

- Our gross profit from integrated cobots (before write-down of inventories) increased significantly from RMB5.3 million in 2021 to RMB16.4 million in 2022, primarily driven by (1) the increase in revenue from integrated cobots for the reasons discussed above; and (2) the increase in gross profit margin (before write-down of inventories) from 33.1% in 2021 to 51.8% in 2022, primarily driven by the increase in the sales volume of high-value products, such as certain integrated cobots for vocational training that enhanced our ASP.

Other income and gains

Our other income and gains increased by 66.7% from RMB27.3 million in 2021 to RMB45.5 million in 2022, primarily due to an increase in government grants of RMB19.3 million recognized in connection with our research and development efforts, business achievements, and our production facilities in Qingdao and Rizhao, partially offset by a decrease in the reversal of impairment losses of financial and contract assets from RMB3.2 million in 2021 to nil in 2022.

Selling and distribution expenses

Our selling and distribution expenses increased by 40.3% from RMB63.6 million in 2021 to RMB89.3 million in 2022, primarily due to (1) an increase in employee benefit expenses of RMB18.0 million, primarily due to (i) an increase in the headcount and average salary of our sales and marketing personnel, and (ii) an increase in share-based payments expenses to our sales personnel of RMB2.5 million; (2) an increase in business development and traveling expenses of RMB2.9 million in connection with our business expansion initiatives; and (3) an increase in depreciation and amortization expenses of RMB3.9 million, as we deployed more sample cobot products for marketing purposes.

Administrative expenses

Our administrative expenses increased by 87.4% from RMB26.4 million in 2021 to RMB49.5 million in 2022, primarily due to an increase in employee benefit expenses of RMB19.1 million, as a result of (1) a change in share-based payments expenses to our administrative personnel of RMB12.6 million, primarily due to the increase in share-based payments expenses in 2022 and the forfeiture of certain previously granted awards due to termination of employment in 2021; and (2) an increase in the headcount and average salary of our administrative personnel.

Research and development expenses

Our research and development expenses increased by 11.1% from RMB46.9 million in 2021 to RMB52.1 million in 2022, primarily due to (1) an increase in employee benefit expenses of RMB6.2 million, primarily due to an increase in the average salary of our research and development personnel; and (2) an increase in materials and consumables of RMB1.1 million to meet the needs of our research and development activities, partially offset by a decrease in professional service fees of RMB2.1 million, generally in line with the level of our demand for the relevant services.

Income tax (expense)/credit

We recorded income tax expense of RMB16.5 million and income tax credit of RMB0.1 million in 2021 and 2022, respectively, primarily in relation to the taxable income of certain PRC subsidiaries arising from the government grants received in 2021.

Loss for the year

As a result of the foregoing, our loss for the year increased by 25.7% from RMB41.8 million in 2021 to RMB52.5 million in 2022.

DISCUSSION OF CERTAIN BALANCE SHEET ITEMS

The following table sets forth our consolidated statements of financial position as of the dates indicated.

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Non-current assets				
Property, plant and equipment	107,396	194,448	189,770	185,422
Right-of-use assets	25,314	36,094	33,831	33,838
Other intangible assets	2,002	3,156	2,255	2,984
Deferred tax assets	5	106	1,902	2,427
Investment in an associate	1,132	—	—	—
Prepayments, deposits and other receivables	1,441	829	5,278	7,470
Trade receivables	1,392	828	—	—
Total non-current assets	**138,682**	**235,461**	**233,036**	**232,141**
Current assets				
Inventories	70,901	131,843	141,520	155,296
Trade and bills receivables	15,046	39,608	41,608	33,040
Contract assets	228	82	325	416
Prepayments, deposits and other receivables	17,594	21,074	30,844	28,413
Financial assets at FVTPL	272,720	190,400	174,383	145,983
Restricted bank deposits	821	9,189	2,210	821
Cash and cash equivalents	149,093	297,763	110,962	73,033
Total current assets	**526,403**	**689,959**	**501,852**	**437,002**
Current liabilities				
Trade and bills payables	18,275	30,894	30,907	29,707
Other payables and accruals	94,176	183,368	41,792	39,291
Financial liabilities at FVTPL	—	—	80	—
Interest-bearing bank loans	—	21,619	57,790	69,233
Lease liabilities	3,108	5,016	4,874	4,415
Contract liabilities	27,076	35,578	10,939	10,561
Tax payable	38,761	38,146	14,415	530
Total current liabilities	**181,396**	**314,621**	**160,797**	**153,737**
Net current assets	**345,007**	**375,338**	**341,055**	**283,265**
Total assets less current liabilities	**483,689**	**610,799**	**574,091**	**515,406**
Non-current liabilities				
Deferred income	158,993	143,466	189,569	177,814
Deferred tax liabilities	272	10	559	845
Lease liabilities	5,283	5,731	4,533	4,832
Provision	3,490	6,558	6,127	4,983
Total non-current liabilities	**168,038**	**155,765**	**200,788**	**188,474**
Net assets	**315,651**	**455,034**	**373,303**	**326,932**
Equity				
Equity attributable to owners of the parent				
Share capital	—	360,000	360,000	360,000
Paid-in capital	9,538	—	—	—
Reserves	306,113	95,034	13,303	(33,068)
	315,651	455,034	373,303	326,932
Non-controlling interests	—	—	—	—
Total equity	**315,651**	**455,034**	**373,303**	**326,932**

Property, Plant and Equipment

Our property, plant and equipment primarily consist of buildings, electronic equipment, furniture and fixtures, construction in progress, and leasehold improvements. The following table sets forth the carrying amount of our property, plant and equipment as of the dates indicated.

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Buildings	—	138,884	134,638	132,182
Furniture and fixtures	2,601	7,663	5,868	5,104
Motor vehicles	924	645	393	267
Electronic equipment and others	13,740	39,874	41,687	38,412
Leasehold improvements	704	5,108	4,809	4,568
Construction in progress	89,427	2,274	2,375	4,889
Total	**107,396**	**194,448**	**189,770**	**185,422**

Our property, plant and equipment increased from RMB107.4 million as of December 31, 2021 to RMB194.4 million as of December 31, 2022, primarily due to (1) the increase in buildings due to (i) the transfer of certain construction in progress as of December 31, 2021 into buildings in 2022 in accordance with the construction progress of our production facilities in Rizhao and Qingdao, and (ii) the acquisition of buildings in Qingdao as production facilities; (2) the additions to electronic equipment and others, primarily due to the increase in sample cobots transferred from our inventories to support our marketing initiatives; and (3) the increase in leasehold improvements related to the renovations of our offices and production facilities, partially offset by the depreciation of our property, plant and equipment and the decrease in construction in progress. Our property, plant and equipment remained relatively stable at RMB189.8 million as of December 31, 2023. Our property, plant and equipment remained relatively stable at RMB185.4 million as of June 30, 2024.

Right-of-use Assets

Our right-of-use assets primarily consist of buildings and leasehold land. Our right-of-use assets increased from RMB25.3 million as of December 31, 2021 to RMB36.1 million as of December 31, 2022, primarily due to (1) the renewal of our office leases; and (2) the increase in leasehold land in Qingdao, partially offset by the depreciation of right-of-use assets. Our right-of-use assets decreased to RMB33.8 million as of December 31, 2023, primarily due to the depreciation of right-of-use assets, partially offset by the impact of certain new office leases. Our right-of-use assets remained relatively stable at RMB33.8 million as of June 30, 2024.

Intangible Assets

Our intangible assets primarily consist of software. Our intangible assets increased from RMB2.0 million as of December 31, 2021 to RMB3.2 million as of December 31, 2022, primarily due to the software procurement according to our business needs, partially offset by the amortization of software in 2022. Other intangible assets then decreased to RMB2.3 million as of December 31, 2023, primarily due to the amortization of software in 2023. Other intangible assets increased to RMB3.0 million as of June 30, 2024, primarily due to our software procurement, partially offset by the amortization of software.

Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables primarily consist of (1) value-added tax recoverable; (2) prepayments, which primarily consist of prepayments for raw materials and third-party services for our ordinary business operations; and (3) other receivables and deposit. The following table sets forth the details of our prepayments, deposits and other receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Current				
Value-added tax recoverable	5,143	10,659	15,949	10,930
Deferred [**REDACTED**]	—	—	—	2,102
Prepayments	7,482	7,480	12,339	13,387
Other receivables and deposit[(1)]	5,684	3,308	2,987	2,386
Less: impairment of other receivables and deposit	(715)	(373)	(431)	(392)
	17,594	**21,074**	**30,844**	**28,413**
Non-current				
Value-added tax recoverable	—	—	4,090	3,997
Other receivables and deposits[(1)]	783	535	1,076	1,557
Prepayments for property, plant and equipment	658	294	112	1,916
	1,441	**829**	**5,278**	**7,470**

(1) Other receivables primarily consist of retention money and staff loans.

Our prepayments, deposits and other receivables increased from RMB19.0 million as of December 31, 2021 to RMB21.9 million as of December 31, 2022, primarily due to the increase in value-added tax recoverable arising from the construction of our production facilities in Rizhao, partially offset by the decrease in other receivables and deposit. Our prepayments, deposits and other receivables then increased to RMB36.1 million as of December 31, 2023, primarily due to (1) an increase in value-added tax recoverable arising from the construction of our production facilities in Qingdao and Rizhao; and (2) an increase in prepayments, primarily due to the increase in our procurement of raw materials to meet our growing business needs. Our prepayments, deposits and other receivables remained relatively stable at RMB35.9 million.

Inventories

We had inventories of RMB70.9 million, RMB131.8 million, RMB141.5 million and RMB155.3 million as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. The following table sets forth the details of our inventories as of the dates indicated.

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Raw materials	33,991	60,624	50,680	48,705
Work in process	5,828	16,898	27,554	26,218
Finished goods	20,647	34,414	53,895	72,798
Goods in transit	10,435	19,907	9,391	7,575
Total	**70,901**	**131,843**	**141,520**	**155,296**

Our inventories increased from RMB70.9 million as of December 31, 2021 and RMB131.8 million as of December 31, 2022 primarily due to (1) an increase in raw materials as we enhanced our procurement in light of the production needs of our own production facilities in 2022; (2) an increase in work in process as we shifted the production of our cobots to our own facilities in 2022; and (3) an increase in finished goods and goods in transit primarily due to our business expansion and the increase in our product shipment. Our inventories further increased to RMB141.5 million as of December 31, 2023, primarily due to the increase in finished goods to meet the needs of our overseas business expansion, including the scale-up of our overseas warehouses, partially offset by a decrease in goods in transit as of the end of relevant periods. Our inventories then increased to RMB155.3 million as of June 30, 2024, primarily due to the increases in finished goods to meet the needs of our overseas business expansion, including our overseas warehouses.

The following table sets forth our inventory turnover days for the years/period indicated.

	Year ended December 31,			Six months ended June 30,
	2021	2022	2023	2024
Inventory turnover days[(1)]	248	256	304	395

(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 and 180 days for a six-month period).

We had relatively long inventory turnover days during the Track Record Period, as we have not achieved a large business scale and have maintained a wide spectrum of cobot products and related materials to effectively meet the needs of our customers. Our inventory turnover days were relatively stable at 248 and 256 days in 2021 and 2022, respectively. Our inventory turnover days increased to 304 days in 2023, as we expanded our product lines and increased our stock for overseas business expansion. In particular, we established overseas warehouses in 2023 for inventory storage and faster delivery to meet the needs of local customers. Our inventory turnover days further increased to 395 days for the six months ended June 30, 2024 primarily due to an increase in finished products of our latest CR series products in anticipation of increased demand from overseas markets, as well as the impact of low season for revenue recognition due to seasonality factors, which further prolonged the turnover days for the six months ended June 30, 2024.

The following table sets forth an aging analysis of our inventories as of the dates indicated.

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Within 1 year	74,162	135,052	137,338	145,874
1 to 2 years	4,876	7,512	22,258	31,813
2 to 3 years	319	2,283	1,949	4,057
Over 3 years	47	121	1,688	365
	79,404	**144,968**	**163,233**	**182,109**
Less: Write-down of inventories	(8,503)	(13,125)	(21,713)	(26,813)
Total	**70,901**	**131,843**	**141,520**	**155,296**

Our inventories increased continually from RMB79.4 million as of December 31, 2021 to RMB182.1 million as of June 30, 2024, primarily due to the enlarged scale of business, including the increase in revenue and product types. To support our rapid development, we stabilized our supply chain by (1) constructing our own production facilities and gradually replacing outsourced manufacturing with in-house production since 2022, and (2) stocking up key raw materials such as some harmonic reducers and PCBA for different types of products. These factors increased the turnover days of inventories, with the proportion of inventories with an age of more than 1 year to the gross inventory balance increased from 7% to 20%. Despite such increase, our management monitored our inventories carefully and kept the long-aged inventory in a relatively low level. The proportion of inventories with an age of more than 2 years was less than 3% which generally aligns with our management's expectations.

In particular, we have considered the following factors to determine the write-down provision of our inventories: (1) during the Tracking Record Period, our gross profit margin remained consistently above 40%. Raw materials generally have no expiration date and the upgrades of our products usually take long period. In light of such nature of our raw materials and products, as well as the increasing market demand, we consider that there is no significant recoverability issue for inventories; and (2) in accordance with IAS 2, inventories are stated at the lower of cost and net realizable value ("NRV"). Our management performed NRV tests at the end of each Track Record Period. When estimating NRV, we consider the following: (a) the most reliable evidence available at the time the estimates are made; (b) fluctuation of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm the conditions existing at the end of the period; and (c) the purpose for which the inventory is held.

We also reviewed the condition of the inventories at the end of each reporting period and identified obsolete and defective products. For those products, we estimated NRV on an item-by-item basis, according to expected sales orders and current market conditions. For inventories under normal conditions, NRV is estimated on product-type basis and provisions are made for the excess of cost over the NRV.

Bases on the above considerations, as of December 31, 2021, 2022 and 2023 and June 30, 2024, the write down provision of inventory was RMB8.5 million, RMB13.1 million, RMB21.7 million and RMB26.8 million respectively, representing 11%, 9%, 13% and 15% of costs of inventories. Our management believes that sufficient provision has been made at the end of each of the reporting periods.

As of October 31, 2024, RMB73.9 million or approximately 47.6% of our inventories as of June 30, 2024 had been subsequently consumed or sold.

Trade and Bills Receivables

We had trade and bills receivables of RMB16.4 million, RMB40.4 million, RMB41.6 million and RMB33.0 million as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. The following table sets forth the details of our trade and bills receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Trade receivables				
Third parties	25,764	50,636	47,443	36,378
Less: impairment of trade receivables	(9,347)	(10,280)	(6,876)	(5,728)
Trade receivables, net	16,417	40,356	40,567	30,650
Bills receivables	21	80	1,041	2,390
Total	**16,438**	**40,436**	**41,608**	**33,040**
Analyzed into:				
Current portion	15,046	39,608	41,608	33,040
Non-current portion	1,392	828	—	—

The gross amount of our trade receivables increased from RMB25.8 million as of December 31, 2021 to RMB50.6 million as of December 31, 2022, generally in line with our business expansion and sales growth. The gross amount of our trade receivables decreased slightly to RMB47.4 million as of December 31, 2023, and further to RMB36.4 million as of June 30, 2024, primarily due to normal fluctuations in our sales activities.

The credit period with our customers for sales on credit is generally 30 to 90 days. The following table sets forth our trade receivables turnover days for the years/period indicated.

	Year ended December 31,			Six months ended June 30,
	2021	2022	2023	2024
Trade receivables turnover days[(1)]	26	42	51	53

(1) The trade receivables turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of our 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 and 180 days for a six-month period).

Our trade receivables turnover days increased during the Track Record Period, as we continued to grow our customer base and granted credit periods to accommodate customers' payment practices, mainly for overseas customers.

The following table sets forth an aging analysis of our trade receivables based on invoice date and net of loss allowance as of the dates indicated.

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Within one year	15,888	37,686	34,907	28,188
One to two years	350	2,668	5,456	2,118
Two to three years	179	2	204	344
Total	**16,417**	**40,356**	**40,567**	**30,650**

As of October 31, 2024, RMB22.1 million or approximately 60.8% of our trade receivables as of June 30, 2024 had been settled. Our management believes that there is no material recoverability issue for our trade receivables, and based on our subsequent settlement status, sufficient provision has been made at the end of each of the reporting periods.

Impairment provision of trade receivables

We perform an impairment analysis at the end of each period using a provision matrix to measure the Expected Credit Losses ("ECLs") for our trade receivables and assess our credit risk exposure. As of December 31, 2021, 2022 and 2023 and June 30, 2024, we recorded loss allowance for impairment of trade receivables of RMB9.3 million, RMB10.3 million, RMB6.9 million and RMB5.7 million, respectively. We take the simplified approach to calculate the ECLs on our trade receivables and determine the ECLs on trade receivables by using a provision matrix analysis, based on days past due for groupings of various customer segments with similar loss patterns. The provision matrix is initially based on our historical observed default rates. We will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, we update the historical observed default rates and analyze changes in the forward-looking estimates. For details of our impairment analysis for trade receivables, including our credit risk exposure on trade receivables using a provision matrix, see Note 19 to the Accountants' Report in Appendix I to this document.

Financial Assets at FVTPL

Our financial assets at FVTPL during the Track Record Period primarily represented structured deposits and certificate deposits that we purchased from major reputable banks in China. All of our financial assets at FVTPL during the Track Record Period were principal-guaranteed. The interest rate of such financial assets at FVTPL during the Track Record Period ranged from 2.85% to 3.60% per annum, with a maturity profile ranging from one month to three years. We recorded a decreasing amount of financial assets at FVTPL at RMB272.7 million, RMB190.4 million, RMB174.4 million and RMB146.0 million as of December 31, 2021, 2022 and 2023 and June 30, 2024, primarily due to the redemption of relevant deposits, partially offset by new purchases.

Our financial assets at FVTPL are measured using level 2 of the fair value hierarchy, i.e., based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly. For details of the fair value measurement of our financial assets at FVTPL, see Note 21 to the Accountants' Report in Appendix I to this document.

According to our internal policies, we may purchase principal-guaranteed products to preserve our funds in a prudent and flexible manner, but we may not purchase illegal or irregular high-interest products. Our finance department will review our existing fund status and our budgets to determine the amount that may be deployed in purchasing relevant products. Our finance department will then work with the relevant banks to develop the terms of such products, which shall then be reported to our financial director that has experience in reviewing similar products and oversees our overall financial status, for approval. According to our Articles of Association, our Board shall also review and approve the relevant transaction(s) if the value of such transaction(s) exceed certain numerical benchmarks. The investment in such products after the [**REDACTED**] will be subject to compliance with Chapter 14 of the Listing Rules.

Restricted Bank Deposits

Our restricted bank deposits during the Track Record Period were primarily related to (1) bank guarantees and other escrow payments that we received from certain customers prior to their inspection and/or acceptance of relevant products; and (2) the deposits for the construction projects of our production facilities. The balance of our restricted bank deposits increased from RMB0.8 million as of December 31, 2021 to RMB9.2 million as of December 31, 2022, primarily due to (1) certain bank deposits restricted in 2022 as a result of a commercial dispute, all of which was subsequently released in 2023; and (2) the increase in escrow payment from certain customer, which was subsequently released in 2023. Our restricted bank deposits then decreased to RMB2.2 million as of December 31, 2023, primarily due to the above-mentioned releases of restricted bank deposits. Our restricted bank deposits further decreased to RMB0.8 million as of June 30, 2024, primarily due to the release of escrow payment from certain customer.

Trade and Bills Payables

We had trade and bills payables of RMB18.3 million, RMB30.9 million, RMB30.9 million and RMB29.7 million as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. The increase in our trade payables from that as of December 31, 2021 to that as of December 31, 2022 was primarily in connection with the increase in procurement as we scaled up our production activities.

Our suppliers typically grant us credit periods for sales on credit of no more than three months. The following table sets forth our trade payables turnover days for the years/period indicated.

	Year ended December 31,			Six months ended June 30,
	2021	2022	2023	2024
Trade payables turnover days[(1)]	88	62	69	81

(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 and 180 days for a six-month period).

Our trade payables turnover days were 88, 62, 69 and 81 days in 2021, 2022, 2023 and the six months ended June 30, 2024, respectively, which were within our credit period.

The following table sets forth an aging analysis of our trade payables based on invoice dates as of the dates indicated.

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Within one year	18,080	30,685	30,907	29,216
Over one year	195	209	—	491
Total	**18,275**	**30,894**	**30,907**	**29,707**

As of October 31, 2024, RMB28.6 million or approximately 96.2% of our trade payables as of June 30, 2024 had been settled.

Other Payables and Accruals

Our other payables and accruals during the Track Record Period primarily consisted of payroll payable, other tax payables and payables for non-current assets. The following table sets forth the details of our other payables and accruals as of the dates indicated.

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Payroll payable	19,106	24,523	25,314	17,433
Other tax payables	3,260	11,387	3,113	3,009
Payables for non-current assets[(1)]	66,230	139,330	3,702	3,936
Others	5,580	8,128	9,663	14,913
Total	**94,176**	**183,368**	**41,792**	**39,291**

(1) Payables for non-current assets primarily represent payables for property, plant and equipment. The balance as of December 31, 2022 included a payable of RMB70.8 million to Qingdao local government for asset acquisition. For details, see "—Capital Expenditures and Commitments—Capital Expenditures."

Our other payables and accruals increased from RMB94.2 million as of December 31, 2021 to RMB183.4 million as of December 31, 2022, primarily due to (1) an increase in payables for non-current assets in connection with our procurement for the construction project of our production facilities in Rizhao and Qingdao; (2) an increase in payroll payable due to the increase in our employee headcount and compensation level; and (3) an increase in other tax payables as a result of the fluctuations of value-added tax payable in the ordinary course of our sales activities.

Our other payables and accruals then decreased to RMB41.8 million as of December 31, 2023, primarily due to (1) a decrease in payables for non-current assets as the construction of our production facilities in Rizhao and Qingdao was completed and the relevant amount was settled; and (2) a decrease in other tax payables as a result of the fluctuations of value-added tax payable in the ordinary course of our sales activities.

Our other payables and accruals further decreased to RMB39.3 million as of June 30, 2024, primarily due to the decrease in payroll payable as a result of the payment of bonuses to employees, partially offset by an increase in others representing certain [**REDACTED**] payable.

As of October 31, 2024, RMB28.5 million or approximately 72.6% of our other payables and accruals as of June 30, 2024 had been subsequently settled.

Contract Liabilities

Our contract liabilities primarily represent the advance consideration received from our customers before we transfer the related goods or services. Our contract liabilities increased from RMB27.1 million as of December 31, 2021 to RMB35.6 million as of December 31, 2022 and then decreased to RMB10.9 million as of December 31, 2023, as the delivery and revenue recognition progress of our sales contracts varied, which resulted in fluctuations in our contract liabilities as of the end of the relevant periods. Our contract liabilities remained relatively stable at RMB10.6 million as of June 30, 2024.

As of October 31, 2024, RMB8.4 million or approximately 79.6% of our contract liabilities as of June 30, 2024 had been subsequently recognized as revenue.

Tax Payable

Our tax payable during the Track Record Period represents the income tax payable for the taxable income of certain PRC subsidiaries arising from government grants received. Our tax payable remained relatively stable at RMB38.8 million and RMB38.1 million as of December 31, 2021 and 2022, respectively. Our tax payable then decreased to RMB14.4 million as of December 31, 2023, as we paid for certain tax payable in 2023, partially offset by the new income tax obligations in 2023. Our tax payable further decreased to RMB0.5 million as of June 30, 2024, as we paid for certain tax payable.

Deferred Income

Deferred income during the Track Record Period represents government grants, which were primarily received for our research and development and production projects in cobot-related areas and are credited to profit or loss on a straight-line basis over the expected lives of the related assets or recognized as income on a systematic basis over the periods that the costs, which they are intended to compensate, are expensed. We recorded deferred income of RMB159.0 million, RMB143.5 million, RMB189.6 million and RMB177.8 million as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. Such fluctuations were primarily due to the joint impact of new grants received and the amount released to profit or loss during the relevant periods.

Provision

We generally provide warranties of 12 to 18 months to customers on certain of our products for general repairs of defects occurring during the warranty period. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate. We recorded provision for product warranties of RMB3.5 million, RMB6.6 million, RMB6.1 million and RMB5.0 million as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively, due to the impact of our sales growth during the relevant periods, partially offset by the improvement in our product quality, which reduced the relevant provision rate.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to fund our procurement of raw material, research and development and sales activities, construction of our production facilities 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 bank borrowings. After the [**REDACTED**], we believe that our liquidity requirements will continue to be satisfied with a combination of these sources and [**REDACTED**] from the [**REDACTED**]. As of December 31, 2021, 2022 and 2023 and June 30, 2024, we had cash and cash equivalents of RMB149.1 million, RMB297.8 million, RMB111.0 million and RMB73.0 million, respectively. As of December 31, 2021, 2022 and 2023, June 30, 2024 and the Latest Practicable Date, we had utilized bank facilities of nil, RMB22.0 million, RMB8.0 million, RMB30.0 million and RMB49.0 million, respectively, and our remaining bank facilities available for use were nil, RMB78.0 million, nil, RMB40.0 million and RMB120.0 million, respectively. As of the Latest Practicable Date, our unutilized banking facilities were committed and unrestricted. These banking facilities have been approved and formally confirmed by the relevant banks in the relevant agreements, and may only be adjusted or revoked in rare circumstances, such as material and significant adverse change in our operations and financial condition or liquidation, which we consider are unlikely to occur. Therefore, our Directors and our PRC Legal Advisor are of the view that these banking facilities are highly certain. The expiration dates for our banking facilities (i.e., the end of the periods specified in the relevant agreements during which we can apply to utilize the credit facilities and withdraw funds) range from March 2025 to March 2026. The specific borrowing periods will generally be detailed in separate loan agreements under these banking facilities, generally one year to 18 months from the date of fund withdrawal. We typically will seek to renew these credit facilities upon expiration considering our needs. Given our strong relationship with the banks and our historical track record of compliance with no defaults and successful renewals, and drawdowns under multiple facilities from multiple banks, coupled with our longstanding relationship of not less than six years with the majority of our lender banks, as well as our financial assets at FVTPL of RMB146.0 million as at June 30, 2024 primarily comprising structured deposits and certificate deposits that we purchased from major reputable banks in China, which we believe could serve as additional comfort of our creditworthiness to lender banks, our Directors are of the view that the likelihood of continued cooperation with these banks is high. 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, future cash flow from operating activities, financial assets at FVTPL, available bank facilities and the estimated [**REDACTED**] from the [**REDACTED**], 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 document.

Our cash burn rate refers to the average monthly (1) net cash used in operating activities, (2) payments for property, plant and equipment, intangible assets and other capital expenditures, and (3) payments of lease liabilities. Our historical cash burn rate was RMB3.5 million, RMB12.1 million and RMB20.6 million in 2021, 2022 and 2023 and RMB11.1 million for the 12 months ended June 30, 2024, respectively. We had a relatively high cash burn rate in 2023, primarily due to capital expenditure for asset acquisition of RMB71.5 million in 2023 in connection with the construction of our Qingdao production facilities. See Note 34 to the Accountants' Report included in Appendix I to this document for details. Our historical cash burn rate in 2023 after deducting such capital expenditure would have been RMB14.6 million. We had cash and cash equivalents and financial assets at FVTPL of RMB219.0 million in aggregate as of June 30, 2024. We estimate that we will receive [**REDACTED**] of approximately HK$[**REDACTED**] million after deducting the estimated [**REDACTED**] commissions and other fees and

expenses paid and payable by us in connection with the [**REDACTED**], assuming no [**REDACTED**] is exercised and assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the indicative [**REDACTED**] range as set out in this document. Assuming that the average cash burn rate going forward will be RMB20.6 million, similar to the cash burn rate level in 2023, we estimate that our cash and cash equivalents and financial assets at FVTPL as of June 30, 2024 will be able to maintain our financial viability for approximately [**REDACTED**] months or, if we take into account [10]% of the estimated [**REDACTED**] from the [**REDACTED**] (namely, the portion allocated for our working capital and other general corporate purposes), approximately [**REDACTED**] months or, if we take into account the estimated [**REDACTED**] from the [**REDACTED**], approximately [**REDACTED**] months. Assuming that the average cash burn rate going forward will be RMB14.6 million, similar to the cash burn rate level after deducting the capital expenditure for asset acquisition in 2023 as mentioned above, we estimate that our cash and cash equivalents and financial assets at FVTPL as of June 30, 2024 will be able to maintain our financial viability for approximately [**REDACTED**] months or, if we take into account [**REDACTED**] of the estimated [**REDACTED**] from the [**REDACTED**] (namely, the portion allocated for our working capital and other general corporate purposes), approximately [**REDACTED**] months or, if we take into account the estimated [**REDACTED**] from the [**REDACTED**], approximately [**REDACTED**] months. Assuming that the average cash burn rate going forward will be RMB11.1 million, similar to the cash burn rate level in the 12 months ended June 30, 2024, we estimate that our cash and cash equivalents and financial assets at FVTPL as of June 30, 2024 will be able to maintain our financial viability for approximately [**REDACTED**] months or, if we take into account [**REDACTED**] of the estimated [**REDACTED**] from the [**REDACTED**] (namely, the portion allocated for our working capital and other general corporate purposes), approximately [**REDACTED**] months or, if we take into account the estimated [**REDACTED**] from the [**REDACTED**], approximately [**REDACTED**] 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 years/periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	(RMB in thousands)				
				(unaudited)	
Operating loss before changes in working capital	(25,801)	(15,177)	(19,708)	(22,108)	(26,472)
Working capital changes	32,168	(100,487)	(99,537)	(56,164)	(30,356)
Cash generated from/(used in) operations	6,367	(115,664)	(119,245)	(78,272)	(56,828)
Income tax paid	—	(847)	(38,455)	(36,817)	(13,586)
Net cash from/(used in) operating activities	6,367	(116,511)	(157,700)	(115,089)	(70,414)
Net cash (used in)/from investing activities	(271,879)	69,480	(57,864)	(52,034)	24,856
Net cash from financing activities	275,012	193,973	28,137	3,292	7,816
Cash and cash equivalent at beginning of the year/period	139,879	149,093	297,763	297,763	110,962
Effects of exchange rate changes on cash and cash equivalents	(286)	1,728	626	1,385	(187)
Cash and cash equivalent at end of the year/period	149,093	297,763	110,962	135,317	73,033

Net cash from/(used in) operating activities

Net cash used in operating activities was RMB70.4 million in the six months ended June 30, 2024, primarily due to loss before tax of RMB59.6 million minus income tax paid of RMB13.6 million, as adjusted for (1) certain non-cash or non-operating items, primarily including interest income of RMB1.3 million, depreciation of property, plant and equipment of RMB13.4 million, write-down of inventories to net realizable value of RMB6.5 million, depreciation of right-of-use assets of RMB2.9 million, fair value gains on financial assets at FVTPL of RMB1.6 million and equity-settled share-based payments of RMB13.7 million, (2) changes in the working capital that negatively affected the cash flow from operating activities, primarily including (i) an increase in inventories of RMB23.1 million; and (ii) a decrease in deferred income of RMB11.8 million, partially offset by (3) changes in working capital that positively affected the cash flow from operating activities, primarily including a decrease in trade and bill receivables of RMB9.7 million.

Net cash used in operating activities was RMB157.7 million in 2023, primarily due to loss before tax of RMB89.8 million minus income tax paid of RMB38.5 million, as adjusted for (1) certain non-cash or non-operating items, primarily including finance costs of RMB2.0 million, interest income of RMB2.3 million, depreciation of property, plant and equipment of RMB25.6 million, impairment of trade receivables of RMB3.9 million, write-down of inventories to net realizable value of RMB17.1 million, depreciation of right-of-use assets of RMB7.0 million, fair value gains on financial assets at FVTPL of RMB4.1 million, investment income from financial assets at FVTPL of RMB2.7 million and equity-settled share-based payments of RMB21.5 million, (2) changes in the working capital that negatively affected the cash flow from operating activities, primarily including (i) an increase in inventories of RMB29.3 million; (ii) an increase in prepayments, deposits and other receivables of RMB10.6 million; (iii) a decrease in contract liabilities of RMB24.6 million; (iv) a decrease in other payables and accruals of RMB19.5 million; (v) a decrease in deferred income of RMB17.1 million; and (vi) an increase in trade and bills receivables of RMB5.1 million, partially offset by (3) changes in working capital that positively affected the cash flow from operating activities, primarily including a decrease in restricted bank deposits of RMB7.0 million.

Net cash used in operating activities was RMB116.5 million in 2022, primarily due to loss before tax of RMB52.6 million minus income tax paid of RMB0.8 million, as adjusted for (1) certain non-cash or non-operating items, primarily including finance costs of RMB2.0 million, interest income of RMB2.8 million, depreciation of property, plant and equipment of RMB16.2 million, write-down of inventories to net realizable value of RMB8.6 million, depreciation of right-of-use assets of RMB6.0 million, investment income from financial assets at FVTPL of RMB7.4 million and equity-settled share-based payments of RMB12.6 million, (2) changes in the working capital that negatively affected the cash flow from operating activities, primarily including (i) an increase in inventories of RMB83.2 million; (ii) an increase in restricted bank deposits of RMB8.4 million; (iii) an increase in trade and bills receivables of RMB25.0 million; and (iv) a decrease in deferred income of RMB15.5 million, partially offset by (3) changes in working capital that positively affected the cash flow from operating activities, primarily including (i) an increase in trade and bills payables of RMB12.6 million; (ii) an increase in contract liabilities of RMB8.5 million; and (iii) an increase in other payables and accruals of RMB13.7 million.

Net cash from operating activities was RMB6.4 million in 2021, primarily due to loss before tax of RMB25.3 million, as adjusted for (1) certain non-cash or non-operating items, primarily including interest income of RMB1.9 million, depreciation of property, plant and equipment of RMB3.5 million, reversal of impairment of trade receivables of RMB3.4 million, write-down of inventories to net realizable value of RMB5.4 million, depreciation of right-of-use assets of RMB4.7 million, fair value

gains on financial assets at FVTPL of RMB1.7 million, investment income from financial assets at FVTPL of RMB7.0 million and equity-settled share-based payments of RMB1.3 million, (2) changes in working capital that positively affected the cash flow from operating activities, primarily including (i) an increase in contract liabilities of RMB6.0 million; and (ii) an increase in deferred income representing government grants of RMB66.8 million, partially offset by (3) changes in the working capital that negatively affected the cash flow from operating activities, primarily including (i) an increase in inventories of RMB33.0 million; and (ii) a decrease in trade and bills payables of RMB5.5 million.

Net cash (used in)/from investing activities

Net cash from investing activities was RMB24.9 million in the six months ended June 30, 2024, primarily due to proceeds from disposal of financial assets at FVTPL of RMB32.4 million, partially offset by purchases of items of property, plant and equipment of RMB7.6 million.

Net cash used in investing activities was RMB57.9 million in 2023, primarily due to (1) purchases of items of property, plant and equipment of RMB11.3 million; (2) purchases of financial assets at FVTPL of RMB370.3 million representing our purchases of structured deposits and certificate deposits; and (3) asset acquisition through the acquisition of equity interest in Qingdao Yuejiang Robotics Co., Ltd. ("Qingdao Yuejiang Robotics") of RMB71.5 million, partially offset by proceeds from disposal of financial assets at FVTPL of RMB392.5 million as we redeemed relevant deposits.

Net cash from investing activities was RMB69.5 million in 2022, primarily due to proceeds from disposal of financial assets at FVTPL of RMB735.1 million, partially offset by (1) purchase of financial assets at FVTPL of RMB645.0 million representing our purchases of structured deposits and certificate deposits; and (2) purchases of items of property, plant and equipment of RMB21.5 million.

Net cash used in investing activities was RMB271.9 million in 2021, primarily due to (1) purchase of items of property, plant and equipment of RMB42.5 million; and (2) purchase of financial assets at FVTPL of RMB1,055.0 million representing our purchases of structured deposits and certificate deposits, partially offset by proceeds from disposal of financial assets at FVTPL of RMB825.7 million as we redeemed relevant deposits.

Net cash from financing activities

Net cash from financing activities was RMB7.8 million in the six months ended June 30, 2024, primarily due to new bank and other loans of RMB69.2 million, partially offset by repayment of bank loans of RMB57.8 million.

Net cash from financing activities was RMB28.1 million in 2023, primarily due to new bank loans obtained of RMB57.8 million, partially offset by (1) repayment of bank loans of RMB21.6 million; and (2) payments of lease liabilities of RMB6.5 million.

Net cash from financing activities was RMB194.0 million in 2022, primarily due to (1) capital contribution by Shareholders of RMB183.5 million; and (2) new bank loans obtained of RMB21.6 million, partially offset by (1) payments of lease liabilities of RMB5.2 million; and (2) share issuance expenses of RMB4.3 million.

Net cash from financing activities was RMB275.0 million in 2021, primarily due to capital contribution by Shareholders of RMB309.1 million, partially offset by repayment of bank loans of RMB23.0 million.

Current Assets and Current Liabilities

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

	As of December 31,			As of June 30,	As of October 31,
	2021	2022	2023	2024	2024
	(RMB in thousands)				(unaudited)
Current assets					
Inventories	70,901	131,843	141,520	155,296	157,903
Trade and bills receivables	15,046	39,608	41,608	33,040	57,403
Contract assets	228	82	325	416	447
Prepayments, deposits and other receivables	17,594	21,074	30,844	28,413	29,504
Financial assets at FVTPL	272,720	190,400	174,383	145,983	116,232
Restricted bank deposits	821	9,189	2,210	821	2,321
Cash and cash equivalents	149,093	297,763	110,962	73,033	81,324
Total current assets	**526,403**	**689,959**	**501,852**	**437,002**	**445,134**
Current liabilities					
Trade and bills payables	18,275	30,894	30,907	29,707	40,720
Other payables and accruals	94,176	183,368	41,792	39,291	36,717
Financial liabilities at FVTPL	—	—	80	—	—
Interest-bearing bank loans	—	21,619	57,790	69,233	61,472
Lease liabilities	3,108	5,016	4,874	4,415	4,625
Contract liabilities	27,076	35,578	10,939	10,561	7,119
Tax payable	38,761	38,146	14,415	530	935
Total current liabilities	**181,396**	**314,621**	**160,797**	**153,737**	**151,588**
Net current assets	**345,007**	**375,338**	**341,055**	**283,265**	**293,546**

Our net current assets increased from RMB345.0 million as of December 31, 2021 to RMB375.3 million as of December 31, 2022, primarily due to the increase in our cash and cash equivalents and inventories, partially offset by the increase in other payables and accruals due to the increases in payables for non-current assets, payroll payable and other tax payables, and the decrease in financial assets at FVTPL as we redeemed relevant deposits. Our net current assets then decreased to RMB341.1 million as of December 31, 2023, primarily due to the decrease in cash and cash equivalents, partially offset by the decrease in other payables and accruals due to the decreases in payables for non-current assets and other tax payables. Our net current assets then decreased to RMB283.3 million as of June 30, 2024, primarily due to the decreases in our cash and cash equivalents and financial assets at FVTPL. Our net current assets remained relatively stable at RMB293.5 million as of October 31, 2024.

CASH OPERATING COSTS

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

	Year ended December 31,			Six months ended June 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Workforce employment[(1)]	72,218	124,583	129,753	82,144
Research and development costs[(2)]	12,291	10,213	18,172	10,152
Direct production costs, including materials[(3)]	152,720	214,228	201,645	109,590
Product marketing[(4)]	28,161	26,723	60,241	20,487
Contingency allowances	—	—	—	—
Non-income taxes and other charges	5,459	7,623	11,404	1,582
Total	**270,849**	**383,370**	**421,215**	**223,955**

(1) Cash operating costs relating to workforce employment represent the sum of employee benefit expenses under research and development expenses, administrative expenses, costs of sales and selling and distribution expenses (excluding share-based payments expenses which are non-cash in nature) adjusted by changes in working capital relating to employee benefit expenses as of previous and current year/period end under the above operating expenses.

(2) Research and development costs under cash operating costs represent research and development expenses (excluding employee benefit expenses and non-cash items under research and development expenses) adjusted by changes in working capital relating to research and development activities as of the previous and current year/period end.

(3) Cash operating costs relating to direct service and production costs, including materials, represent the costs of sales (excluding employee benefit expenses and non-cash items under contract fulfillment costs) adjusted by changes in working capital relating to service and production as of the previous and current year/period end.

(4) Cash operating costs relating to product marketing represent the selling and distribution expenses (excluding employee benefit expenses and non-cash items under selling and distribution expenses) adjusted by changes in working capital relating to sales and distribution activities as of the previous and current year/period end.

INDEBTEDNESS

Our indebtedness during the Track Record Period primarily consisted of interest-bearing bank loans and lease liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated.

	As of December 31,			As of June 30,	As of October 31,
	2021	2022	2023	2024	2024
	(RMB in thousands)				(unaudited)
Current					
Amounts due to related parties – non-trade	108	—	—	—	—
Interest-bearing bank loans	—	21,619	57,790	69,233	61,472
Lease liabilities	3,108	5,016	4,874	4,415	4,625
Total current	**3,216**	**26,635**	**62,664**	**73,648**	**66,097**
Non-current					
Interest-bearing bank loans	—	—	—	—	17,100
Lease liabilities	5,283	5,731	4,533	4,832	3,947
Total non-current	**5,283**	**5,731**	**4,533**	**4,832**	**21,047**
Total indebtedness	**8,499**	**32,366**	**67,197**	**78,480**	**87,144**

Interest-bearing Bank Loans

We had interest-bearing bank loans of nil, RMB21.6 million, RMB57.8 million and RMB69.2 million as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively, all of which were repayable within one year on demand. The effective interest rate of our interest-bearing bank loans was 1.83% as of December 31, 2022, and ranged between 1.22% and 1.83% and between 1.40% and 2.42% as of December 31, 2023 and June 30, 2024, respectively. As of June 30, 2024, interest-bearing bank loans of RMB39.8 million were secured by our certificate deposits of RMB40.0 million.

Our bank loans 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

Our lease liabilities were primarily related to our office leases. Our lease liabilities were RMB8.4 million, RMB10.7 million, RMB9.4 million and RMB9.2 million as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively, changes of which were primarily due to our new or renewed office leases, partially offset by our lease payments.

Save as disclosed above, as of December 31, 2021, 2022 and 2023, June 30, 2024 and October 31, 2024, 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 October 31, 2024 and up to the date of this document, there had not been any material change in our indebtedness.

CONTINGENT LIABILITIES

As of December 31, 2021, 2022 and 2023 and June 30, 2024, 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, we did not capitalize internal development costs as intangible assets. The following table sets forth our annual and total research and development expenditure for the years indicated.

	Year ended December 31,		
	2021	2022	2023
	(RMB in thousands)		
Research and development expenses	46,873	52,054	70,527
Adjustments:			
Add: intangible assets acquired from third parties and capitalized[(1)]	220	128	—
Less: amortization expense of capitalized intangible assets included in research and development expenditure[(1)]	(24)	(91)	(120)
Annual research and development expenditure	**47,069**	**52,091**	**70,407**
Total research and development expenditure for the three financial years prior to the [REDACTED]			**169,567**

(1) Primarily related to software procured from third parties for our research and development activities.

The following table sets forth our annual and total operating expenditure for the years indicated:

	Year ended December 31,		
	2021	2022	2023
	(RMB in thousands)		
Research and development expenses	46,873	52,054	70,527
Selling and distribution expenses	63,630	89,274	127,389
Administrative expenses	26,438	49,532	53,065
Adjustments:			
Add: intangible assets acquired from third parties and capitalized[(1)]	220	128	—
Less: amortization expense of capitalized intangible assets included in research and development expenditure[(1)]	(24)	(91)	(120)
Annual total operating expenditure	**137,137**	**190,897**	**250,861**
Total operating expenditure for the three financial years prior to the [REDACTED]			**578,895**

(1) Primarily related to software procured from third parties for our research and development activities.

The following table sets forth our annual research and development expenditure ratio and total research and development expenditure ratio for the years indicated.

	Year ended December 31,		
	2021	2022	2023
Annual research and development expenditure ratio[(1)]	34.3%	27.3%	28.1%
Total research and development expenditure ratio[(2)]			29.3%

(1) Calculated by dividing annual research and development expenditure by annual total operating expenditure.

(2) Calculated by dividing total research and development expenditure for the three financial years prior to the [**REDACTED**] by total operating expenditure for the three financial years prior to the [**REDACTED**].

CAPITAL EXPENDITURES AND COMMITMENTS

Capital Expenditures

Our capital expenditures during the Track Record Period primarily consisted of expenditures on acquisition of property, plant and equipment and land use rights, as well as purchase of intangible assets. The following table sets forth our capital expenditure for the years/period indicated.

	Year ended December 31,			Six months ended June 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Purchases of items of property, plant and equipment	42,478	21,525	11,306	7,640
Purchase of intangible assets	2,121	2,062	52	1,213
Asset acquisition[(1)]	—	—	71,540	—
Total	**44,599**	**23,587**	**82,898**	**8,853**

(1) Represents the asset acquisition in connection with the construction of our Qingdao production facilities through the acquisition of equity interests of Qingdao Yuejiang Robotics. See Note 34 to the Accountants' Report included in Appendix I to this document for details.

We expect to incur additional capital expenditure in 2024 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 [**REDACTED**], we expect to finance our capital expenditure through a combination of existing cash, cash flows generated from our operating activities, bank borrowings and [**REDACTED**] from the [**REDACTED**]. See "Future Plans and [**REDACTED**]" for the portion of capital expenditures to be funded by the [**REDACTED**] from the [**REDACTED**]. 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 as of the dates indicated.

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Contracted, but not provided for:				
– Purchase of items of property, plant and equipment	26,017	—	1,624	2,565

In addition, we recorded short-term lease commitments of RMB0.1 million, RMB0.1 million, RMB0.4 million and RMB0.2 million as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

[**REDACTED**] EXPENSES

We recorded [**REDACTED**] expenses of [**REDACTED**], [**REDACTED**], [**REDACTED**] and [**REDACTED**] (including deferred [**REDACTED**] expenses) in 2021, 2022, 2023 and the six months ended June 30, 2024, respectively. We expect to incur a total of approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million) of [**REDACTED**] expenses in connection with the [**REDACTED**], representing approximately [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**], being the mid-point of the indicative [**REDACTED**] range between HK$[**REDACTED**] and HK$[**REDACTED**], and assuming that the [**REDACTED**] is not exercised), including (1) [**REDACTED**] commissions, sponsor fees, SFC transaction levy, Stock Exchange trading fees and AFRC transaction levy for all [**REDACTED**] of approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million), and (2) non-[**REDACTED**] related expenses of approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million), which consist of (i) fees and expenses of legal advisors and accountants of approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million), and (ii) other fees and expenses of approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million). Approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million) is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million) is expected to be deducted from equity. The [**REDACTED**] 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. See Note 38 to the Accountants' Report included in Appendix I to this document 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,			As of/for the six months ended June 30,	
	2021	2022	2023	2023	2024
				(unaudited)	
Profitability:					
Gross profit margin[(1)]	50.5%	40.8%	43.5%	39.1%	43.9%
Liquidity:					
Current ratio[(2)]	2.9	2.2	3.1	N/A	2.8
Quick ratio[(3)]	2.5	1.8	2.2	N/A	1.8

(1) The calculation of gross profit margin is based on gross profit for the period divided by revenue for the respective period and multiplied by 100.0%.

(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.

Analysis of Key Financial Ratios

Gross profit margin

See "—Period to Period Comparison of Results of Operations" for a discussion of the factors affecting our gross profit margin during the Track Record Period.

Current ratio and quick ratio

Our current ratio and quick ratio decreased from 2.9 and 2.5 as of December 31, 2021, respectively, to 2.2 and 1.8 as of December 31, 2022, respectively, primarily due to the increase in current liabilities resulting from the increases in other payables and accruals, interest-bearing bank loans, trade and bills payables and contract liabilities.

Our current ratio and quick ratio increased from 2.2 and 1.8 as of December 31, 2022, respectively, to 3.1 and 2.2 as of December 31, 2023, respectively, primarily due to the decrease in current liabilities resulting from the decreases in other payables and accruals, contract liabilities and tax payable, partially offset by the increase in interest-bearing bank loans.

Our current ratio and quick ratio decreased from 3.1 and 2.2 as of December 31, 2023, respectively, to 2.8 and 1.8 as of June 30, 2024, respectively, primarily due to the decrease in current assets resulting from the decreases in cash and cash equivalents and financial assets at FVTPL.

QUANTITATIVE AND QUALITATIVE DISCLOSURE OF MARKET RISKS

Our principal financial instruments comprise interest-bearing bank and other borrowings, financial assets at FVTPL and cash and short-term deposits. The main purpose of these financial instruments is to fund our operations. We have various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from our operations.

The main risks arising from our financial instruments are foreign currency risk, credit risk and liquidity risk. Our Directors review and determine the policies for managing each of these risks. For details of our financial risk management, see Note 41 to the Accountants' Report in Appendix I to this document.

Foreign Currency Risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between Renminbi and other currencies in which we conduct our business may affect our financial condition and results of operations.

The following table demonstrates the sensitivity at the relevant dates to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of our loss before tax (due to changes in the fair value of monetary assets and liabilities) and our equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax	(Decrease)/ increase in equity
	%	RMB in thousands	
Year ended December 31, 2021			
If Renminbi weakens against the U.S. dollars	5	1,435	1,435
If Renminbi strengthens against the U.S. dollars	5	(1,435)	(1,435)
Year ended December 31, 2022			
If Renminbi weakens against the U.S. dollars	5	2,367	2,367
If Renminbi strengthens against the U.S. dollars	5	(2,367)	(2,367)
Year ended December 31, 2023			
If Renminbi weakens against the U.S. dollars	5	3,357	3,357
If Renminbi strengthens against the U.S. dollars	5	(3,357)	(3,357)
Six months ended June 30, 2024			
If Renminbi weakens against the U.S. dollars	5	1,865	1,865
If Renminbi strengthens against the U.S. dollars	5	(1,865)	(1,865)

Credit Risk

We trade with recognized and creditworthy parties, and all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant. The credit risk of our other financial assets, which comprise cash and cash equivalents and financial assets included in prepayments, other receivables and other assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

For other receivables and other assets, our management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. Our Directors believe that there is no material credit risk inherent in our outstanding balance of other receivables.

Liquidity Risk

We monitor our risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both our financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations. For details of our liquidity risk, including the maturity profile of our financial liabilities, see Note 41 to the Accountants' Report in Appendix I to this document.

DIVIDENDS

We are a holding company incorporated under PRC laws. During the Track Record Period and up to the Latest Practicable Date, we did not declare or pay any dividends, nor did we have any dividend policy in place. Pursuant to our Articles of Association, our Board will formulate the dividends distribution plan after taking into account our future operations and earnings, capital requirements and surplus, general financial condition, contractual restriction and other factors which our Directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to our Articles of Association, applicable PRC law and approval by our Shareholders. 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, unless we have 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 June 30, 2024, we had no 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 document, there has been no material adverse change in our financial or [**REDACTED**] position since June 30, 2024 (being the date on which the latest audited consolidated financial information of our Group was prepared) and there is no event since June 30, 2024 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this document.

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited [**REDACTED**] adjusted consolidated net tangible assets has been prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of [**REDACTED**] Financial Information for Inclusion in Investment Circulars" issued by the HKICPA, and is to illustrate the effect of the [**REDACTED**] on our consolidated net tangible assets as of June 30, 2024 as if it had taken place on that date.

Our unaudited [**REDACTED**] adjusted consolidated net tangible assets have been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the [**REDACTED**] been completed as of June 30, 2024 or any future date. It is prepared based on our consolidated net tangible assets as of June 30, 2024 as set out in the Accountants' Report in Appendix I to this document, and adjusted as described below.

	Consolidated net tangible assets attributable to owners of our Company as of June 30, 2024[(1)]	Estimated [REDACTED] from the [REDACTED][(4)]	Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to owners of our Company as of June 30, 2024	Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to owners of our Company per Share as of June 30, 2024[(3)]	
		(RMB in thousands)		RMB	HK$[(4)]
Based on an [**REDACTED**] of HK$[**REDACTED**] per H Share	[323,948]	[**REDACTED**]	[**REDACTED**]	[REDACTED]	[REDACTED]
Based on an [**REDACTED**] of HK$[**REDACTED**] per H Share	[323,948]	[**REDACTED**]	[**REDACTED**]	[REDACTED]	[REDACTED]
Based on an [**REDACTED**] of HK$[**REDACTED**] per H Share	[323,948]	[**REDACTED**]	[**REDACTED**]	[REDACTED]	[REDACTED]

(1) The consolidated net tangible assets of our Group attributable to owners of our Company as of June 30, 2024 were equal to the audited net assets attributable to owners of our Company as of June 30, 2024 of RMB326,932,000 after deducting of intangible assets of RMB2,984,000 as of June 30, 2024 set out in the Accountants' Report in Appendix I to this document.

(2) The estimated [**REDACTED**] from the [**REDACTED**] are based on the [**REDACTED**] of HK$[**REDACTED**], HK$[**REDACTED**] or HK$[**REDACTED**] per Share, after the deduction of the [**REDACTED**] fees and other related expenses payable by our Company (excluding the [**REDACTED**] expenses that have been charged to profit or loss during the Track Record Period) and do not take into account any shares which may be issued upon exercise of the [**REDACTED**].

(3) The unaudited [**REDACTED**] adjusted consolidated net tangible assets attributable to owners of our Company per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that [**REDACTED**] Shares are in issue assuming the [**REDACTED**] were completed on June 30, 2024 but takes no account of any Shares which may be allotted and issued pursuant to the exercise of the [**REDACTED**] or any Shares which may be issued or repurchased by our Company.

(4) For the purpose of the unaudited [**REDACTED**] adjusted consolidated net tangible assets, the estimated [**REDACTED**] from the [**REDACTED**] are converted from Hong Kong dollars into Renminbi at an exchange rate of HK$1.00 to RMB0.91087 and the unaudited [**REDACTED**] adjusted consolidated net tangible assets attributable to owners of our Company per Share is converted from Renminbi into Hong Kong dollars at the same exchange rate. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(5) No adjustment has been made to reflect any [**REDACTED**] result or other transactions of our Group entered into subsequent to June 30, 2024.

FUTURE PLANS

See "Business—Growth Strategies" for a detailed description of our future plans.

[**REDACTED**]

We estimate that the [**REDACTED**] of the [**REDACTED**], after deducting the estimated [**REDACTED**] commissions and other fees and expenses paid and payable by us in connection with the [**REDACTED**], will be approximately HK$[**REDACTED**] million, assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the mid-point of the indicative range of the [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per H Share), and that the [**REDACTED**] is not exercised.

We currently intend to use the [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts as set out below:

- approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be used for cutting-edge technology development for intelligent cobots from 2025 to 2029. We will increase our efforts on research and development for more advanced cobot products to raise our market share and visibility, allowing us to maintain our leading edge in the cobot industry. More specifically:

  (i) approximately [**REDACTED**]% of the [**REDACTED**], or approximately HK$[**REDACTED**] million, to be used for the research and development of proprietary key components of cobots, which include projects for (1) encoder-based hardware circuits and key encoder algorithms, (2) permanent magnet synchronous motors, (3) next-generation power devices, and (4) controller systems;

  (ii) approximately [**REDACTED**]% of the [**REDACTED**], or approximately HK$[**REDACTED**] million, to be used for (1) improving our motion control algorithms to elevate our cobots' overall motion performance, (2) further updating our ready-made process toolkits and enriching the process toolkit library, and (3) supporting more third-party accessories and equipment;

  (iii) approximately [**REDACTED**]% of the [**REDACTED**], or approximately HK$[**REDACTED**] million, to be used for the development of perception and interaction technologies. We believe that the advancement in such technology allows our cobots to be used in more collaborative scenarios, such as consumer facing industries where humans and cobots have more frequent interactions. These research and development projects will cover a new generation of SafeSkin technology, and multi-modal human-robot interaction technology;

  (iv) approximately [**REDACTED**]% of the [**REDACTED**], or approximately HK$[**REDACTED**] million, to be used for product developments for more models of our cobots, which may include (1) lightweight models for existing product series, (2) the next-generation CR series which will be equipped with cutting-edge robotic drivetrain solutions, structural design and control systems, and (3) a new product series targeting the medical and healthcare sector; and

(v) approximately [**REDACTED**]% of the [**REDACTED**], or approximately HK$[**REDACTED**] million, to be used for research and development projects for embodied AI, which may allow our cobots to interact with and learn from a physical environment.

The following table sets forth a breakdown of our implementation plan to develop cutting-edge technologies for intelligent cobots from 2025 to 2029, based on our current estimation, which is subject to changes based on our actual needs and market conditions at the relevant time.

	For the year ending December 31,				
	2025	2026	2027	2028	2029
	(HK$ in million)				
Research and development of proprietary key components	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Encoder-based hardware circuits and key encoder algorithms	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Permanent magnet synchronous motors	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Next-generation power devices and controller systems	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Improvement of algorithms, process toolkits and accessories compatibility	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Motion control algorithms	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ready-made process toolkits	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Third-party accessories and equipment compatibility	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Development of perception and interaction technologies	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
New generation of SafeSkin technology	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Multi-modal human-robot interaction technology	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Product developments for more cobot models	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Lightweight models for existing product series	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Next-generation CR series	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
New product series targeting the medical and healthcare sector	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Research and development for embodied AI	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

- approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be used for the development of our production lines and manufacturing capabilities from 2025 to 2028. More specifically:

  (i) approximately [**REDACTED**]% of the [**REDACTED**], or approximately HK$[**REDACTED**] million, to be used for the development of our own surface mount production lines, a highly automated manufacturing system that assembles surface mount technology components onto printed circuit boards. This would allow us to improve our product performance and reliability, reducing failure rates and maintenance costs;

  (ii) approximately [**REDACTED**]% of the [**REDACTED**], or approximately HK$[**REDACTED**] million, to be used for the development of our own machining capabilities to further improve our standard production capabilities;

  (iii) approximately [**REDACTED**]% of the [**REDACTED**], or approximately HK$[**REDACTED**] million, to be used for flexible production lines for the next-generation CR series to improve production efficiency and capacity; and

  (iv) approximately [**REDACTED**]% of the [**REDACTED**], or approximately HK$[**REDACTED**] million, to be used for the mass production of cobots with embodied AI functions.

  The following table sets forth a breakdown of our implementation plan to develop our production lines and manufacturing capabilities from 2025 to 2029, based on our current estimation, which is subject to changes based on our actual needs and market conditions at the relevant time.

	For the year ending December 31,				
	2025	2026	2027	2028	2029
	(HK$ in million)				
Development of surface mount production lines	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Development of machining capabilities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Development of flexible production lines	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mass production of cobots with embodied AI functions	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

- approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be used to selectively pursue strategic alliances, investment and acquisition opportunities both domestically and overseas in the downstream of the cobot industry, i.e., cobot integrators, that may help us acquire new technologies, expand sales channels and tap into new industries where most of potential customers have their designated cobot integrators or suppliers. When assessing the investment or acquisition opportunities, we will primarily consider targets that are complementary to our product offerings and are in line with our corporate philosophy and growth strategies. More specifically, the criteria we consider when it comes to such investment and/or acquisition include the cobot integration capabilities, the scale of business, existing distribution channels and relevant experiences in certain industries such as healthcare and public services. The target should have an annual revenue of at least RMB5.0 million. The non-exhaustive examples of desired targets include (1) cobot integrators in the medical and healthcare sector, particularly those with integration expertise for cobots with moxibustion and massage functions, (2) cobot integrators in the commercial sector, particularly those with integration expertise for cobots with coffee and milk tea making functions, and (3) cobot integrators in household chores application. According to the CIC Report, there are approximately 40 and 30 potential targets which satisfy our criteria in China and certain overseas markets (i.e., the United States, South Korea and Denmark), respectively. We expect that the successful investment and/or acquisition of desired targets can further improve our cobot integration capabilities and increase our sales volume in new industries. As of the Latest Practicable Date, we had not identified any investment or acquisition target or enter into any definitive investment or acquisition agreement.

- approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be used for overseas sales channel building in an effort to enhance our distribution and sales capabilities from 2025 to 2029. More specifically, we plan to establish three overseas subsidiaries in Thailand, Mexico and United Arab Emirates, and expand our overseas marketing team.

- approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, to be used for working capital and other general corporate purposes.

The above allocation of the [**REDACTED**] will be adjusted on a pro rata basis in the event that the [**REDACTED**] is fixed below or above the mid-point of the indicative price range. If the [**REDACTED**] is set at HK$[**REDACTED**] per H Share, which is the high end of our indicative [**REDACTED**] range, the [**REDACTED**] from the [**REDACTED**] will increase by approximately HK$[**REDACTED**] million. If the [**REDACTED**] is set at HK$[**REDACTED**] per H Share, which is the low end of our indicative [**REDACTED**] range, the [**REDACTED**] from the [**REDACTED**] will decrease by approximately HK$[**REDACTED**] million. Any additional [**REDACTED**] received from the exercise of the [**REDACTED**] will also be allocated to the above purposes on a pro rata basis. In the event that the [**REDACTED**] is exercised in full, we will receive [**REDACTED**] of HK$[**REDACTED**] million (after deducting the estimated [**REDACTED**] commissions and other fees and expenses paid and payable by us in connection with the [**REDACTED**] and assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the mid-point of our indicative [**REDACTED**] range).

To the extent that the [**REDACTED**] are not immediately applied to the above purposes, we will only deposit the [**REDACTED**] into short-term interest-bearing accounts with licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[**REDACTED**]

[**REDACTED**]

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHENZHEN YUEJIANG TECHNOLOGY CO., LTD., GUOTAI JUNAN CAPITAL LIMITED AND ABCI CAPITAL LIMITED

INTRODUCTION

We report on the historical financial information of Shenzhen Yuejiang Technology Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-[●] to I-[●], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2021, 2022, 2023 and the six months ended 30 June 2024 (the "**Relevant Periods**"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2021, 2022, 2023 and 30 June 2024 and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "**Document**") in connection with the initial [**REDACTED**] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2021, 2022, 2023 and 30 June 2024 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2023 and other explanatory information (the "**Interim Comparative Financial Information**"). The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in notes 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in notes 2.1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

[●]
Certified Public Accountants
Hong Kong
[●] 2024

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
	Notes	2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
REVENUE	*5*	174,314	241,013	286,749	109,912	120,462
Cost of sales		(86,234)	(142,796)	(161,905)	(66,978)	(67,618)
Gross profit		88,080	98,217	124,844	42,934	52,844
Other income and gains	*5*	27,267	45,464	43,831	23,120	21,075
Selling and distribution expenses		(63,630)	(89,274)	(127,389)	(56,560)	(62,519)
Administrative expenses		(26,438)	(49,532)	(53,065)	(23,912)	(37,087)
Research and development expenses		(46,873)	(52,054)	(70,527)	(31,181)	(31,423)
Other expenses		(3,001)	(3,408)	(5,537)	(4,552)	(1,772)
Finance costs	*6*	(767)	(2,030)	(1,957)	(1,411)	(702)
Share of profit of an associate		71	5	—	—	—
LOSS BEFORE TAX	*7*	(25,291)	(52,612)	(89,800)	(51,562)	(59,584)
Income tax (expense)/credit	*10*	(16,465)	135	(13,481)	(125)	(299)
LOSS FOR THE YEAR/PERIOD		(41,756)	(52,477)	(103,281)	(51,687)	(59,883)
Attributable to:						
Owners of the parent		(41,558)	(52,477)	(103,281)	(51,687)	(59,883)
Non-controlling interests		(198)	—	—	—	—
		(41,756)	(52,477)	(103,281)	(51,687)	(59,883)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted (RMB)		(0.13)	(0.15)	(0.29)	(0.14)	(0.17)
LOSS FOR THE YEAR/PERIOD		(41,756)	(52,477)	(103,281)	(51,687)	(59,883)
OTHER COMPREHENSIVE INCOME						
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:						
Exchange differences on translation of foreign operations		—	—	86	266	(153)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD		(41,756)	(52,477)	(103,195)	(51,421)	(60,036)
Attributable to:						
Owners of the parent		(41,558)	(52,477)	(103,195)	(51,421)	(60,036)
Non-controlling interests		(198)	—	—	—	—
		(41,756)	(52,477)	(103,195)	(51,421)	(60,036)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2021	As at 31 December 2022	As at 31 December 2023	As at 30 June 2024
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	107,396	194,448	189,770	185,422
Right-of-use assets	*15*	25,314	36,094	33,831	33,838
Other intangible assets	*14*	2,002	3,156	2,255	2,984
Deferred tax assets	*18*	5	106	1,902	2,427
Investment in an associate	*16*	1,132	—	—	—
Prepayments, deposits and other receivables	*20*	1,441	829	5,278	7,470
Trade receivables	*19*	1,392	828	—	—
Total non-current assets		138,682	235,461	233,036	232,141
CURRENT ASSETS					
Inventories	*17*	70,901	131,843	141,520	155,296
Trade and bills receivables	*19*	15,046	39,608	41,608	33,040
Contract assets	*22*	228	82	325	416
Prepayments, deposits and other receivables	*20*	17,594	21,074	30,844	28,413
Financial assets at fair value through profit or loss	*21*	272,720	190,400	174,383	145,983
Restricted bank deposits	*23*	821	9,189	2,210	821
Cash and cash equivalents	*23*	149,093	297,763	110,962	73,033
Total current assets		526,403	689,959	501,852	437,002
CURRENT LIABILITIES					
Trade and bills payables	*24*	18,275	30,894	30,907	29,707
Other payables and accruals	*25*	94,176	183,368	41,792	39,291
Financial liabilities at fair value through profit or loss	*21*	—	—	80	—
Interest-bearing bank loans	*26*	—	21,619	57,790	69,233
Lease liabilities	*15*	3,108	5,016	4,874	4,415
Contract liabilities	*27*	27,076	35,578	10,939	10,561
Tax payable		38,761	38,146	14,415	530
Total current liabilities		181,396	314,621	160,797	153,737
NET CURRENT ASSETS		345,007	375,338	341,055	283,265
TOTAL ASSETS LESS CURRENT LIABILITIES		483,689	610,799	574,091	515,406

	Notes	As at 31 December			As at 30 June
		2021	2022	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES					
Deferred income	*28*	158,993	143,466	189,569	177,814
Deferred tax liabilities	*18*	272	10	559	845
Lease liabilities	*15*	5,283	5,731	4,533	4,832
Provision	*29*	3,490	6,558	6,127	4,983
Total non-current liabilities		168,038	155,765	200,788	188,474
Net assets		315,651	455,034	373,303	326,932
EQUITY					
Equity attributable to owners of the parent					
Share capital	*30*	—	360,000	360,000	360,000
Paid-in capital	*30*	9,538	—	—	—
Reserves	*31*	306,113	95,034	13,303	(33,068)
		315,651	455,034	373,303	326,932
Non-controlling interests		—	—	—	—
Total equity		315,651	455,034	373,303	326,932

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2021

	Attributable to owners of the parent						
	Paid-in capital	Capital reserve	Share-based payment reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000 *(note 30)*	RMB'000 *(note 31)*	RMB'000 *(note 32)*	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2021	7,850	190,521	43,299	(184,745)	56,925	(898)	56,027
Loss for the year	—	—	—	(41,558)	(41,558)	(198)	(41,756)
Total comprehensive loss for the year	—	—	—	(41,558)	(41,558)	(198)	(41,756)
Share-based payments *(note 32)*	—	—	(1,285)	—	(1,285)	—	(1,285)
Purchase of interests of non-controlling shareholders	—	(1,153)	—	—	(1,153)	1,153	—
Disposal of a subsidiary *(note 33)*	—	—	—	—	—	(57)	(57)
Capital contribution by shareholders	1,688	301,034	—	—	302,722	—	302,722
As at 31 December 2021	9,538	490,402*	42,014*	(226,303)*	315,651	—	315,651

Year ended 31 December 2022

	Share capital	Paid-in capital	Capital reserve	Share-based payment reserve	Accumulated losses	Total equity
	RMB'000 *(note 30)*	RMB'000 *(note 30)*	RMB'000 *(note 31)*	RMB'000 *(note 32)*	RMB'000	RMB'000
As at 1 January 2022	—	9,538	490,402	42,014	(226,303)	315,651
Loss for the year	—	—	—	—	(52,477)	(52,477)
Total comprehensive loss for the year	—	—	—	—	(52,477)	(52,477)
Share-based payments *(note 32)*	—	—	—	12,579	—	12,579
Capital contribution by shareholders	—	516	178,765	—	—	179,281
Conversion into a joint stock company	360,000	(10,054)	(565,867)	—	215,921	—
As at 31 December 2022	360,000	—	103,300*	54,593*	(62,859)*	455,034

Year ended 31 December 2023

	Share capital	Capital reserve	Share-based payment reserve	Accumulated losses	Exchange fluctuation reserve	Total equity
	RMB'000 *(note 30)*	RMB'000 *(note 31)*	RMB'000 *(note 32)*	RMB'000	RMB'000	RMB'000
As at 1 January 2023	360,000	103,300	54,593	(62,859)	—	455,034
Loss for the year	—	—	—	(103,281)	—	(103,281)
Exchange differences on translation of foreign operations	—	—	—	—	86	86
Total comprehensive loss for the year	—	—	—	(103,281)	86	(103,195)
Share-based payments *(note 32)*	—	—	21,464	—	—	21,464
As at 31 December 2023	360,000	103,300	76,057	(166,140)	86	373,303

Six months ended 30 June 2024

	Share capital	Capital reserve	Share-based payment reserve	Accumulated losses	Exchange fluctuation reserve	Total equity
	RMB'000 *(note 30)*	RMB'000 *(note 31)*	RMB'000 *(note 32)*	RMB'000	RMB'000	RMB'000
As at 1 January 2024	360,000	103,300	76,057	(166,140)	86	373,303
Loss for the period	—	—	—	(59,883)	—	(59,883)
Exchange differences on translation of foreign operations	—	—	—	—	(153)	(153)
Total comprehensive loss for the period	—	—	—	(59,883)	(153)	(60,036)
Share-based payments *(note 32)*	—	—	13,665	—	—	13,665
As at 30 June 2024	360,000	103,300*	89,722*	(226,023)*	(67)*	326,932

* The reserve accounts comprise the consolidated reserves of RMB306,113,000, RMB95,034,000, RMB13,303,000 and RMB(33,068,000) in the consolidated statements of financial position as at 31 December 2021, 2022, 2023 and 30 June 2024, respectively.

Six months ended 30 June 2023 (Unaudited)

	Share capital	Capital reserve	Share-based payment reserve	Accumulated losses	Exchange fluctuation reserve	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	360,000	103,300	54,593	(62,859)	—	455,034
Loss for the period	—	—	—	(51,687)	—	(51,687)
Exchange differences on translation of foreign operations	—	—	—	—	266	266
Total comprehensive loss for the period	—	—	—	(51,687)	266	(51,421)
Share-based payments *(note 32)*	—	—	5,845	—	—	5,845
As at 30 June 2023	360,000	103,300	60,438	(114,546)	266	409,458

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Loss before tax		(25,291)	(52,612)	(89,800)	(51,562)	(59,584)
Adjustments for:						
Finance costs	*6*	767	2,030	1,957	1,411	702
Interest income	*5*	(1,948)	(2,843)	(2,313)	(1,569)	(1,274)
Loss/(gain) on disposal of items of property, plant and equipment	*7*	5	(2)	404	—	4
Loss on disposal of intangible assets	*7*	—	281	195	195	—
Depreciation of property, plant and equipment	*7*	3,518	16,163	25,556	11,498	13,419
Amortisation of intangible assets	*7*	119	627	758	367	484
Impairment/(reversal of impairment) of trade receivables	*7*	(3,411)	979	3,909	2,943	(1,095)
Impairment/(reversal of impairment) of contract assets	*7*	7	(8)	35	21	67
Impairment/(reversal of impairment) of other receivables	*7*	226	(342)	58	51	(39)
Impairment losses on investment in an associate	*7*	—	1,138	—	—	—
Loss on disposal of a subsidiary	*7*	163	—	—	—	—
Write-down of inventories to net realisable value	*7*	5,423	8,626	17,071	10,244	6,533
Depreciation of right-of-use assets	*15*	4,717	6,003	7,016	2,766	2,893
Investment income from financial assets at fair value through profit or loss	*5*	(7,045)	(7,391)	(2,657)	(2,059)	(647)
Fair value gains on financial assets at fair value through profit or loss	*5*	(1,695)	(400)	(4,132)	(2,259)	(1,600)
Fair value losses on financial liabilities at fair value through profit or loss		—	—	771	—	—
Share of profit of an associate		(71)	(5)	—	—	—
Equity-settled share-based payments	*7*	(1,285)	12,579	21,464	5,845	13,665
		(25,801)	(15,177)	(19,708)	(22,108)	(26,472)
Increase in inventories		(32,972)	(83,196)	(29,320)	(37,123)	(23,141)
(Increase)/decrease in restricted bank deposits		(610)	(8,368)	6,979	9,189	1,389
(Increase)/decrease in trade and bills receivables		(3,696)	(24,977)	(5,081)	9,001	9,663
Decrease/(increase) in contract assets		72	154	(278)	—	(158)
Decrease/(increase) in prepayments, deposits and other receivables		1,591	(3,408)	(10,552)	(3,535)	278
(Decrease)/increase in trade and bills payables		(5,519)	12,619	13	1,573	(2,344)
Increase/(decrease) in other payables and accruals		528	13,714	(19,513)	(15,209)	(3,910)
Increase/(decrease) in contract liabilities		6,024	8,502	(24,639)	(12,506)	(378)
Increase/(decrease) in deferred income		66,750	(15,527)	(17,146)	(7,554)	(11,755)
Cash generated from/(used in) operations		6,367	(115,664)	(119,245)	(78,272)	(56,828)

	Notes	Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Income tax paid		—	(847)	(38,455)	(36,817)	(13,586)
Net cash flows from/(used in) operating activities		6,367	(116,511)	(157,700)	(115,089)	(70,414)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received		1,948	2,843	2,313	1,569	1,274
Purchases of items of property, plant and equipment		(42,478)	(21,525)	(11,306)	(6,250)	(7,640)
Purchase of intangible assets		(2,121)	(2,062)	(52)	—	(1,213)
Proceeds from disposal of property, plant and equipment		388	113	424	669	1,634
Purchase of financial assets at fair value through profit or loss		(1,055,025)	(645,000)	(370,251)	(282,519)	(1,600)
Disposal of a subsidiary	*33*	(251)	—	—	—	—
Asset acquisition	*34*	—	—	(71,540)	(71,540)	—
Proceeds from disposal of financial assets at fair value through profit or loss		825,660	735,111	392,548	306,037	32,401
Net cash flows (used in)/ from investing activities		(271,879)	69,480	(57,864)	(52,034)	24,856
CASH FLOWS FROM FINANCING ACTIVITIES						
New bank loans		—	21,619	57,790	8,113	69,233
Loans from related parties		4,364	—	—	—	—
Interest paid		(369)	(1,699)	(1,498)	(1,161)	(541)
Capital contribution by shareholders		309,137	183,527	—	—	—
Share issue expenses		(6,415)	(4,266)	—	—	—
Payments of lease liabilities		(4,296)	(5,208)	(6,536)	(3,660)	(3,086)
Repayment of loans to related parties		(4,364)	—	—	—	—
Repayment of bank loans		(23,045)	—	(21,619)	—	(57,790)
Net cash flows from financing activities		275,012	193,973	28,137	3,292	7,816
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		9,500	146,942	(187,427)	(163,831)	(37,742)
Cash and cash equivalents at beginning of year/period		139,879	149,093	297,763	297,763	110,962
Effect of foreign exchange rate changes, net		(286)	1,728	626	1,385	(187)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		149,093	297,763	110,962	135,317	73,033
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances		129,093	297,763	92,547	135,317	63,768
Non-pledged time deposits with original maturity of less than three months when acquired		20,000	—	18,415	—	9,265
Cash and cash equivalents as stated in the consolidated statements of financial position		149,093	297,763	110,962	135,317	73,033

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December			As at 30 June
		2021	2022	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	17,310	31,077	28,130	21,505
Right-of-use assets	*15*	7,615	7,957	5,421	6,095
Other intangible assets	*14*	1,721	1,447	1,066	1,900
Investments in subsidiaries		29,032	28,796	57,247	57,531
Prepayment, deposits and other receivables	*20*	1,207	508	958	2,794
Trade receivables	*19*	1,392	828	—	—
Total non-current assets		58,277	70,613	92,822	89,825
CURRENT ASSETS					
Inventories	*17*	68,790	44,291	36,763	42,479
Trade and bills receivables	*19*	21,758	164,290	139,709	114,898
Contract assets	*22*	209	82	325	416
Prepayments, deposits and other receivables	*20*	22,392	7,998	97,256	149,621
Financial assets at fair value through profit or loss	*21*	222,720	190,400	174,383	145,983
Restricted bank deposits	*23*	—	3,592	1,389	—
Cash and cash equivalents	*23*	63,106	159,513	52,073	19,624
Total current assets		398,975	570,166	501,898	473,021
CURRENT LIABILITIES					
Trade and bills payables	*24*	20,283	62,224	95,610	101,958
Other payables and accruals	*25*	25,731	39,955	33,735	32,488
Financial liabilities at fair value through profit or loss	*21*	—	—	80	—
Lease liabilities	*15*	2,548	4,025	2,952	2,531
Contract liabilities	*27*	23,732	32,292	10,672	9,267
Total current liabilities		72,294	138,496	143,049	146,244
NET CURRENT ASSETS		326,681	431,670	358,849	326,777
TOTAL ASSETS LESS CURRENT LIABILITIES		384,958	502,283	451,671	416,602

	Notes	As at 31 December			As at 30 June
		2021	2022	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES					
Deferred income	*28*	4,766	4,463	9,442	7,004
Deferred tax liabilities	*18*	265	10	559	845
Lease liabilities	*15*	4,999	4,266	2,794	3,666
Provision	*29*	3,490	6,558	6,127	4,983
Total non-current liabilities		13,520	15,297	18,922	16,498
Net assets		371,438	486,986	432,749	400,104
EQUITY					
Share capital	*30*	—	360,000	360,000	360,000
Paid-in capital	*30*	9,538	—	—	—
Reserves	*31*	361,900	126,986	72,749	40,104
Total equity		371,438	486,986	432,749	400,104

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a joint stock company with limited liability incorporated in Shenzhen, the People's Republic of China (the "**PRC**") on 30 July 2015. The registered office address of the Company is 1003, Building 2, Chongwen Park, Nanshan Zhiyuan, No. 3370 Liuxian Avenue, Taoyuan Street, Nanshan District, Shenzhen, the PRC.

During the Relevant Periods and in the period covered by the Interim Comparative Financial Information, the Group was principally engaged in the design, development, manufacture and commercialisation of collaborative robots.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of registration and place of operations	Registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Qingdao Yuejiang Intelligence Technology Co., Ltd 青島越疆智能科技有限公司* *(note (a))*	Chinese Mainland 27 February 2020	RMB20,000,000	100%	–	Manufacture of collaborative robots
Yuejiang Intelligent Robot (Suzhou) Co., Ltd. 越疆智能機器人(蘇州)有限公司* *(note (a))*	Chinese Mainland 22 July 2021	RMB6,000,000	100%	–	Sale of collaborative robots
Shenzhen Qimo Technology Co., Ltd. 深圳市齊墨科技有限公司* *(notes (a), (d))*	Chinese Mainland 26 July 2018	RMB5,000,000	100%	–	Manufacture of collaborative robots
Rizhao Yuejiang Intelligence Technology Co., Ltd. 日照市越疆智能科技有限公司* *(note (a))*	Chinese Mainland 21 October 2020	RMB5,000,000	100%	–	Manufacture of collaborative robots
DOBOT HK LIMITED *(note (b))*	Hong Kong 16 August 2021	HKD10,000	100%	–	Investment holding
Qingdao Yuejiang Robotics Co., Ltd. 青島越疆機器人有限公司* *(notes (a), (c))*	Chinese Mainland 26 April 2020	RMB71,965,300	–	100%	Holding the land for production base
DOBOT NORTH AMERICA LLC *(note (a))*	The United States 25 October 2022	US$1,000,000	–	100%	Investment holding
DOBOT Europe GmbH *(note (a))*	Germany 4 May 2023	Euro500,000	–	100%	Sale of collaborative robots
DOBOT JAPAN *(note (a))*	Japan 17 February 2023	JPY20,000,000	–	100%	Sale of collaborative robots
DOBOT USA LLC *(note (a))*	United States 26 October 2022	US$1,000,000	–	100%	Sale of collaborative robots

* The English names of these companies registered in the PRC represent the best effort made by the directors of the Company (the "**Directors**") to translate the Chinese names as these companies have not been registered with any official English names.

Notes:

(a) As at the date of this report, no audited financial statements have been prepared for these entities for the years ended 31 December 2021, 2022 and 2023 as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdictions of incorporation or newly incorporated.

(b) The statutory financial statements of this entity for the period from 16 August 2021 (date of Incorporation) to 31 December 2022 prepared in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standards ("**SME-FRS**") issued by the HKICPA, were audited by Richful CPA Limited, certified public accountants registered in Hong Kong. The statutory financial statements of this entity for the year ended 31 December 2023 prepared in accordance with SME-FRS, were audited by LEE CHI FAI&Co., certified public accountants registered in Hong Kong.

(c) The registered capital of Qingdao Yuejiang Robotics Co., Ltd. was increased from RMB10,000,000 to RMB71,965,300 on 28 November 2022. The equity interests in Qingdao Yuejiang Robotics Co., Ltd. were acquired by the Group in June 2023 with details set out in note 34 to the Historical Financial Information.

(d) The Group held 90% equity interests in Shenzhen Qimo Technology Co., Ltd. upon the incorporation of this entity. On 31 March 2021, the Group acquired 10% non-controlling interests in Shenzhen Qimo Technology Co., Ltd. at RMB1.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which comprise all standards and Interpretations approved by the International Accounting Standards Board ("**IASB**"). All IFRSs effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention except for certain financial instruments which have been measured at fair value at the end of each of the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

Basis of consolidation

The Historical Financial Information includes the financial information of the Group for the Relevant Periods and in the period covered by the Interim Comparative Financial Information. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial information of the subsidiaries is prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective, in the Historical Financial Information.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[3]
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	*Nine narrow scope amendments including clarifications, simplifications, corrections or changes to improve consistency in IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7*[3]
IFRS 18	*Presentation and Disclosure in Financial Statements*[4]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[4]

1 No mandatory effective date yet determined but available for adoption.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for reporting periods beginning on or after 1 January 2026.
4 Effective for reporting periods beginning on or after 1 January 2027.

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs may result in changes in accounting policies and are unlikely to have a significant impact on the Group's results of operations and financial position.

2.3 MATERIAL ACCOUNTING POLICIES

Investment in an associate

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in an associate is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of an associate is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of an associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's investment in the associate, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investment in an associate.

Fair value measurement

The Group measures its certain financial instruments at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Shorter of remaining lease terms and estimated useful lives
Buildings	3.17% to 4.75%
Furniture and fixtures	19% to 32%
Electronic equipment and others	9.5% to 32%
Motor vehicles	19% to 32%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each of the Relevant Periods.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each of the Relevant Periods.

Intangible assets are amortised on the straight-line basis over the following useful economic lives:

Software	3 to 5 years

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Factory, office and laboratory	1 to 5 years
Leasehold land	30 to 50 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office and employee dormitory (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, interest-bearing bank and other borrowings, financial liabilities measured at amortised cost and financial liabilities measured at fair value through profit or loss.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, loans and borrowings)

After initial recognition, trade and other payables and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss and other comprehensive income.

Financial liabilities at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss and other comprehensive income.

The Group provides for warranties in relation to the sale of products for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns. The warranty-related cost is revised annually.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries and an associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries and an associate, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax

liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customers, generally on delivery or acceptance of the products as agreed in the sales contracts.

For some contracts, the Group provides installation and commissioning services that are bundled together with the sale of products to the customers. The installation and commissioning services significantly modify or customise the goods, therefore, the products and the services are highly interrelated and instead combined as one single performance obligation which is satisfied at a point in time.

(b) Product related supporting services

Revenue from services is recognised at a point in time when the service is provided and accepted by the customer.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

The Group operates share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value of share awards is determined by an external valuer using the probability weighted expected return method and valuation models. Further details are included in note 32 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates of the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Research and development expenses

All research costs are charged to the statement of profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred. Determining the amounts of development costs to be capitalised requires the use of judgements and estimation.

Classification of financial assets

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets. In determining the business model, the Group considers how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within) and, in particular, the way those risks are managed. In determining whether cash flows are going to be realised by collecting the financial assets' contractual cash flows, it is necessary for the Group to consider the reason, timing, frequency, and value of sales prior to the maturity date.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision against obsolete and slow-moving inventories

The Group reviews the condition of its inventories at the end of each reporting period and makes provisions against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use based on sales forecasts. Such sales forecasts are prepared based on agreements or orders on hand and estimated sales in the foreseeable future based on historical experiences with its customers and current market conditions of the robots industry. Management estimates the net realisable value for those obsolete and slow-moving inventories based primarily on the latest invoice prices and current market conditions. The estimation is reassessed at the end of each reporting period. The provision against obsolete and slow-moving inventories requires the use of judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such difference will impact on the carrying value of inventories and the write-down of inventories recognized in the periods in which such estimates have been changed.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 19 to the Historical Financial Information.

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgement on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Leases—Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay," which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Relevant Periods. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their services and products and only has one reportable operating segment.

The information reported to the directors, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Chinese Mainland	90,457	100,893	117,221	39,181	46,543
European markets	40,598	65,964	68,313	31,885	28,312
Americas	16,419	30,708	37,558	17,113	16,291
Asia-Pacific markets	26,840	43,448	63,657	21,733	29,316
	174,314	241,013	286,749	109,912	120,462

The revenue information above is based on the locations of the customers.

(b) Non-current assets

Most of the Group's non-current assets are located in Chinese Mainland. Thus, no geographic information is presented.

Information about major customers

Revenue from a major customer which accounted for 10% or more of the Group's revenue during the Relevant Periods and six months ended 30 June 2023 is set out below:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Customer A	21,957	N/A*	N/A*	N/A*	N/A*

* Less than 10% of the Group's revenue.

5. REVENUE, OTHER INCOME AND GAINS

Revenue

An analysis of revenue is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Revenue from contracts with customers	174,314	241,013	286,749	109,912	120,462

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Types of goods or services					
Sale of products	173,647	240,434	285,671	109,766	120,153
Services	667	579	1,078	146	309
	174,314	241,013	286,749	109,912	120,462
Geographical markets					
Chinese Mainland	90,457	100,893	117,221	39,181	46,543
European markets	40,598	65,964	68,313	31,885	28,312
Americas	16,419	30,708	37,558	17,113	16,291
Asia Pacific markets	26,840	43,448	63,657	21,733	29,316
	174,314	241,013	286,749	109,912	120,462
Timing of revenue recognition					
Goods transferred at a point in time	173,647	240,434	285,671	109,766	120,153
Services transferred at a point in time	667	579	1,078	146	309
Total revenue from contracts with customers	174,314	241,013	286,749	109,912	120,462

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant Periods and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:					
Sale of products	14,309	19,521	34,291	13,241	8,116

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of products

The performance obligation is satisfied upon delivery and acceptance of products and payment is generally due within 2 months from delivery, where payment in advance is normally required.

Product related supporting services

The performance obligation is satisfied at the point in time when services are completed and payment is generally due upon completion of the services and customer acceptance.

As the original expected duration of the contracts from customers of the Group is within one year or less, the Group applies the practical expedient of not disclosing the transaction price allocated to the remaining performance obligation.

Other income and gains

An analysis of other income and gains is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Other income					
Interest income	1,948	2,843	2,313	1,569	1,274
Government grants*	11,598	30,920	32,915	15,759	15,954
Investment income from financial assets at fair value through profit or loss	7,045	7,391	2,657	2,059	647
Revenue from sales of raw materials	1,545	1,655	238	43	377
Others	258	361	419	153	156
Gains					
Reversal of impairment losses on financial and contract assets	3,178	—	—	—	1,067
Fair value gains on financial assets at fair value through profit or loss	1,695	400	4,132	2,259	1,600
Gain on disposal of items of property, plant and equipment	—	2	—	—	—
Foreign exchange gains, net	—	1,892	1,157	1,278	—
	27,267	45,464	43,831	23,120	21,075

* The Group has received certain government grants related to assets and income. Certain of the grants related to assets and income have future related costs expected to be incurred and require the Group to comply with conditions attached to the grants and the government to acknowledge the compliance of these conditions. The grants related to assets were recognised in profit or loss over the useful lives of the relevant assets. The grants related to income have been received to compensate for the Group's research and development costs and are recognised in the statement of profit or loss on a systematic basis over the periods that the costs, for which they are intended to compensate, are expensed.

Other government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

6. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest on bank loans	369	6	640	303	541
Interest on lease liabilities	289	440	459	250	161
Interest on loans from related parties	109	—	—	—	—
Accretion of interest expense	—	1,584	858	858	—
	767	2,030	1,957	1,411	702

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
Cost of inventories and services sold*		86,234	142,796	161,905	66,978	67,618
Research and development costs*****		46,873	52,054	70,527	31,181	31,423
Expense from sales of raw materials		1,886	1,132	266	90	668
Depreciation of property, plant and equipment**	13	3,518	16,163	25,556	11,498	13,419
Depreciation of right-of-use assets**	15	4,717	6,003	7,016	2,766	2,893
Amortisation of intangible assets**	14	119	627	758	367	484
Loss/(gain) on disposal of property, plant and equipment***		5	(12)	404	—	4
Loss on disposal of intangible assets***		—	281	195	195	—
Loss on disposal of a subsidiary	33	163	—	—	—	—
Foreign exchange losses/(gains), net***		349	(1,892)	(1,157)	(1,278)	633
Lease payments in respect of short-term leases		1,334	596	1,092	400	514
Impairment/(reversal of impairment) of trade receivables		(3,411)	979	3,909	2,943	(1,095)
Impairment/(reversal of impairment) of other receivables		226	(342)	58	51	(39)
Impairment/(reversal of impairment) of contract assets		7	(8)	35	21	67
Impairment losses on investment in an associate		—	1,138	—	—	—
Write-down of inventories to net realisable value****		5,423	8,626	17,071	10,244	6,533
Fair value loss on financial liabilities at fair value through profit or loss		—	—	771	—	—
Share-based payment expenses		(1,285)	12,579	21,464	5,845	13,665
Product warranty provision		3,943	4,864	2,798	1,188	382
[**REDACTED**]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Auditor's remuneration		21	421	1,571	300	150
Employee benefit expenses (excluding directors' and chief executive's remuneration *(note 8)*)						
– Wages and salaries		84,466	108,777	120,301	45,837	48,005
– Pension scheme contributions		1,798	3,294	5,075	2,674	2,704
Total		86,264	112,071	125,376	48,511	50,709

* The amounts disclosed for cost of inventories sold included the write-down of inventories to net realisable value.

** The depreciation of property, plant and equipment, amortisation of intangible assets, and right-of-use assets are included in "Cost of sales", "Selling and distribution expenses. "Administrative expenses", and "Research and development expenses" in profit or loss.

*** The amounts are included in "other income and gains" and "other expense" in profit or loss.

**** The amounts·are included·in "cost of sales" in profit or loss.

***** The Group determines that capitalisation of development costs starts when the prototype of the product is available and there are established demands for the product. There are only immaterial development costs incurred after that point until the commercialisation of the product, therefore, no research and development costs were capitalised during the Relevant Periods and six months ended 30 June 2023.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration as recorded during the Relevant Periods and the six months ended 30 June 2023, disclosed pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Listing Rules**"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is set out below:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Fees	—	6	216	108	108
Other emoluments:					
Salaries, allowances and benefits in kind	2,146	3,036	3,405	1,695	1,708
Pension scheme contributions	24	43	59	29	32
Share-based payment expenses	(5,441)	2,232	3,539	547	2,979
	(3,271)	5,317	7,219	2,379	4,827

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods and the six months ended 30 June 2023 were as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Mr. Li Yibin	—	2	72	36	36
Mr. Zhou Runshu	—	2	72	36	30
Dr. Hou Lingling	—	2	72	36	36
Mr. Wu Haoyun	—	—	—	—	6
Total	—	6	216	108	108

The independent non-executive directors of the Company were appointed on 20 December 2022 except for Mr. Wu Hao yun who was appointed on 31 May 2024. Mr. Zhou Runshu resigned as independent non-executive director with effect from 31 May 2024.

(b) Directors and the chief executive

Year ended 31 December 2021

	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors, supervisors and chief executive:					
Mr. Liu Peichao *(note (i))*	—	340	4	—	344
Mr. Lang Xulin *(note (ii))*	—	460	4	—	464
Mr. Liu Yang *(note (ii))*	—	286	3	62	351
Mr. Xie Junjie *(note (iii))*	—	416	4	1,787	2,207
Mr. Li Liuwei *(note (iii))*	—	281	3	41	325
Ms. Wan Ying *(note (iii))*	—	186	3	31	220
Mr. Wu Zhiwen *(note (ii))*	—	5	1	—	6
Mr. Liu Zhufu *(note (iii))*	—	91	1	298	390
Mr. Song Tao *(note (iii))*	—	81	1	(7,660)	(7,578)
Non-executive directors:					
Mr. Xiang Guanglong *(note (ii))*	—	—	—	—	—
Ms. Cai Wenjuan *(note (ii))*	—	—	—	—	—
Mr. Bai Yunfan *(note (ii))*	—	—	—	—	—
Mr. Li Xing *(note (ii))*	—	—	—	—	—
Ms. Zheng Chengyuan *(note (ii))*	—	—	—	—	—
Mr. Yang Guowei *(note (ii))*	—	—	—	—	—
Mr. Jing Liang *(note (ii))*	—	—	—	—	—
	—	2,146	24	(5,441)	(3,271)

Year ended 31 December 2022

	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors, supervisors and chief executive:					
Mr. Liu Peichao *(note (i))*	—	567	5	—	572
Mr. Wang Yong *(note (ii))*	—	50	—	—	50
Mr. Lang Xulin *(note (ii))*	—	606	5	—	611
Mr. Liu Zhufu *(note (ii))*	—	165	2	447	614
Mr. Jiang Yu *(note (ii))*	—	141	15	194	350
Mr. Liu Yang *(note (ii))*	—	357	4	134	495
Mr. Xie Junjie *(note (iii))*		449	3	1,340	1,792
Mr. Li Liuwei *(note (iii))*		408	5	74	487
Ms. Wan Ying *(note (iii))*	—	293	4	43	340
Ms. Zhao Kun *(note (iii))*	—	—	—	—	—
Non-executive directors:					
Mr. Xiang Guanglong *(note (ii))*	—	—	—	—	—
Ms. Cai Wenjuan *(note (ii))*	—	—	—	—	—
Mr. Li Xing *(note (ii))*	—	—	—	—	—
Ms. Zheng Chengyuan *(note (ii))*	—	—	—	—	—
Mr. Yang Guowei *(note (ii))*	—	—	—	—	—
Mr. Jing Liang *(note (ii))*	—	—	—	—	—
	—	3,036	43	2,232	5,311

Year ended 31 December 2023

	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors, supervisors and chief executive:					
Mr. Liu Peichao *(note (i))*	—	593	12	—	605
Mr. Wang Yong *(note (ii))*	—	1,325	12	3,189	4,526
Mr. Lang Xulin *(note (ii))*	—	739	12	—	751
Mr. Li Liuwei *(note (iii))*	—	418	12	216	646
Ms. Wan Ying *(note (iii))*	—	330	11	134	475
Ms. Ma Jingxian *(note (iii))*	—	—	—	—	—
Ms. Zhao Kun *(note (iii))*	—	—	—	—	—
Non-executive director:					
Mr. Jing Liang *(note (ii))*	—	—	—	—	—
	—	3,405	59	3,539	7,003

Six months ended 30 June 2024

	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors, supervisors and chief executive:					
Mr. Liu Peichao *(note (i))*	—	296	6	—	302
Mr. Wang Yong *(note (ii))*	—	655	6	2,733	3,394
Mr. Lang Xulin *(note (ii))*	—	374	7	—	381
Mr. Li Liuwei *(note (iii))*	—	216	7	150	373
Ms. Wan Ying *(note (iii))*	—	167	6	96	269
Ms. Ma Jingxian	—	—	—	—	—
Non-executive directors:					
Mr. Jing Liang *(note (ii))*	—	—	—	—	—
	—	1,708	32	2,979	4,719

Six months ended 30 June 2023 (Unaudited)

	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors, supervisors and chief executive:					
Mr. Liu Peichao *(note (i))*	—	297	6	—	303
Mr. Wang Yong *(note (ii))*	—	662	6	456	1,124
Mr. Lang Xulin *(note (ii))*	—	366	6	—	372
Mr. Li Liuwei *(note (iii))*	—	206	6	60	272
Ms. Wan Ying *(note (iii))*	—	164	5	31	200
Ms. Ma Jingxian *(note (iii))*	—	—	—	—	—
Ms. Zhao Kun *(note (iii))*	—	—	—	—	—
Non-executive directors:					
Mr. Jing Liang *(note (ii))*	—	—	—	—	—
	—	1,695	29	547	2,271

Notes:

(i) Mr. Liu Peichao was appointed as a director and the chief executive officer of the Company and the chairman of the Board with effect from July 2015.

(ii) Mr. Lang Xulin was appointed as a director of the Company with effect from September 2016. Mr. Wu Zhiwen was appointed as a director of the Company with effect from September 2016 to February 2021. Ms. Cai Wenjuan was appointed as a director of the Company with effect from September 2016 to December 2022. Ms. Zheng Chenyuan was appointed as a director of the Company with effect from July 2017 to October 2022. Mr. Xiang Guanglong and Mr. Li Xing were appointed as directors of the Company with effect from July 2017 to December 2022. Mr. Bai Yunfan was appointed as a director of the Company with effect from May 2018 to February 2021. Mr. Jing Liang was appointed as a director of the Company with effect from April 2020. Mr. Liu Yang was appointed as a director of the Company with effect from February 2021 to December 2022. Mr. Yang Guowei was appointed as a director of the Company with effect from February 2021 to October 2022. Mr. Liu Zhufu and Mr. Jiang Yu were appointed as directors of the Company with effect from October 2022 to December 2022. Mr. Wang Yong was appointed as a director with effect from December 2022.

(iii) Mr. Xie Junjie was appointed as a supervisor of the Company with effect from September 2016 to October 2022. Mr. Song Tao was appointed as a supervisor of the Company with effect from April 2020 to February 2021. Mr. Liu Zhufu was appointed as a supervisor of the Company with effect from January 2021 to February 2021. Mr. Li Liuwei and Ms. Wan Ying were appointed as a supervisor of the Company with effect from January 2021. Ms. Zhao Kun was appointed as a supervisor of the Company with effect from October 2022 to May 2023. Ms. Ma Jingxian was appointed as a supervisor of the Company with effect from May 2023.

During the Relevant Periods and six months ended 30 June 2023, restricted share units were granted to certain directors through share incentive platforms, further details of which are included in the disclosures in note 32 to the Historical Financial Information. The fair value of such awarded shares, which has been recognised in profit or loss, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above directors' remuneration disclosures.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods and six months ended 30 June 2023.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods and six months ended 30 June 2023 included one, one, one and one directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining four, four, four and four highest paid employees who are neither a director nor chief executive of the Company during the Relevant Periods and six months ended 30 June 2023 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Salaries, bonuses, allowances and benefits in kind	2,622	2,303	2,610	1,312	1,290
Pension scheme contributions	68	71	157	73	51
Share-based payment expenses	5,444	6,496	5,481	2,677	3,137
	8,134	8,870	8,248	4,062	4,478

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
				(Unaudited)	
	Number of employees				
Below HKD1,000,000	—	—	—	2	—
HKD1,000,001 to HKD1,500,000	2	—	—	2	4
HKD1,500,001 to HKD2,000,000	1	2	2	—	—
HKD2,500,001 to HKD3,000,000	1	1	2	—	—
HKD4,000,001 to HKD4,500,000	—	1	—	—	—
	4	4	4	4	4

During the Relevant Periods and six months ended 30 June 2023, restricted share units were granted to seven non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 32 to the Historical Financial Information. The fair value of such shares, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods and the six months ended 30 June 2023 is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Chinese Mainland

The provision for corporate income tax in Chinese Mainland is based on the statutory rate of 25% of the taxable profits determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008. Shenzhen Qimo Technology Co., Ltd., a subsidiary of the Group in Chinese Mainland, is qualified as a high and new technology enterprise and was subject to income tax at a preferential tax rate of 15% for the years ended 31 December 2021 and 2022.

The Company was approved as a "High and New Technology Enterprise" and entitled to a preferential income tax rate of 15% during the Relevant Periods and six months ended 30 June 2023. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Overseas subsidiaries

No income tax on the overseas subsidiaries has been provided as there were no assessable profit arising in such overseas tax jurisdictions during the Relevant Periods.

The income tax expense of the Group for the Relevant Periods and six months ended 30 June 2023 is analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Current income tax	16,302	228	14,778	2	539
Deferred income tax	163	(363)	(1,297)	123	(240)
Total tax charge/(credit) for the year	16,465	(135)	13,481	125	299

A reconciliation of the expected income tax calculated at the preferential tax rate and loss before income tax, with the actual income tax at the effective tax rate is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Loss before tax	(25,291)	(52,612)	(89,800)	(51,562)	(59,584)
Tax charge at the preferential tax rate of 25%	(6,323)	(13,153)	(22,450)	(12,891)	(14,896)
Entities entitled to lower statutory income tax rates	2,455	8,104	7,976	5,005	5,558
Additional deductible allowance for qualified research and development expenses	(5,311)	(6,757)	(8,755)	(3,956)	(3,692)
Temporary differences and tax losses not recognised	25,606	9,595	31,956	10,975	11,197
Expenses not deductible for tax	38	2,076	4,754	992	2,132
Tax charge/(credit) at the Group's effective tax rate	16,465	(135)	13,481	125	299

Based on Public Notice 2022 No. 28 issued by the State Tax Bureau of the PRC on 22 September 2022, the enterprises originally eligible for an additional 75% deduction of eligible R&D expenses can further enjoy an increased super deduction ratio of 100% from 1 October 2022 to 31 December 2022 (i.e. the fourth quarter of 2022). Furthermore, based on Public Notice 2023 No. 7 issued by the State Tax Bureau of the PRC on 26 March 2023, the enterprises were eligible for a 100% deduction of eligible R&D expenses from 1 January 2023. The Company has claimed such additional super deduction during the Relevant Periods and six months ended 30 June 2023.

11. DIVIDENDS

No dividend was paid or declared by the Company during the Relevant Periods and the six months ended 30 June 2023.

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the Relevant Periods and the six months ended 30 June 2023. The weighted average number of ordinary shares in issue for 2021 and 2022 before the conversion into a joint stock company was determined by assuming that the paid-in capital had been fully converted into share capital at the same conversion ratio of 1:35.81 as upon transformation into a joint stock company in December 2022.

No adjustment has been made to the basic loss per share amounts presented for the Relevant Periods and six months ended 30 June 2023 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue.

The calculations of basic and diluted loss per share are based on:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
				(Unaudited)	
Loss					
Loss attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation *(RMB'000)*	(41,558)	(52,477)	(103,281)	(51,687)	(59,883)
Shares					
Weighted average number of ordinary shares in issue during the year, used in the basic loss per share calculation *('000)*	330,150	348,862	360,000	360,000	360,000

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Furniture and fixtures	Motor vehicles	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2021						
At 1 January 2021						
Cost	4,190	982	9,389	1,211	—	15,772
Accumulated depreciation	(2,443)	(462)	(3,368)	—	—	(6,273)
Net carrying amount	1,747	520	6,021	1,211	—	9,499
At 1 January 2021, net of accumulated depreciation	1,747	520	6,021	1,211	—	9,499
Additions	906	456	199	558	89,427	91,546
Transfer from inventories*	—	—	10,261	—	—	10,261
Disposals	(8)	—	(384)	—	—	(392)
Depreciation provided during the year	(44)	(52)	(2,357)	(1,065)	—	(3,518)
At 31 December 2021, net of accumulated depreciation	2,601	924	13,740	704	89,427	107,396
At 31 December 2021						
Cost	5,076	1,438	19,239	1,769	89,427	116,949
Accumulated depreciation	(2,475)	(514)	(5,499)	(1,065)	—	(9,553)
Net carrying amount	2,601	924	13,740	704	89,427	107,396

	Buildings	Furniture and fixtures	Motor vehicles	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2022							
At 1 January 2022							
Cost	—	5,076	1,438	19,239	1,769	89,427	116,949
Accumulated depreciation	—	(2,475)	(514)	(5,499)	(1,065)	—	(9,553)
Net carrying amount	—	2,601	924	13,740	704	89,427	107,396
At 1 January 2022, net of accumulated depreciation	—	2,601	924	13,740	704	89,427	107,396
Additions	61,733	2,563	—	2,149	2,856	16,392	85,693
Transfer from inventories*	—	—	—	17,633	—	—	17,633
Transfer	80,782	4,761	—	15,383	2,619	(103,545)	—
Disposals	—	(16)	—	(95)	—	—	(111)
Depreciation provided during the year	(3,631)	(2,246)	(279)	(8,936)	(1,071)	—	(16,163)
At 31 December 2022, net of accumulated depreciation	138,884	7,663	645	39,874	5,108	2,274	194,448
At 31 December 2022							
Cost	142,515	12,332	1,438	53,832	7,244	2,274	219,635
Accumulated depreciation	(3,631)	(4,669)	(793)	(13,958)	(2,136)	—	(25,187)
Net carrying amount	138,884	7,663	645	39,874	5,108	2,274	194,448

	Buildings	Furniture and fixtures	Motor vehicles	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023							
At 1 January 2023							
Cost	142,515	12,332	1,438	53,832	7,244	2,274	219,635
Accumulated depreciation	(3,631)	(4,669)	(793)	(13,958)	(2,136)	—	(25,187)
Net carrying amount	138,884	7,663	645	39,874	5,108	2,274	194,448
At 1 January 2023, net of accumulated depreciation	138,884	7,663	645	39,874	5,108	2,274	194,448
Additions	—	1,557	—	2,601	762	5,731	10,651
Transfer from inventories*	—	—	—	11,055	—	—	11,055
Transfer	875	—	—	3,795	960	(5,630)	—
Disposals	(223)	(31)	—	(574)	—	—	(828)
Depreciation provided during the year	(4,898)	(3,321)	(252)	(15,064)	(2,021)	—	(25,556)
At 31 December 2023, net of accumulated depreciation	134,638	5,868	393	41,687	4,809	2,375	189,770
At 31 December 2023							
Cost	143,167	13,386	1,438	69,770	8,966	2,375	239,102
Accumulated depreciation	(8,529)	(7,518)	(1,045)	(28,083)	(4,157)	—	(49,332)
Net carrying amount	134,638	5,868	393	41,687	4,809	2,375	189,770

	Buildings	Furniture and fixtures	Motor vehicles	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
30 June 2024							
At 31 December 2023 and at 1 January 2024:							
Cost	143,167	13,386	1,438	69,770	8,966	2,375	239,102
Accumulated depreciation	(8,529)	(7,518)	(1,045)	(28,083)	(4,157)	—	(49,332)
Net carrying amount	134,638	5,868	393	41,687	4,809	2,375	189,770
At 1 January 2024, net of accumulated depreciation	134,638	5,868	393	41,687	4,809	2,375	189,770
Additions	—	567	—	3,264	70	3,976	7,877
Transfer from inventories*	—	—	—	2,832	—	—	2,832
Transfer	—	283	—	602	577	(1,462)	—
Disposals	—	(2)	—	(1,636)	—	—	(1,638)
Depreciation provided during the period	(2,456)	(1,612)	(126)	(8,337)	(888)	—	(13,419)
At 30 June 2024, net of accumulated depreciation	132,182	5,104	267	38,412	4,568	4,889	185,422
At 30 June 2024							
Cost	143,167	14,234	1,438	74,832	9,613	4,889	248,173
Accumulated depreciation	(10,985)	(9,130)	(1,171)	(36,420)	(5,045)	—	(62,751)
Net carrying amount	132,182	5,104	267	38,412	4,568	4,889	185,422

The Company

	Furniture and fixtures	Motor vehicles	Electronic equipment and others	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2021					
At 1 January 2021					
Cost	3,716	982	8,687	967	14,352
Accumulated depreciation	(2,140)	(462)	(3,250)	—	(5,852)
Net carrying amount	1,576	520	5,437	967	8,500
At 1 January 2021, net of accumulated depreciation	1,576	520	5,437	967	8,500
Additions	899	456	57	558	1,970
Transfer from inventories*	—	—	10,261	—	10,261
Disposals	(2)	—	(80)	—	(82)
Depreciation provided during the year	(82)	(52)	(2,336)	(869)	(3,339)
At 31 December 2021, net of accumulated depreciation	2,391	924	13,339	656	17,310
At 31 December 2021					
Cost	4,605	1,438	18,748	1,525	26,316
Accumulated depreciation	(2,214)	(514)	(5,409)	(869)	(9,006)
Net carrying amount	2,391	924	13,339	656	17,310

	Furniture and fixtures	Motor vehicles	Electronic equipment and others	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2022					
At 1 January 2022					
Cost	4,605	1,438	18,748	1,525	26,316
Accumulated depreciation	(2,214)	(514)	(5,409)	(869)	(9,006)
Net carrying amount	2,391	924	13,339	656	17,310
At 1 January 2022, net of accumulated depreciation	2,391	924	13,339	656	17,310
Additions	1,414	—	1,409	2,801	5,624
Transfer from inventories*	—	—	17,633	—	17,633
Disposals	(8)	—	(89)	—	(97)
Depreciation provided during the year	(1,093)	(279)	(7,287)	(734)	(9,393)
At 31 December 2022, net of accumulated depreciation	2,704	645	25,005	2,723	31,077
At 31 December 2022					
Cost	5,962	1,438	37,225	4,326	48,951
Accumulated depreciation	(3,258)	(793)	(12,220)	(1,603)	(17,874)
Net carrying amount	2,704	645	25,005	2,723	31,077

	Furniture and fixtures	Motor vehicles	Electronic equipment and others	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023					
At 1 January 2023					
Cost	5,962	1,438	37,225	4,326	48,951
Accumulated depreciation	(3,258)	(793)	(12,220)	(1,603)	(17,874)
Net carrying amount	2,704	645	25,005	2,723	31,077
At 1 January 2023, net of accumulated depreciation	2,704	645	25,005	2,723	31,077
Additions	761	—	2,526	—	3,287
Transfer from inventories*	—	—	11,055	—	11,055
Disposals	(8)	—	(3,078)	—	(3,086)
Depreciation provided during the year	(1,379)	(252)	(11,614)	(958)	(14,203)
At 31 December 2023, net of accumulated depreciation	2,078	393	23,894	1,765	28,130
At 31 December 2023					
Cost	6,517	1,438	45,940	4,326	58,221
Accumulated depreciation	(4,439)	(1,045)	(22,046)	(2,561)	(30,091)
Net carrying amount	2,078	393	23,894	1,765	28,130

	Furniture and fixtures	Motor vehicles	Electronic equipment and others	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
30 June 2024					
At 31 December 2023 and at 1 January 2024:					
Cost	6,517	1,438	45,940	4,326	58,221
Accumulated depreciation	(4,439)	(1,045)	(22,046)	(2,561)	(30,091)
Net carrying amount	2,078	393	23,894	1,765	28,130
At 1 January 2024, net of accumulated depreciation	2,078	393	23,894	1,765	28,130
Additions	136	—	2,883	—	3,019
Transfer from inventories*	—	—	255	—	255
Disposals	(9)	—	(2,626)	—	(2,635)
Depreciation provided during the period	(624)	(126)	(6,143)	(371)	(7,264)
At 30 June 2024, net of accumulated depreciation	1,581	267	18,263	1,394	21,505
At 30 June 2024					
Cost	6,553	1,438	45,645	4,326	57,962
Accumulated depreciation	(4,972)	(1,171)	(27,382)	(2,932)	(36,457)
Net carrying amount	1,581	267	18,263	1,394	21,505

* When the products are used for promotion, exhibition and training purposes, the products are transferred from inventories to property, plant and equipment and depreciated over three years.

14. INTANGIBLE ASSETS

The Group

	Software
	RMB'000
31 December 2021	
At 1 January 2021	
Cost	478
Accumulated amortisation	(258)
Net carrying amount	220
At 1 January 2021, net of accumulated amortisation	
Additions	1,901
Amortisation provided during the year	(119)
At 31 December 2021, net of accumulated amortisation	2,002
At 31 December 2021	
Cost	2,379
Accumulated amortisation	(377)
Net carrying amount	2,002

	Software
	RMB'000
31 December 2022	
At 1 January 2022	
Cost	2,379
Accumulated amortisation	(377)
Net carrying amount	2,002
At 1 January 2022, net of accumulated amortisation	
Additions	2,062
Disposals	(281)
Amortisation provided during the year	(627)
At 31 December 2022, net of accumulated amortisation	3,156
At 31 December 2022	
Cost	4,092
Accumulated amortisation	(936)
Net carrying amount	3,156

	Software
	RMB'000
31 December 2023	
At 1 January 2023	
Cost	4,092
Accumulated amortisation	(936)
Net carrying amount	3,156
At 1 January 2023, net of accumulated amortisation	
Additions	52
Disposals	(195)
Amortisation provided during the year	(758)
At 31 December 2023, net of accumulated amortisation	2,255
At 31 December 2023	
Cost	3,949
Accumulated amortisation	(1,694)
Net carrying amount	2,255

	Software
	RMB'000
30 June 2024	
At 1 January 2024:	
Cost	3,949
Accumulated amortisation	(1,694)
Net carrying amount	2,255
At 1 January 2024, net of accumulated amortisation	2,255
Additions	1,213
Amortisation provided during the period	(484)
At 30 June 2024, net of accumulated amortisation	2,984
At 30 June 2024:	
Cost	5,162
Accumulated amortisation	(2,178)
Net carrying amount	2,984

The Company

	Software
	RMB'000
31 December 2021	
At 1 January 2021	
Cost	478
Accumulated amortisation	(258)
Net carrying amount	220
At 1 January 2021, net of accumulated amortisation	
Additions	1,551
Amortisation provided during the year	(50)
At 31 December 2021, net of accumulated amortisation	1,721
At 31 December 2021	
Cost	2,029
Accumulated amortisation	(308)
Net carrying amount	1,721

	Software
	RMB'000
31 December 2022	
At 1 January 2022	
Cost	2,029
Accumulated amortisation	(308)
Net carrying amount	1,721
At 1 January 2022, net of accumulated amortisation	
Additions	127
Disposals	—
Amortisation provided during the year	(401)
At 31 December 2022, net of accumulated amortisation	1,447
At 31 December 2022	
Cost	2,157
Accumulated amortisation	(710)
Net carrying amount	1,447

	Software
	RMB'000
31 December 2023	
At 1 January 2023	
Cost	2,157
Accumulated amortisation	(710)
Net carrying amount	1,447
At 1 January 2023, net of accumulated amortisation	
Additions	52
Disposals	—
Amortisation provided during the year	(433)
At 31 December 2023, net of accumulated amortisation	1,066
At 31 December 2023	
Cost	2,209
Accumulated amortisation	(1,143)
Net carrying amount	1,066

	Software
	RMB'000
30 June 2024	
At 1 January 2024:	
Cost	2,209
Accumulated amortisation	(1,143)
Net carrying amount	1,066
At 1 January 2024, net of accumulated amortisation	1,066
Additions	1,136
Amortisation provided during the period	(302)
At 30 June 2024, net of accumulated amortisation	1,900
At 30 June 2024:	
Cost	3,345
Accumulated amortisation	(1,445)
Net carrying amount	1,900

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of land and buildings. Leases of land and buildings generally have lease terms between 1 and 50 years.

(a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Buildings	Leasehold land	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2021	6,037	—	6,037
Additions	6,574	17,420	23,994
Depreciation charge	(4,136)	(581)	(4,717)
At 31 December 2021	8,475	16,839	25,314
At 1 January 2022	8,475	16,839	25,314
Additions	7,125	9,658	16,783
Depreciation charge	(5,293)	(710)	(6,003)
At 31 December 2022	10,307	25,787	36,094
At 1 January 2023	10,307	25,787	36,094
Additions	6,013	—	6,013
Depreciation charge	(6,241)	(775)	(7,016)
Other reduction	(1,260)	—	(1,260)
At 31 December 2023	8,819	25,012	33,831
At 1 January 2024	8,819	25,012	33,831
Additions	5,062	—	5,062
Depreciation charge	(2,488)	(405)	(2,893)
Other reduction	(2,201)	—	(2,201)
Exchange realignment	39	—	39
At 30 June 2024	9,231	24,607	33,838

The Company

	Buildings	Total
	RMB'000	RMB'000
At 1 January 2021	5,312	5,312
Additions	5,883	5,883
Depreciation charge	(3,580)	(3,580)
At 31 December 2021	7,615	7,615
At 1 January 2022	7,615	7,615
Additions	4,790	4,790
Depreciation charge	(4,448)	(4,448)
At 31 December 2022	7,957	7,957
At 1 January 2023	7,957	7,957
Additions	1,862	1,862
Depreciation charge	(4,398)	(4,398)
At 31 December 2023	5,421	5,421
At 1 January 2024	5,421	5,421
Additions	4,393	4,393
Depreciation charge	(1,518)	(1,518)
Other reduction	(2,201)	(2,201)
At 30 June 2024	6,095	6,095

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	Year ended 31 December			Six months ended 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	5,824	8,391	10,747	9,407
Additions	6,574	7,125	6,013	5,062
Accretion of interest recognised during the year/period	289	440	459	161
Other reduction	—	—	(1,276)	(2,198)
Lease payment	(4,296)	(5,209)	(6,536)	(3,086)
Exchange realignment	—	—	—	(99)
Carrying amount at 31 December/30 June	8,391	10,747	9,407	9,247
Analysed into:				
Current portion	3,108	5,016	4,874	4,415
Non-current portion	5,283	5,731	4,533	4,832

The Company

	Year ended 31 December			Six months ended 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	5,074	7,547	8,291	5,746
Additions	5,883	4,790	1,862	4,393
Accretion of interest recognised during the year/period	214	384	287	96
Other reduction	—	—	—	(2,198)
Lease payment	(3,624)	(4,430)	(4,694)	(1,840)
Carrying amount at 31 December/30 June	7,547	8,291	5,746	6,197
Analysed into:				
Current portion	2,548	4,025	2,952	2,531
Non-current portion	4,999	4,266	2,794	3,666

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Lease payments in respect of short-term leases	1,334	596	1,092	400	514
Interest on lease liabilities	289	440	459	250	161
Depreciation charge of right-of-use assets	4,717	6,003	7,016	2,766	2,893
Total amount recognised in profit or loss	6,340	7,039	8,567	3,416	3,568

The Company

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Lease payments in respect of short-term leases	985	551	693	327	421
Interest on lease liabilities	214	384	287	163	96
Depreciation charge of right-of-use assets	3,580	4,448	4,398	2,182	1,518
Total amount recognised in profit or loss	4,779	5,383	5,378	2,672	2,035

16. INVESTMENT IN AN ASSOCIATE

The Group's shareholding in an associate is held through the Company. Zhejiang Tiexi intelligent technology Co., LTD ("**Zhejiang Tiexi**"), which is considered as an immaterial associate of the Group.

The Group and The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	202	208	208	208
Goodwill on acquisition	930	930	930	930
	1,132	1,138	1,138	1,138
Provision for impairment	—	(1,138)	(1,138)	(1,138)
	1,132	—	—	—

Although the Company holds less than 20% of the equity voting rights in Zhejiang Tiexi, it has significant influence over Zhejiang Tiexi as it has the power to participate in the financial and operating policy decisions of Zhejiang Tiexi by appointing a director in the board.

Since Zhejiang Tiexi experienced a significant decline in its revenue and profitability, the Group carried out impairment assessment on the investment in Zhejiang Tiexi and a full provision was made in 2022.

17. INVENTORIES

The Group

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	33,991	60,624	50,680	48,705
Work in process	5,828	16,898	27,554	26,218
Finished goods	20,647	34,414	53,895	72,798
Goods in transit	10,435	19,907	9,391	7,575
	70,901	131,843	141,520	155,296

The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	33,712	4,318	4,557	3,829
Work in process	5,378	2,485	840	298
Finished goods	20,063	16,705	21,332	26,813
Goods in transit	9,637	20,783	10,034	11,539
	68,790	44,291	36,763	42,479

18. DEFERRED TAX

The movements in deferred tax liabilities and assets during the Relevant Periods are as follows:

Deferred tax assets

The Group

	Unrealised gains and losses	Leases liabilities	Fair value adjustments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2021	86	761	—	847
Credited/(debited) to profit or loss	(81)	557	—	476
As at 31 December 2021	5	1,318	—	1,323
As at 31 December 2021 and 1 January 2022	5	1,318	—	1,323
Credited to profit or loss	77	389	—	466
As at 31 December 2022	82	1,707	—	1,789
As at 31 December 2022 and 1 January 2023	82	1,707	—	1,789
Credited/(debited) to profit or loss	1,797	(681)	12	1,128
As at 31 December 2023	1,879	1,026	12	2,917
As at 1 January 2024	1,879	1,026	12	2,917
Credited/(debited) to profit or loss	532	341	(12)	861
As at 30 June 2024	2,411	1,367	—	3,778

The Company

	Leases liabilities	Fair value adjustments	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2021	761	—	761
Credited to profit or loss	371	—	371
As at 31 December 2021	1,132	—	1,132
As at 31 December 2021 and 1 January 2022	1,132	—	1,132
Credited to profit or loss	112	—	112
As at 31 December 2022	1,244	—	1,244
As at 31 December 2022 and 1 January 2023	1,244	—	1,244
Credited/(debited) to profit or loss	(382)	12	(370)
As at 31 December 2023	862	12	874
As at 1 January 2024	862	12	874
Credited/(debited) to profit or loss	68	(12)	56
As at 30 June 2024	930	—	930

Deferred tax liabilities

The Group

	Right-of-use assets	Fair value change of financial assets at fair value through profit or loss	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2021	797	150	947
Debited to profit or loss	539	104	643
As at 31 December 2021	1,336	254	1,590
As at 31 December 2021 and 1 January 2022	1,336	254	1,590
Debited/(credited) to profit or loss	297	(194)	103
As at 31 December 2022	1,633	60	1,693
As at 31 December 2022 and 1 January 2023	1,633	60	1,693
(Credited)/debited to profit or loss	(679)	560	(119)
As at 31 December 2023	954	620	1,574
As at 1 January 2024	954	620	1,574
Debited to profit or loss	381	240	621
As at 30 June 2024	1,335	860	2,195

The Company

	Right-of-use assets	Fair value change of financial assets at fair value through profit or loss	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2021	797	—	797
Debited to profit or loss	346	254	600
As at 31 December 2021	1,143	254	1,397
As at 31 December 2021 and 1 January 2022	1,143	254	1,397
Debited/(credited) to profit or loss	51	(194)	(143)
As at 31 December 2022	1,194	60	1,254
As at 31 December 2022 and 1 January 2023	1,194	60	1,254
(Credited)/debited to profit or loss	(381)	560	179
As at 31 December 2023	813	620	1,433
As at 1 January 2024	813	620	1,433
Debited to profit or loss	101	240	341
As at 30 June 2024	914	860	1,774

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group and the Company for financial reporting purposes:

The Group

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax liabilities recognised in the consolidated statement of financial position	272	10	559	845
Net deferred tax assets recognised in the consolidated statement of financial position	5	106	1,902	2,427

The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax liabilities recognised in the consolidated statement of financial position	265	10	559	845

Deferred tax assets have not been recognised in respect of the following items:

The Group

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses	207,361	292,992	414,720	497,616
Deductible temporary differences	180,581	187,251	242,021	225,761
	387,942	480,243	656,741	723,377

The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses	187,414	267,582	374,427	402,834
Deductible temporary differences	26,423	46,353	53,741	44,376
	213,837	313,935	428,168	447,210

The Group has accumulated tax losses in Chinese Mainland of RMB207,361,000, RMB290,734,000, RMB407,884,000 and RMB478,263,000 in aggregate as at 31 December 2021, 2022 and 2023 and 30 June 2024, respectively, which will expire in one to ten years to offset against future taxable profits of the companies in which losses were incurred. The Group also has accumulated tax losses in the United States and Hong Kong of RMB2,258,000, RMB6,836,000 and RMB19,353,000 in aggregate as at 31 December 2022 and 2023 and 30 June 2024, respectively, that can be carried forward indefinitely to offset against future taxable profits of the companies in which losses were incurred. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

19. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables				
Third parties	25,764	50,636	47,443	36,378
Less: Impairment of trade receivables	9,347	10,280	6,876	5,728
Trade receivables, net	16,417	40,356	40,567	30,650
Bills receivables*	21	80	1,041	2,390
	16,438	40,436	41,608	33,040
Analysed into:				
Current portion	15,046	39,608	41,608	33,040
Non-current portion	1,392	828	—	—

The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables				
Subsidiaries	7,148	128,435	111,811	88,967
Third parties	25,264	46,805	32,850	29,615
Less: Impairment of trade receivables	9,283	10,122	5,908	5,273
Trade receivables, net	23,129	165,118	138,753	113,309
Bills receivables*	21	—	956	1,589
	23,150	165,118	139,709	114,898
Analysed into:				
Current portion	21,758	164,290	139,709	114,898
Non-current portion	1,392	828	—	—

* Bills receivable is subject to impairment under the general approach and the impairment is considered to be minimal.

The Group's trading terms with its certain customers are on credit, and the credit period is generally 30 to 90 days. Some customers were granted more than credit periods of one year, depending on the specific payment terms in each contract. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date and net of loss allowance, is as follows:

The Group

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	15,888	37,686	34,907	28,188
1 to 2 years	350	2,668	5,456	2,118
2 to 3 years	179	2	204	344
	16,417	40,356	40,567	30,650

The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	18,153	162,448	70,420	86,985
1 to 2 years	3,101	2,668	68,129	25,980
2 to 3 years	1,875	2	204	344
	23,129	165,118	138,753	113,309

The movements in the loss allowance for impairment of trade receivables are as follows:

The Group

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	12,895	9,347	10,280	6,876
Impairment losses, net	(3,411)	979	3,909	(1,095)
Amount written off as uncollectible	(137)	(46)	(7,313)	(53)
At end of year/period	9,347	10,280	6,876	5,728

The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	12,881	9,283	10,122	5,908
Impairment losses, net	(3,461)	839	3,099	(596)
Amount written off as uncollectible	(137)	—	(7,313)	(39)
At end of year/period	9,283	10,122	5,908	5,273

An impairment analysis is performed at the end of each of Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Trade receivables for which the counterparties failed to make the demanded repayments are defaulted receivables. The Group has provided full impairment for the defaulted receivables. The Company estimated that the expected loss rate for its trade receivables due from subsidiaries is minimal.

Set out below is the information about the credit risk exposure on the Group's and the Company's trade receivables using a provision matrix:

The Group

As at 31 December 2021

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Defaulted receivables	7,117	100.00%	7,117
Other trade receivables aged:			
Current	15,540	5.84%	907
Past due:			
Within 1 year	1,333	5.85%	78
Between 1 and 2 years	476	26.47%	126
Between 2 and 3 years	928	80.71%	749
Over 3 years	370	100.00%	370
	25,764	36.28%	9,347

As at 31 December 2022

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Defaulted receivables	7,117	100.00%	7,117
Other trade receivables aged:			
Current	33,371	4.12%	1,374
Past due:			
Within 1 year	5,934	4.13%	245
Between 1 and 2 years	3,282	18.71%	614
Between 2 and 3 years	9	77.78%	7
Over 3 years	923	100.00%	923
	50,636	20.30%	10,280

As at 31 December 2023

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Defaulted receivables	1,101	100.00%	1,101
Other trade receivables aged:			
Current	31,217	5.22%	1,631
Past due:			
Within 1 year	5,614	5.22%	293
Between 1 and 2 years	7,158	23.78%	1,702
Between 2 and 3 years	1,430	85.73%	1,226
Over 3 years	923	100.00%	923
	47,443	14.49%	6,876

As at 30 June 2024

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Defaulted receivables	1,101	100.00%	1,101
Other trade receivables aged:			
Current	20,811	4.57%	951
Past due:			
Within 1 year	8,726	4.57%	399
Between 1 and 2 years	2,736	22.57%	617
Between 2 and 3 years	1,210	71.57%	866
Over 3 years	1,794	100.00%	1,794
	36,378	15.75%	5,728

The Company

As at 31 December 2021

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Due from subsidiaries	7,148	—	—
Defaulted receivables	7,117	100.00%	7,117
Other trade receivables aged:			
Current	15,091	5.84%	881
Past due:			
Within 1 year	1,329	5.87%	78
Between 1 and 2 years	476	26.47%	126
Between 2 and 3 years	881	80.70%	711
Over 3 years	370	100.00%	370
	32,412	28.64%	9,283

As at 31 December 2022

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Due from subsidiaries	128,435	—	—
Defaulted receivables	7,117	100.00%	7,117
Other trade receivables aged:			
Current	31,036	4.12%	1,278
Past due:			
Within 1 year	4,438	4.12%	183
Between 1 and 2 years	3,282	18.71%	614
Between 2 and 3 years	9	77.78%	7
Over 3 years	923	100.00%	923
	175,240	5.78%	10,122

As at 31 December 2023

	Gross carrying amount	Expected credit loss rate	Expected credit loss
	RMB'000		RMB'000
Due from subsidiaries	111,811	—	—
Defaulted receivables	1,101	100.00%	1,101
Other trade receivables aged:			
Current	19,202	5.23%	1,004
Past due:			
Within 1 year	4,144	5.24%	217
Between 1 and 2 years	6,050	23.75%	1,437
Between 2 and 3 years	1,430	85.73%	1,226
Over 3 years	923	100.00%	923
	144,661	4.08%	5,908

As at 30 June 2024

	Gross carrying amount	Expected credit loss rate	Expected credit loss
	RMB'000		RMB'000
Due from subsidiaries	88,967	—	—
Defaulted receivables	1,101	100.00%	1,101
Other trade receivables aged:			
Current	16,022	4.57%	733
Past due:			
Within 1 year	7,563	4.57%	345
Between 1 and 2 years	1,925	22.57%	434
Between 2 and 3 years	1,210	71.57%	866
Over 3 years	1,794	100.00%	1,794
	118,582	4.45%	5,273

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Value-added tax recoverable	5,143	10,659	15,949	10,930
Deferred [**REDACTED**]	—	—	—	2,102
Prepayments	7,482	7,480	12,339	13,387
Other receivables and deposit	5,684	3,308	2,987	2,386
Less: Impairment of other receivables and deposit	(715)	(373)	(431)	(392)
	17,594	21,074	30,844	28,413
Non-current				
Value-added tax recoverable	—	—	4,090	3,997
Other receivables and deposits	783	535	1,076	1,557
Prepayments for property, plant and equipment	658	294	112	1,916
	1,441	829	5,278	7,470

The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Value-added tax recoverable	8	21	82	87
Deferred [**REDACTED**]	—	—	—	2,082
Prepayments	7,718	5,029	10,211	11,206
Other receivables and deposit	15,310	16,651	98,187	147,508
Less: Impairment of other receivables and deposit	(644)	(13,703)	(11,224)	(11,262)
	22,392	7,998	97,256	149,621
Non-Current				
Other receivables and deposit	636	266	943	901
Prepayments for property, plant and equipment	571	242	15	1,893
	1,207	508	958	2,794

Other receivables had no historical default. The financial assets included in the above balances relating to receivables were categorised in stage 1 at the end of each of the Relevant Periods, except for the Company's other receivables due from a subsidiary which were fully impaired with impairment provision of RMB13,048,000, RMB10,880,000 and RMB10,888,000 as at 31 December 2022 and 2023 and 30 June 2024, respectively, as the subsidiary has ceased to operate since 2022. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. As at 31 December 2021, 2022 and 2023 and 30 June 2024, the Group estimated the expected credit losses for other receivables to be RMB715,000, RMB373,000, RMB431,000 and RMB392,000, respectively.

Other receivables are unsecured, non-interest-bearing and are collectable within one year.

The movements in the loss allowance for impairment of other receivables are as follows:

The Group

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	489	715	373	431
Impairment losses, net	226	(342)	58	(39)
At end of year/period	715	373	431	392

The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	459	644	13,703	11,224
Impairment losses, net	185	13,059	(2,479)	38
At end of year/period	644	13,703	11,224	11,262

21. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

The Group and The Company

Financial assets at fair value through profit or loss

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted investments, at fair value	272,720	190,400	174,383	145,983

Financial liabilities at fair value through profit or loss

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Forward currency contracts, at fair value	—	—	80	—

The above unlisted investments were structured deposits and certificate deposits issued by banks in Chinese Mainland. They are classified and measured at fair value through profit or loss as they are not held within the business model with the objective to collect contractual cashflows nor the business model with the objective of both collecting contractual cashflows and selling.

As at 31 December 2023 and 30 June 2024, certificate deposits of RMB50,000,000 and RMB40,000,000 were secured for the Group's bank loans respectively (note 26).

22. CONTRACT ASSETS

The Group

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Contract assets arising from:				
Warranty retention receivables	252	98	376	534
Less: Impairment of contract assets	24	16	51	118
	228	82	325	416

The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Contract assets arising from:				
Warranty retention receivables	231	98	376	534
Less: Impairment of contract assets	22	16	51	118
	209	82	325	416

Contract assets are initially recognised for the revenue earned from sales of products and the receipt of retention consideration is conditional on expiration of the warranty period. Upon expiration of the warranty period, the amounts recognised as contract assets are reclassified to trade receivables.

The expected timing of recovery or settlement for all the contract assets at the end of reporting period is within one year.

The movements in the impairment of contract assets are as follows:

The Group

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	17	24	16	51
Impairment losses, net	7	(8)	35	67
At end of year/period	24	16	51	118

The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	17	22	16	51
Impairment losses, net	5	(6)	35	67
At end of year/period	22	16	51	118

23. CASH AND BANK BALANCES AND RESTRICTED BANK DEPOSITS

The Group

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	129,093	297,763	92,547	63,768
Time deposits	20,000	—	18,415	9,265
Restricted bank deposits*	821	9,189	2,210	821
	149,914	306,952	113,172	73,854
Less:				
Restricted bank deposits*	(821)	(9,189)	(2,210)	(821)
Cash and cash equivalents	149,093	297,763	110,962	73,033
Denominated in				
RMB	115,935	270,052	68,449	48,973
USD	33,973	36,894	39,879	21,126
JPY	—	—	3,973	2,712
EUR	—	—	865	1,037
INR	6	6	6	6
	149,914	306,952	113,172	73,854

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and restricted bank balances are deposited with creditworthy banks with no recent history of default.

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* As at 31 December 2022, the restricted bank deposits of RMB4,776,000 were frozen due to the dispute between the Group and a third party. The dispute was resolved subsequently and the restricted amount was unfrozen in 2023.

As at 31 December 2022 and 2023, the restricted bank deposits included RMB3,592,000 and RMB1,389,000, respectively, used as performance deposits for certain sales contracts which will become unrestricted after the completion of the contracts.

The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	43,106	159,513	44,990	10,359
Time deposits	20,000	—	7,083	9,265
Restricted bank deposits	—	3,592	1,389	—
	63,106	163,105	53,462	19,624
Less:				
Restricted bank deposits	—	(3,592)	(1,389)	—
Cash and cash equivalents	63,106	159,513	52,073	19,624
Denominated in				
RMB	29,127	126,595	27,628	11,493
USD	33,973	36,504	25,828	8,125
INR	6	6	6	6
	63,106	163,105	53,462	19,624

24. TRADE AND BILLS PAYABLES

The Group

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	18,275	30,894	30,907	29,707
	18,275	30,894	30,907	29,707

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	18,080	30,685	30,907	29,216
Over 1 year	195	209	—	491
	18,275	30,894	30,907	29,707

The trade payables are non-interest-bearing and are normally settled on terms of 1 to 3 months.

The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	20,283	62,224	45,610	61,958
Bills payable	—	—	50,000	40,000
	20,283	62,224	95,610	101,958

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	20,094	62,044	95,610	101,495
Over 1 year	189	180	—	463
	20,283	62,224	95,610	101,958

25. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Payroll payable	19,106	24,523	25,314	17,433
Other tax payables	3,260	11,387	3,113	3,009
Payables for non-current assets*	66,230	139,330	3,702	3,936
Other payables	5,580	8,128	9,663	14,913
	94,176	183,368	41,792	39,291

* As at 31 December 2022, payables for non-current assets included a payable amount of RMB70,781,000 to the Qingdao government for assets acquisition (note 34).

The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Payroll payable	18,386	22,262	21,956	14,715
Other tax payables	2,462	10,066	2,641	1,171
Payables for property, plant and equipment	—	108	118	—
Other payables	4,883	7,519	9,020	16,602
	25,731	39,955	33,735	32,488

Other payables are non-interest-bearing and have no fixed terms of settlement.

26. INTEREST-BEARING BANK LOANS

The Group

	At 31 December								As at 30 June		
	2021			2022			2023			2024		
	Effective interest rate	Maturity		Effective interest rate	Maturity		Effective interest rate	Maturity		Effective interest rate	Maturity	
	(%)		RMB'000	(%)		RMB'000	(%)		RMB'000	(%)		RMB'000
Current												
Bank loans—secured*	—		—	—	—	—	1.22-1.51	2024	49,803	1.40-2.21	2024	39,799
Bank loans—unsecured	—		—	1.83	2023	21,619	1.83	2024	7,987	2.35-2.42	2025	29,434
			—			21,619			57,790			69,233
Analysed into:												
Bank loans repayable:												
Within one year or on demand			—			21,619			57,790			69,233
			—			21,619			57,790			69,233

* As at 31 December 2023 and 30 June 2024, the certificate deposits of RMB50,000,000 and RMB40,000,000 were secured for the Group's bank loans respectively (note 21).

27. CONTRACT LIABILITIES

The Group

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Advances from customers				
Sale of goods	27,076	35,578	10,939	10,561
Analysed for reporting purposes as:				
Current liabilities	27,076	35,578	10,939	10,561
	27,076	35,578	10,939	10,561

The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Advances from customers				
Sale of goods	23,732	32,292	10,672	9,267
Analysed for reporting purposes as:				
Current liabilities	23,732	32,292	10,672	9,267
	23,732	32,292	10,672	9,267

28. DEFERRED INCOME

The Group

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Government grants*	158,993	143,465	189,569	177,814
At beginning of year/period	90,560	158,993	143,466	189,569
Grants received during the year/period	78,810	6,710	72,700	480
Released to the statement of profit or loss during the year/period	(10,377)	(22,237)	(26,597)	(12,235)
At end of year/period	158,993	143,466	189,569	177,814

* The Group's deferred government grants represented government grants received for projects and are credited to the statement of profit or loss on a straight-line basis over the expected lives of the related assets or recognised as income on a systematic basis over the periods that the costs, for which they are intended to compensate, are expensed.

The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Government grants*	4,766	4,463	9,442	7,004
At beginning of year/period	613	4,766	4,463	9,442
Grants received during the year/period	12,060	6,710	9,450	480
Released to the statement of profit or loss during the year/period	(7,907)	(7,013)	(4,471)	(2,918)
At end of year/period	4,766	4,463	9,442	7,004

29. PROVISION

The Group and The Company

	Warranties
	RMB'000
At 1 January 2021	202
Additional provision	3,943
Amounts utilised during the year	(655)
At 31 December 2021 and 1 January 2022	3,490
At 1 January 2022	3,490
Additional provision	4,864
Amounts utilised during the year	(1,796)
At 31 December 2022 and 1 January 2023	6,558
At 31 December 2022	6,558
Additional provision	2,798
Amounts utilised during the year	(3,229)
At 31 December 2023	6,127
At 1 January 2024	6,127
Additional provision	382
Amounts utilised during the period	(1,526)
At 30 June 2024	4,983

The Group generally provides warranties of 12 to 18 months to its customers on certain of its products for general repairs of defects occurring during the warranty period. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

30. SHARE CAPITAL/PAID-IN CAPITAL

Share capital

A summary of movements in the share capital is as follows:

	Number of shares in issue	Share capital
	(in thousand)	RMB'000
As at 1 January 2022	—	—
Issue of ordinary shares upon conversion into a joint stock company of RMB1 each*	360,000	360,000
As at 31 December 2022 and 2023 and 30 June 2024	360,000	360,000

Paid-in capital

	RMB'000
As at 1 January 2021	7,850
Capital contribution by shareholders*	1,688
As at 31 December 2021	9,538
Capital contribution by shareholders**	516
Conversion into a joint stock company***	(10,054)
As at 31 December 2022	—

* During the year ended 31 December 2021, the Company received capital contributions of RMB309,137,000 from fifteen investors. The capital contributions increased the paid-in capital and capital reserve by RMB1,688,000 and RMB307,449,000, respectively.

** During the year ended 31 December 2022, the Company received capital contributions of RMB183,527,000 from four investors. The capital contributions increased the paid-in capital and capital reserve by RMB516,000 and RMB183,011,000, respectively.

*** In December 2022, the Company converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as of the conversion base date, including the paid-in capital, capital reserves and accumulated losses, amounting to RMB530,410,000 were converted into 360,000,000 ordinary shares of RMB1.00 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company's capital reserve.

31. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(i) Capital reserve

The capital reserve of the Group represents the difference between the value of the paid-up capital and the consideration received, as well as the reserves resulting from transactions with non-controlling interests.

(ii) Share-based payment reserve

The share-based payment reserve of the Group represents the share-based compensation reserve due to equity-settled share-based payment transactions, details of which were set out in note 32 to the Historical Financial Information.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

	Capital reserve	Share-based payment reserve*	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	190,521	43,299	(150,833)	82,987
Loss for the year	—	—	(20,836)	(20,836)
Total comprehensive loss for the year	—	—	(20,836)	(20,836)
Issue of shares	301,034	—	—	301,034
Share-based payments	—	(1,285)	—	(1,285)
At 31 December 2021	491,555	42,014	(171,669)	361,900
At 1 January 2022	491,555	42,014	(171,669)	361,900
Loss for the year	—	—	(76,312)	(76,312)
Total comprehensive loss for the year	—	—	(76,312)	(76,312)
Issue of shares	178,765	—	—	178,765
Conversion into a joint stock company	(565,867)	—	215,921	(349,946)
Share-based payments	—	12,579	—	12,579
At 31 December 2022	104,453	54,593	(32,060)	126,986
At 1 January 2023	104,453	54,593	(32,060)	126,986
Loss for the year	—	—	(75,701)	(75,701)
Total comprehensive loss for the year	—	—	(75,701)	(75,701)
Share-based payments	—	21,464	—	21,464
At 31 December 2023	104,453	76,057	(107,761)	72,749
At 1 January 2024	104,453	76,057	(107,761)	72,749
Loss for the period	—	—	(46,310)	(46,310)
Total comprehensive loss for the period	—	—	(46,310)	(46,310)
Share-based payments	—	13,665	—	13,665
As at 30 June 2024	104,453	89,722	(154,071)	40,104

32. SHARE-BASED PAYMENTS

Share Award Scheme

The Group approved and adopted the share award scheme (the "**Share Award Scheme**") for certain employees of the Group ("**Share Incentive Participants**") in order to recognise the contributions of the Share Incentive Participants to the growth and development of the Group, and incentivise them to further promote the development of the Group.

In order to implement the Share Award Scheme, Shenzhen Yuejiang Consulting Partnership Enterprise (Limited Partnership) ("**Yuejiang Consulting**"), Shenzhen Qimo Investment Partnership Enterprise (Limited Partnership) ("**Qimo Investment**"), Shenzhen Chumo Consulting Partnership (Limited Partnership) ("**Chumo Consulting**") and Shenzhen Lumo Investment Partnership (Limited partnership) ("**Lumo Investment**") were established and designated as share incentive platforms to hold the shares specially awarded to the eligible participants as the ultimate beneficial owners. The Group has no control over the share incentive platforms.

On 31 December 2018, the Group granted 768,672 (equal to 27,525,106 shares after conversion into a joint stock company) restricted share units ("**RSUs**") of the Company to 12 eligible employees at a subscribed price of RMB1.00. On 31 January 2022, the Group granted 144,937 (equal to 5,190,002 shares after conversion into a joint stock company) restricted share units of the Company to 49 eligible employees at a subscribed price of RMB52.42. On 1 June 2023, the Group granted 12,345,000 restricted share units of the Company to 83 eligible employees at a subscribed price of RMB1.39. On 31 December 2023, the Group granted 1,866,400 restricted share units of the Company to 16 eligible employees at a subscribed price of RMB1.39.

All of the RSUs granted to the Share Incentive Participants shall be subject to both a [**REDACTED**]-based condition (the "[**REDACTED**] **Condition**") as well as service conditions. The [**REDACTED**] Condition would be satisfied when the ordinary shares of the Company are successfully [**REDACTED**] on a recognised stock exchange.

The fair values of the RSUs granted on 31 December 2018, 31 January 2022, 1 June 2023 and 31 December 2023 were estimated at RMB2.99, RMB5.93, RMB7.01 and RMB7.55 per share after conversion into a joint stock company, respectively, by an independent professionally qualified valuer.

The fair values of the RSUs granted were estimated as at the grant date by using discounted cash flow method and hybrid method, as well as equity allocation based on option pricing model, taking into account the terms and conditions upon which the RSUs were granted. The following table lists the significant inputs to the fair value model used:

	31 December 2018	31 January 2022	1 June 2023	31 December 2023
Risk-free interest rate (%)	2.96	2.30	2.29	2.17
Volatility (%)	41.17	39.64	40.30	31.32

The movements of the outstanding RSUs granted under the Share Award Scheme during the Relevant Periods were as follows:

	Number of shares
At 1 January 2021	683,582
Forfeited during the year	(279,770)
At 31 December 2021	403,812
At 1 January 2022	403,812
Granted during the year	144,937
Forfeited during the year	(37,973)
Vested during the year	(72,391)
At 31 December 2022	438,385
After conversion into a joint stock company	15,697,970
At 1 January 2023	15,697,970
Granted during the year	14,211,400
Forfeited during the year	(884,314)
Vested during the year	(199,546)
At 31 December 2023	28,825,510
At 1 January 2024	28,825,510
Forfeited during the period	(803,785)
At 30 June 2024	28,021,725

The aforesaid transactions have been accounted for as share-based payment transactions. During the years ended 31 December 2021, 2022, 2023 and the six months ended 30 June 2023 and 2024, the Group recognised share award credit of RMB1,697,000 and expense of RMB12,107,000, RMB20,712,000, RMB5,447,000 and RMB13,432,000, respectively.

Share Option Scheme

The Group approved a share option scheme (the "**Share Option Scheme**") in 2018. Pursuant to the Share Option Scheme, the Group proposed to grant 1.58% of the share options in the original equity structure to the Company through Qimo Investment, one of the share incentive platforms. 40%, 30% and 30% of the share options will be vested when the vesting condition is met over the three years. The vesting of share options is also subject to the [**REDACTED**] Condition. The [**REDACTED**] Condition would be satisfied when the ordinary shares of the Company are successfully [**REDACTED**] on a recognised stock exchange.

On 31 December 2018, the Group granted 114,378 (equal to 4,096,000 shares after conversion into a joint stock company) share options which will vest in instalments over the next three years. The exercise price is RMB8.74 per share.

The fair value of share options granted was estimated at RMB98.77 per share option at the grant date using the Black-Scholes model. The following table lists the key inputs to the model used:

	31 December 2018
Risk-free interest rate (%)	2.58-2.91
Volatility (%)	33.93-37.10

The share options granted and outstanding during the Relevant Periods are as follows:

	Number of shares
At 1 January 2021	56,465
Forfeited during the year	(6,660)
At 31 December 2021	49,805
At 1 January 2022	49,805
Forfeited during the year	(7,094)
At 31 December 2022	42,711
After conversion into a joint stock company	1,529,415
At 1 January 2023	1,529,415
Forfeited during the year	—
At 31 December 2023 and 30 June 2024	1,529,415

The aforesaid transactions have been accounted for as share-based payment transactions. During the years ended 31 December 2021, 2022, 2023 and the six months ended 30 June 2023 and 2024, the Group recognised share award expenses of RMB412,000, RMB472,000, RMB752,000, RMB398,000 and RMB233,000, respectively.

33. DISPOSAL OF A SUBSIDIARY

In July 2021, the Group disposed of 90% equity interests in Wuhan Yuejiang Zhidao Technology Co., LTD. to independent third parties, at a cash consideration of RMB1,000,000. The transaction was completed on 21 July 2021.

	2021
	RMB'000
Net assets disposed of:	
Cash and bank balances	1,251
Trade receivables	213
Prepayments and other receivables	163
Inventories	143
Property, plant and equipment	130
Trade payables	(374)
Accruals and other payables	(306)
Non-controlling interests	(57)
Subtotal	1,163
Loss on disposal of a subsidiary	(163)
Total consideration	1,000
Satisfied by:	
Cash	1,000

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	2021
	RMB'000
Cash consideration	1,000
Cash and bank balances disposed of	(1,251)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	(251)

34. ASSETS ACQUISITION

In 2020, the Group signed a cooperation agreement with Qingdao government, pursuant to which the government will incorporate an entity named Qingdao Yuejiang Robotics Co., Ltd. ("Yuejiang Robotics"), used as a platform to acquire the land use right and build a factory in Qingdao according to the Group's plan. After completion of the construction the land and the building will be delivered to the Group for use and the Group is committed to acquiring the equity interests in Yuejiang Robotics which holds the assets.

In April 2022, the construction was completed and the assets were delivered to the Group. In December 2022, the Group and the Qingdao government signed an agreement to acquire 100% equity interests in Yuejiang Robotics with reference to the fair value of the assets. The transfer of the equity interests in Yuejiang Robotics was completed in June 2023.

The commercial substance of the transaction is to acquire the land use right and the building and the purchase obligation as stipulated in the agreement is non-cancellable. Therefore, when the government transfers the completed building and land use right to the Group, the Group obtains control of the assets. The subsequent agreement to acquire equity interests in Yuejiang Robotics is a payment arrangement between the parties for the purchase of the assets.

As at 31 December 2022, the Group recognized property, plant and equipment of RMB60,332,000, right-of-use assets of RMB9,529,000 and the other payables of RMB70,781,000. In June 2023 when the transfer of the equity interests in Yuejiang Robotics was completed, the Group recognised the working capital of Yuejiang Robotics and settled the other payables with the amount of RMB71,540,000.

35. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2021, 2022, 2023 and the six months ended 30 June 2023 and 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB6,574,000, RMB7,125,000, RMB6,013,000, RMB4,813,000 and RMB5,062,000, respectively, in respect of lease arrangements for factory, office and laboratory premises.

During the year ended 31 December 2023, the Group had offset the payables for property, plant and equipment with the deferred income in the amount of RMB63,250,000, based on agreements with government authorities.

(b) Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest bearing bank borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2021	23,045	5,824	28,869
Changes from financing cash flow	(23,414)	(4,296)	(27,710)
Changes from non-financing cash flow	—	6,574	6,574
Accretion of interest	369	289	658
At 31 December 2021 and 1 January 2022	—	8,391	8,391
Changes from financing cash flow	21,613	(5,208)	16,405
Changes from non-financing cash flow	—	7,125	7,125
Accretion of interest	6	440	446
At 31 December 2022 and 1 January 2023	21,619	10,748	32,367
Changes from financing cash flow	35,531	(6,536)	28,995
Changes from non-financing cash flow	—	4,736	4,736
Accretion of interest	640	459	1,099
At 31 December 2023 and 1 January 2024	57,790	9,407	67,197
At 31 December 2023 and 1 January 2024	57,790	9,407	67,197
Changes from financing cash flow	10,902	(3,086)	7,816
Changes from non-financing cash flow	—	2,765	2,765
Accretion of interest	541	161	702
At 30 June 2024	69,233	9,247	78,480
At 31 December 2022 and 1 January 2023	21,619	10,748	32,367
Changes from financing cash flow	7,810	(3,660)	4,150
Changes from non-financing cash flow	—	3,629	3,629
Accretion of interest	303	250	553
At 30 June 2023 (Unaudited)	29,732	10,967	40,699

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Within operating activities	1,334	596	1,092	400	514
Within financing activities	4,296	5,208	6,536	3,660	3,086
	5,630	5,804	7,628	4,060	3,600

36. PLEDGE OF ASSETS

Details of the Group's restricted bank deposits and pledged certificate deposits are included in note 23 and note 21 to the Historical Financial Information.

37. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods.

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:				
Purchase of items of property, plant and equipment	26,017	—	1,624	2,565

The Group had the following short-term lease commitments at the end of each of the Relevant Periods. The future lease payments for these non-cancellable lease contracts are falling due as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	133	99	438	183

38. RELATED PARTY TRANSACTIONS

The Directors are of the view that the following companies are related parties that have material transactions or balances with the Group during the Relevant Periods and six months ended 30 June 2023.

(a) Name and relationships of the related parties:

Name	Relationship
Mr. Liu Peichao	The substantial shareholder
Mr. Lang Xulin	Director
Mr. Wu Zhiwen	Director
Mr. Xiang Guanglong	Director
Zhejiang Tiexi intelligent technology Co., LTD ("浙江鐵犀智能科技有限公司")	Associate of the Group
REGAL ALLIED INTERNATIONAL LIMITED ("君和國際有限公司")	Other entities controlled or jointly controlled by the Company's director (Ms. Cai Wenjuan)

(b) The Group had the following transactions with related parties during the Relevant Periods and six months ended 30 June 2023:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Sales of products to:					
Zhejiang Tiexi Intelligent Technology Co., LTD	103	—	—	—	—
REGAL ALLIED INTERNATIONAL LIMITED	838	—	—	—	—
Loans borrowed from Mr. Liu Peichao*	2,412	—	—	—	—
Loans borrowed from Mr. Lang Xulin*	1,126	—	—	—	—
Loans borrowed from Mr. Wu Zhiwen*	826	—	—	—	—
Interest expenses for loans from Mr. Liu Peichao *(note 6)*	103	—	—	—	—
Interest expenses for loans from Mr. Lang Xulin *(note 6)*	3	—	—	—	—
Interest expenses for loans from Mr. Wu Zhiwen *(note 6)*	3	—	—	—	—

* The loans from Mr. Liu Peichao, Mr. Lang Xulin and Mr. Wu Zhiwen were unsecured and non-trade in nature with an interest rate of 4.75% p.a. and were repaid in 2021.

(c) Outstanding balances with related parties:

The Group

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due from a related party:				
Mr. Xiang Guanglong*	—	—	14	—
Zhejiang Tiexi Intelligent Technology Co., LTD.**	43	37	—	—
	43	37	14	—
Amounts due to related parties:				
Mr. Liu Peichao***	102	—	—	—
Mr. Lang Xulin***	3	—	—	—
Mr. Wu Zhiwen***	3	—	—	—
	108	—	—	—

* Non-trade in nature, included in "Prepayments, deposits and other receivables" in the consolidated statement of financial position

** Trade in nature, included in "Trade and bills receivables" in the consolidated statement of financial position

*** Non-trade in nature, included in "Other payables and accruals" in the consolidated statement of financial position

The Group has assessed the expected loss rate for amounts due from related parties by considering the financial position and credit history of these related parties and assessed that the expected credit loss is minimal.

(d) Compensation of key management personnel of the Group

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Salaries, bonuses, allowances and benefits in kind	2,146	3,036	3,405	1,695	1,708
Pension scheme contributions	24	43	59	29	32
Equity-settled share-based payment expenses	(5,441)	2,232	3,539	547	2,979
	(3,271)	5,311	7,003	2,271	4,719

Further details of directors' and the chief executive's remuneration are included in note 8 to the Historical Financial Information.

39. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods were as follows:

The Group

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Financial assets at fair value through profit or loss:				
Structured deposits and certificates of deposit	272,720	190,400	174,383	145,983
Financial assets at amortised cost:				
Trade and bills receivables	16,438	40,436	41,608	33,040
Financial assets included in other receivables and other assets	5,752	3,470	3,632	3,551
Restricted bank deposits	821	9,189	2,210	821
Cash and cash equivalents	149,093	297,763	110,962	73,033
	172,104	350,858	158,412	110,445
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments	—	—	80	—
Financial liabilities at amortised cost:				
Trade and bills payables	18,275	30,894	30,907	29,707
Financial liabilities included in other payables and accruals	71,810	147,458	13,365	18,849
Lease liabilities	8,391	10,747	9,407	9,247
Interest-bearing bank loans	—	21,619	57,790	69,233
	98,476	210,718	111,469	127,036

The Company

	Year ended 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Financial assets at fair value through profit or loss:				
Structured deposits and Certificates of deposit	222,720	190,400	174,383	145,983
Financial assets at amortised cost:				
Trade and bills receivables	23,150	165,118	139,709	114,898
Financial assets included in other receivables and other assets	15,302	3,215	87,906	137,147
Restricted bank deposits	—	3,592	1,389	—
Cash and cash equivalents	63,106	159,513	52,073	19,624
	101,558	331,438	281,077	271,669
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments	—	—	80	—
Financial liabilities at amortised cost:				
Trade and bills payables	20,283	62,224	95,610	101,958
Financial liabilities included in other payables and accruals	4,883	7,627	9,138	16,602
Lease liabilities	7,547	8,291	5,746	6,197
	32,713	78,142	110,494	124,757

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

All the carrying amounts of the Group's financial instruments approximate to their fair values due to the short-term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager. The valuation process and results are discussed with the directors of the Company once a year for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the financial assets and financial liabilities at fair value through profit or loss have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

Fair value hierarchy

Financial assets:

As at 31 December 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Structured deposits and certificates of deposits	—	272,720	—	272,720

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Structured deposits and certificates of deposits	—	190,400	—	190,400

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Structured deposits and Certificate Deposits . . .	—	174,383	—	174,383

As at 30 June 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Structured deposits and Certificate Deposits . . .	—	145,983	—	145,983

Financial liabilities:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Forward currency contracts	—	80	—	80

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, financial assets at fair value through profit or loss and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax	(Decrease)/ increase in equity
	%	RMB'000	RMB'000
Year ended 31 December 2021			
If RMB weakens against the US$	5	1,435	1,435
If RMB strengthens against the US$	5	(1,435)	(1,435)
Year ended 31 December 2022			
If RMB weakens against the US$	5	2,367	2,367
If RMB strengthens against the US$	5	(2,367)	(2,367)
Year ended 31 December 2023			
If RMB weakens against the US$	5	3,357	3,357
If RMB strengthens against the US$	5	(3,357)	(3,357)
Six months ended 30 June 2024			
If RMB weakens against the US$	5	1,865	1,865
If RMB strengthens against the US$	5	(1,865)	(1,865)

Credit risk

The Group trades only with recognised and creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and financial assets included in prepayments, other receivables and other assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

For other receivables and other assets, management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The Directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	—	—	—	25,785	25,785
Financial assets included in other receivables and other assets	6,467	—	—	—	6,467
Restricted bank balances	821	—	—	—	821
Cash and cash equivalents	149,093	—	—	—	149,093
	156,381	—	—	25,785	182,166

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	—	—	—	50,716	50,716
Financial assets included in other receivables and other assets	3,843	—	—	—	3,843
Restricted bank balances	9,189	—	—	—	9,189
Cash and cash equivalents	297,763	—	—	—	297,763
	310,795	—	—	50,716	361,511

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	—	—	—	48,484	48,484
Financial assets included in other receivables and other assets	4,063	—	—	—	4,063
Restricted bank balances	2,210	—	—	—	2,210
Cash and cash equivalents	110,962	—	—	—	110,962
	117,235	—	—	48,484	165,719

As at 30 June 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	-	—	—	38,767	38,767
Financial assets included in other receivables and other assets	3,943	—	—	—	3,943
Restricted bank balances	821	—	—	—	821
Cash and cash equivalents	73,033	—	—	—	73,033
	77,797	—	—	38,767	116,564

* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

At the end of each of the Relevant Periods, the Group had no significant concentrations of credit risk which are disclosed in note 19 to the Historical Financial Information.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations. The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2021

	Less than 12 months or on demand	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000
Trade and bills payables	18,275	—	18,275
Financial liabilities included in other payables and accruals	71,810	—	71,810
Lease liabilities	5,147	12,341	17,488
	95,232	12,341	107,573

As at 31 December 2022

	Less than 12 months or on demand	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000
Trade and bills payables	30,894	—	30,894
Financial liabilities included in other payables and accruals	147,458	—	147,458
Lease liabilities	5,588	7,438	13,026
Interest-bearing bank loans	21,625	—	21,625
	205,565	7,438	213,003

As at 31 December 2023

	Less than 12 months or on demand	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000
Trade and bills payables	30,907	—	30,907
Financial liabilities included in other payables and accruals	13,365	—	13,365
Lease liabilities	10,715	3,473	14,188
Interest-bearing bank loans	58,430	—	58,430
	113,417	3,473	116,890

As at 30 June 2024

	Less than 12 months or on demand	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000
Trade and bills payables	29,707	—	29,707
Financial liabilities included in other payables and accruals	18,849	—	18,849
Lease liabilities	7,935	4,056	11,991
Interest-bearing bank loans	69,924	—	69,924
	126,415	4,056	130,471

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The asset-liability ratios as at the end of each of the Relevant Periods are as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	665,085	925,420	734,888	669,143
Total liabilities	349,434	470,386	361,585	342,211
Asset-liability ratio	53%	51%	49%	51%

* The asset-liability ratio is calculated by dividing total liabilities by total assets.

42. EVENTS AFTER THE RELEVANT PERIODS

No significant events have occurred in respect of any period subsequent to 30 June 2024.

43. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of its subsidiaries in respect of any period subsequent to 30 June 2024.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

This appendix contains a summary of the main provision of the Articles of Association of the Company adopted on May 31, 2024, which will take effect from the date of the [**REDACTED**] *of H Shares on the Hong Kong Stock Exchange. The main purpose of this appendix is to provide potential* [**REDACTED**] *with an overview of the Articles of Association of the Company, so it may not contain all the information that is important to potential* [**REDACTED**].

SHARES AND REGISTERED CAPITAL

The Company shall issue shares under the principles of openness, fairness and equality and shares of the same class shall carry the equal rights.

Shares of the same class issued at the same time shall be issued under the same condition and at the same price; Each share [**REDACTED**] by any entity or individual shall be paid for at the same price.

INCREASE AND REDUCTION OF CAPITAL AND REPURCHASE OF SHARES

Increase of Capital

The Company may, based on its operating and development needs, can increase its capital in the following ways pursuant to the requirements of laws and regulations and upon the resolutions separately passed at the Shareholders' Meetings:

1. by [**REDACTED**] of shares;

2. by non-[**REDACTED**] of shares;

3. by allotting bonus shares to its existing shareholders;

4. by converting common reserve fund into share capital;

5. by any other means which is stipulated by law and administrative regulations and approved by the CSRC.

Reduction of Capital

The Company may reduce its registered capital. The Company reduce its registered capital in accordance with the Company Law and other relevant regulations as well as the procedures stipulated in the Articles of Association.

Repurchase of Shares

Under any of the following circumstances, a company may purchase its shares in accordance with laws, administrative regulations, departmental rules, and the Articles of Association:

1. to reduce its capital;

2. to merge with another company that holds the shares;

3. to utilize shares in the employee stock ownership plan or for share incentive;

4. shareholder requests the Company to purchase its shares due to an objection to the resolution on merger or division made by the Shareholders' Meeting;

5. to use the shares in the conversion of the convertible corporate bonds issued by the Company;

6. necessary for the Company to protect its value and the shareholders' equity.

Except in the above circumstances, the Company shall not purchase the shares of the Company.

Where the Company repurchases its shares under the circumstances set out in items (1) and (2) of the preceding paragraph, it shall be subject to the resolution of the Shareholders' Meeting; where the Company repurchases its shares under the circumstances set out in items (3), (5) and (6) of the preceding paragraph, it shall be subject to the resolution of the Board meeting attended by more than two-thirds (2/3) of the directors.

After the shares repurchased by the Company in accordance with the preceding paragraph, if it under the circumstance in item (1), such shares shall be canceled in ten days after the date of repurchase; for the circumstance in item (2) or (4), such shares shall be transferred or canceled in six months; for the circumstance in item (3), (5) or (6), the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or canceled in three years.

Transfer of Shares

The Company does not accept its own shares as the subject of the pledge.

Shares issued by the Company prior to its [**REDACTED**] shall not be transferred within one (1) year as of the date on which the shares are [**REDACTED**] and [**REDACTED**] in the Stock Exchange. Where there are other provisions in laws, administrative regulations. or the securities regulatory authority under the State Council regarding the transfer of shares held by shareholders and actual controllers of listed companies, such provisions shall prevail.

The directors, supervisors, and senior management of the Company shall regularly declare the number of shares held by them and the relevant changes, the number of shares transferred each year during their term of office shall not exceed 25% of the total number of shares of the Company held by them. The shares of the Company held by them shall not be transferred within one (1) year as of the [**REDACTED**] of the shares of the Company. The Articles of Association may make other restrictive provisions on the transfer of shares held by directors, supervisors, and senior management of the Company.

Register of Shareholders

The original register of H-share shareholders [**REDACTED**] in Hong Kong shall be kept in Hong Kong for inspection by shareholders, where there are provisions in the Listing Rules on the period of suspension of share transfer registration before the shareholders' meeting is held or the base day before the company decides to distribute dividends, such provisions shall prevail. If no specific provisions, suspend the share transfer registration procedures determined to the decision of the board of directors. The shareholders shall enjoy rights and undertake obligations according to the class of shares they hold; Shareholders holding the same class of shares shall enjoy the same rights and undertake the same obligations.

RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Shareholders

The Company shall establish a register of shareholders with the certificates provided by the securities registration authority. The register of shareholders shall be sufficient evidence of the holding of the shares of the Company by the shareholders.

Rights and Obligations of Shareholders

Shareholders of the Company shall entitle the following rights:

1. to obtain dividends and other forms of profit distribution according to the proportion of shares they hold;

2. to request, convene, hold, participate or authorize proxies to attend Shareholders' Meeting, and to exercise voting rights according to the proportion of shares they hold;

3. to supervise the business operations of the Company and to make suggestions or inquiries;

4. to transfer, give or pledge the shares held by them in accordance with the laws and regulations, administrative regulations and the Articles of Association;

5. to inspect the Articles of Association, the register of shareholders, the counterfoils of corporate bonds, the minutes of the Shareholders' Meeting, the resolutions of the Board of Directors' meeting, the resolutions of the Board of supervisors' meeting, and the financial accounting report;

6. to participate in the distribution of the remaining property of the Company according to the proportion of shares they hold when the Company is terminated or liquidated;

7. to require the Company to purchase its shares in the event that shareholders objecting to resolutions of the Shareholders' Meeting concerning merger or division of the Company;

8. other rights stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are [**REDACTED**], or these Articles of Association.

A shareholder requesting for inspection of information or access to materials referred to in the preceding Article, shall produce to the Company written documents, evidencing the class and number of shares that the shareholder holds. The Company shall provide such information and materials as requested by the shareholder after confirming the identity of the shareholder.

Shareholders of the Company shall assume the following obligations:

1. to abide by laws, administrative regulations and the Articles of Association;

2. to make a capital contribution according to the shares they subscribe for and the capital participation method;

3. not to withdraw shares unless as prescribed by laws and regulations;

4. not to abuse their shareholders' rights to harm the Company's or other shareholders' interests; not to abuse the Company's legal person status or the shareholders' limited liability to harm the interests of the Company's creditors.

   If a shareholder of a company abuses his rights and causes losses to the Company or other shareholders, the shareholder shall be liable for compensation according to law.

   If a shareholder of a company abuses the independent status of the Company legal person and the limited liability of the shareholder to evade debts and seriously damages the interests of creditors of the Company, the shareholder shall bear joint and several liability for the debts of the Company;

5. other obligations to be assumed by the shareholders according to the laws, administrative regulations, and the Articles of Association.

THE SHAREHOLDERS' MEETING

General Provisions of the Shareholders' Meeting

The Shareholders' Meeting is the authority of the Company and shall exercise the following functions and powers in accordance with the laws:

1. to elect and replace directors and supervisors who are not representatives of the employees and to decide matters relating to the remuneration of directors and supervisors;

2. to consider and approve reports of the Board of Directors;

3. to consider and approve reports of the Board of Supervisors;

4. to consider and approve profit distribution plans and loss recovery plans of the Company;

5. to make resolutions on the increase or reduction of the Company's registered capital;

6. to make resolutions on the issue of corporate bonds or other securities and [**REDACTED**];

7. to make resolutions on matters such as the merger, division, dissolution, liquidation or change in the organizational form of the Company;

8. to amend the Articles of Association;

9. to make resolutions on the appointment and dismissal of engagement of accounting firms by the Company;

10. to consider and approve the external guarantees as stipulated in Article 39 of the Articles of Association;

11. except as otherwise provided by the listing rules of the place where the shares of the Company are [**REDACTED**], to decide the following transactions (except for the guarantees and financial assistance):

    (1) the total amount of assets involved in the transaction (where both book value and appraised value exist, whichever is higher) accounts for more than 50% of the Company's total audited assets for the most recent period;

    (2) the transaction amount accounts for more than 50% of the Company's latest audited net assets and exceeds RMB50 million;

(3) the operating income related to the transaction subject (such as equity) in the most recent accounting year accounts for more than 50% of the audited operating income of the Company in the most recent accounting year and exceeds RMB50 million;

(4) the profit generated from the transaction accounts for more than 50% of the audited net profit of the Company in the most recent accounting year and exceeds RMB7.5 million;

(5) the net profit related to the transaction subject (such as equity) in the most recent accounting year accounts for more than 50% of the audited net profit of the Company in the most recent accounting year and exceeds RMB7.5 million;

(6) the total value of purchase or sale assets by the Company or the amount of the transaction calculated cumulatively within twelve consecutive months exceeds 30% of the audited total assets of the Company for the latest period.

If the data involved in the calculation of the above indicators are negative, the absolute value of the data shall be used;

12. to consider transactions between the Company and affiliate in which the transaction amount (except for the provision of guarantees) accounts for more than 2% of the Company's total audited assets for the most recent period and exceeds RMB30 million;

13. to consider and approve the change in the use of the raised funds;

14. to consider any share incentive scheme and employee stock ownership plan;

15. to consider and approve the following matters regarding the provision of external financial assistance by the Company:

    (1) the asset-liability ratio of the sponsored object for the latest period exceeds 70%;

    (2) the amount of single financial assistance or the cumulative amount of financial assistance provided within 12 consecutive months exceeds 10% of the company's latest audited net assets;

    (3) other circumstances stipulated by the CSRC, the Stock Exchange where the Company's shares are [**REDACTED**] or the Articles of Association;

16. other matters are to be resolved by the Shareholders' Meeting as required by the laws, administrative regulations, departmental rules, the listing rules of the place where the shares of the Company are [**REDACTED**], and the Articles of Association.

The Company shall convene an interim Shareholders' Meeting, within two (2) months from the date of the occurrence of any of the following circumstances:

1. when the number of Directors is less than the number prescribed by the Company Law or less than two-thirds (2/3) of the amount required by the Articles of Association;

2. when the Company's uncovered losses amount to one-third (1/3) of the total paid-up share capital;

3. when a request is made by shareholders who individually or collectively hold more than ten percent (10%) of the shares of the Company;

4. when the Board of Directors deems it necessary;

5. when the Board of Supervisors proposes to convene it;

6. other circumstances as stipulated by laws, administrative regulations, departmental rules, the listing rules of the Stock Exchange where the Company's shares are [**REDACTED**] or the Articles of Association.

The Convening of Shareholders' Meeting

The Board of Directors is responsible for convening Shareholders' Meetings.

The Board of Directors of the Company shall perform the duty earnestly and convene the Shareholders' Meeting on time within the time limit prescribed in the Articles of Association. All directors shall be diligent and responsible to ensure the normal convening of Shareholders' Meetings and the exercise of their powers in accordance with the law. If the Board of Directors agrees to convene an interim Shareholders' Meeting, a notice of the convening of the Shareholders' Meeting will be issued within 5 days after the board resolution is made; If the Board of Directors does not agree to convene an interim Shareholders' Meeting, it shall give reasons.

The independent directors have the right to propose the convening of an interim Shareholders' Meeting. In response to a proposal by an independent director to convene an extraordinary general meeting, the Board of Directors shall, in accordance with the laws and regulations, the Hong Kong Listing Rules and these Articles of Association, provide written feedback within ten (10) days after receiving the proposal to agree or disagree with the convening of the extraordinary general meeting. If the Board of Directors agrees to convene an interim Shareholders' Meeting, it will issue a notice of the convening of the Shareholders' Meeting within five (5) days after making a resolution of the Board of Directors. If the Board of Directors does not agree to hold an interim Shareholders' Meeting, it shall explain the reasons and make an announcement.

The Board of Supervisors has the right to propose to the Board of Directors to convene an interim Shareholders' Meeting and shall make such proposal in writing. The Board of Directors shall, in accordance with the laws, administrative regulations and these Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of an interim Shareholders' Meeting within ten (10) days after receiving the proposal.

Shareholders who individually or collectively hold more than ten percent (10%) of the shares of the Company have the rights to propose to the Board of Directors for convening an interim Shareholders' Meeting and shall make such proposal in writing. The Board of Directors shall, in accordance with the laws, administrative regulations and these Articles of Association provide written feedback within ten (10) days after receiving the request, whether it agrees or does not agree to convene an interim Shareholders' Meeting.

If the Board of Directors agrees to convene an interim Shareholders' Meeting, it shall issue a notice to convene Shareholders' Meeting within five (5) days after making a resolution of the Board of Directors, and any changes to the original request in the notice shall be subject to the consent of the shareholders concerned.

If the Board of Directors does not agree to convene an interim Shareholders' Meeting or does not provide feedback within ten (10) days after receiving the request, shareholders individually or collectively holding more than ten (10) percent of the shares of the Company have the right to propose to the Board of Supervisors to convene an interim Shareholders' Meeting and shall submit the request in writing to the Board of Supervisors.

If the Board of Supervisors agrees to convene an interim Shareholders' Meeting, it shall issue a notice convening the Shareholders' Meeting, and any changes to the original proposal in the notice shall be subject to the consent of the shareholders concerned within five (5) days after receiving the request.

If the Board of Supervisors fails to issue a notice of the Shareholders' Meeting within the prescribed period, it shall be deemed not to convene and preside over Shareholders' Meeting. Shareholders hold more than ninety (90) consecutive days or who individually or collectively hold more than ten percent (10%) of the shares of the Company may convene and preside over the general meeting on their own.

Notices of the Shareholders' Meeting

The convener shall notify all shareholders of the time, place and matters to be considered at the meeting at least twenty-one (21) days prior to the annual Shareholders' Meeting, and shall notify all shareholders of the time, place and matters to be considered at the meeting fifteen (15) days prior to the interim Shareholders' Meeting. Where laws and regulations or the securities regulatory authority where the Company's shares are [**REDACTED**] provide otherwise, such provisions shall prevail.

The notice of the Shareholders' Meeting shall meet the following requirements:

1. the time, venue and duration of the meeting;

2. matters and proposals submitted for consideration at the meeting;

3. the equity registration date of the shareholders who are entitled to attend on the Shareholders' Meeting;

4. particulars shall be in clear text that all shareholders are entitled to attend Shareholders' Meeting and may appoint their proxies in writing to attend and vote at the meetings. Such proxies need not be shareholders of the Company;

5. name(s) and telephone number(s) of the standing contact person(s) for the affairs of meetings;

6. other requirements stipulated by laws, administrative regulations, the regulatory rules of the place where the Company's shares are [**REDACTED**] and the Articles of Association.

Resolutions at the Shareholders' Meeting

The resolutions of the Shareholders' Meeting are classified into ordinary resolutions and special resolutions.

Ordinary resolutions of the Shareholders' Meeting shall be adopted by more than half (1/2) of the voting rights held by the shareholders (including shareholders' proxies) present at the Shareholders' Meeting.

Special resolutions of the Shareholders' Meeting shall be adopted by more than two-thirds (2/3) of the voting rights held by the shareholders (including shareholders' proxies) present at the Shareholders' Meeting.

The following matters shall be passed by ordinary resolution of the Shareholders' Meeting:

1. work reports of the Board of Directors and the Board of Supervisors;

2. proposals formulated by the Board of Directors for distribution of profits and for making up accrued losses;

3. appointment and removal of members of the Board of Directors and the Board of Supervisors, their remuneration and method of payment of their remuneration;

4. annual budget and final accounts of the Company;

5. annual report of the Company;

6. other matters other than laws, administrative regulations, the Hong Kong Listing Rules, other provisions of the relevant regulatory authorities where the Company's shares are [**REDACTED**], or the provisions of the Articles of Association shall be adopted by special resolution.

The following matters shall be passed by special resolution of the Shareholders' Meeting:

1. the increase or reduction of the registered capital by the Company;

2. the division, merger, dissolution, or liquidation of the Company;

3. the amendment to the Articles of Association;

4. the amount of purchase and the sale of major assets or the guarantee by the Company within one year exceeds 30% of the latest audited total assets of the Company;

5. other matters stipulated by laws, administrative regulations, or the Articles of Association, as well as other matters that the Shareholders' Meeting determines by ordinary resolution that will have a significant impact on the Company and need to be adopted by special resolution.

Shareholders (including shareholders' proxies) may exercise voting rights in the amount of the voting shares they represent, and each share shall have one vote. A shareholder (including shareholder's proxies) who has two or more voting rights shall not have to vote for, against or abstain from all voting rights in a poll.

Shares held by the Company do not carry any voting rights and shall not be counted in the total number of voting shares represented by shareholders present at the Shareholders' Meeting.

Under applicable laws and regulations and the Hong Kong Listing Rules, if any shareholder is required to abstain from voting on a resolution or restricts any shareholder to voting only for (or against) a resolution, the number of votes cast by such shareholder or its representative in violation of relevant regulations or restrictions shall not be counted in the total number of voting shares.

When the Shareholders' Meeting deliberates connected transaction matters, the affiliated shareholders shall not participate in voting, and the number of shares with voting rights represented by them shall not be counted in the total number of valid votes of shares with voting rights present at the Shareholders' Meeting. Except as otherwise provided by laws and regulations, departmental rules, securities regulatory rules of the place where the Company's shares are [**REDACTED**], and all shareholders are related parties.

The shareholders shall vote by disclosed ballot.

DIRECTORS AND THE BOARD OF DIRECTORS

Directors

Directors shall be elected or replaced at the Shareholders' Meeting for a term of three (3) years and may be re-elected upon the expiration of the term. Except provided by relevant laws, regulations, the Articles of Association, and regulatory rules of the Securities Exchange where the Company's stocks are [**REDACTED**].

The general manager or other senior management members may concurrently serve as directors, provided that the total number of directors who concurrently serve as general manager or other senior management members and directors who are employee representatives shall not exceed half (1/2) of the total number of directors of the Company.

Board of Directors

The Board of Directors is composed of 7-11 directors, and the members of the Board of Directors are elected by the Shareholders' Meeting in accordance with law. The directors are divided into executive directors, non-executive directors, and independent directors, of whom there shall be not less than three independent directors, which shall constitute at least one third or more of the total number of the Board, at least one independent director shall have appropriate professional qualifications or appropriate accounting or related financial management expertise, and at least one independent Director shall ordinarily reside in Hong Kong.

The Board of Directors shall exercise the following functions and powers:

1. to convene the Shareholders' Meeting and report on its work to the Shareholders' Meeting;

2. to implement the resolutions of the Shareholder' Meeting;

3. to determine the business operation plans and investment plans of the Company;

4. to formulate the profit distribution plans and loss recovery plans of the Company;

5. to formulate plans of the Company regarding increase or reduction of the registered capital, issuance of corporate bonds or other securities and [**REDACTED**];

6. to formulate plans for material acquisitions, purchase of shares of the Company or merger, division, dissolution, liquidation or change of corporate form of the Company;

7. to decide on matters such as external investment, acquisition and disposal of assets, pledge of assets, external guarantees, entrusted wealth management, connected transactions and external donations of the Company within the scope of authorization of the Shareholders' Meeting;

8. to determine the setup of the Company's internal management organizations;

9. to decide on the appointment or dismissal of the Company's general manager, secretary to the Board and other senior management, and decide on their remuneration, rewards and punishments; to decide on the appointment or dismissal of the Company's deputy general manager, chief financial officer and other senior management based on the nomination of the general manager, and decide on their remuneration, rewards and punishments;

10. to formulate the basic management system of the Company;

11. to formulate the amendment to the Articles of Association;

12. to request the Shareholders' Meeting to engage or replace the accounting firm that provides audits for the Company;

13. to listen to the work report of the manager of the Company and inspect the work of the manager;

14. to manage the information disclosure of the Company;

15. except as otherwise provided by the listing rules of the place where the shares of the Company are [**REDACTED**], to decide the following transactions (except for the provision of guarantees and financial assistance) and which shall be submitted to the Shareholders' Meeting if they reach the authority of the Shareholders' Meeting:

    (1) The total amount of assets involved in the transaction (where both book value and appraised value exist, whichever is higher) accounts for more than 10% of the company's total audited assets for the most recent period;

    (2) The transaction amount accounts for more than 10% of the Company's latest audited net assets and exceeds RMB10 million;

    (3) The operating income related to the transaction subject (such as equity) in the most recent accounting year accounts for more than 10% of the audited operating income of the Company in the most recent accounting year and exceeds RMB10 million;

(4) The profit generated from the transaction accounts for more than 10% of the audited net profit of the Company in the most recent accounting year and exceeds RMB1.5 million;

(5) The net profit related to the transaction subject (such as equity) in the most recent accounting year accounts for more than 10% of the audited net profit of the Company in the most recent accounting year and exceeds RMB1.5 million.

If the data involved in the calculation of the above indicators are negative, the absolute value of the data shall be used;

16. to decide on the following connected transactions (except for the provision of guarantees), which shall be submitted to the Shareholders' Meeting if they reach the authority of the Shareholders' Meeting:

(1) connected transactions between the Company and related individuals exceed RMB300,000;

(2) transactions with related legal entities that account for more than 0.2% of the Company's latest audited total assets and exceed RMB3 million;

(3) non-exempt connected transactions with connected parties defined by the Hong Kong Stock Exchange;

(4) the following connected transactions between the Company and its related parties are exempted from consideration in the manner of connected transactions:

i. one party subscribes to the other party's [**REDACTED**] stocks, corporate bonds, corporate bonds, convertible corporate bonds, or other securities in cash;

ii. one party acts as a member of the [**REDACTED**] syndicate to [**REDACTED**] the other party's [**REDACTED**] of stocks, corporate bonds or enterprise bonds, convertible bonds or other kinds of securities;

iii. one party receives dividends, bonuses or remuneration based on a resolution of the Shareholders' Meeting of the other party;

iv. one party participates in the public bidding or auction of the other party, except where it is difficult to form a fair price through bidding or auction;

v. transactions in which a company unilaterally obtain benefits, including receiving gifts of cash assets, obtaining debt relief, and accepting guarantees and financial assistance;

vi. pricing of connected transactions is determined by the State;

vii. the related party provides funds to the Company at an interest rate not higher than the benchmark loan interest rate for the same period stipulated by the People's Bank of China, and the Company does not have any corresponding guarantee for the financial assistance;

viii. the Company provides products and services to directors, supervisors and senior management on the same trading terms as non-related parties;

ix. connected transactions that can be exempted or individually exempted under Chapter 14A of the Hong Kong Listing Rules;

x. other transactions are recognized by the CSRC and the Stock Exchange where the stock is [**REDACTED**].

Before the connected transaction is submitted to the Board of Directors, it shall be deliberated by a special meeting of independent directors and disclosed in the announcement of the connected transaction with the consent of more than half of all independent directors of the company;

17. matters of external guarantees other than those required to be submitted to the Shareholders' Meeting for consideration and approval as stipulated in Article 39 of these Articles of Association;

18. external financial assistance matters other than those required to be submitted to the Shareholders' Meeting for consideration and approval as stipulated in Article 38 of these Articles of Association;

19. other authorities are granted by laws, administrative regulations, departmental rules, or these Articles of Association.

The chairman of the Board of Directors shall exercise the following functions and powers:

1. to preside over the Shareholders' Meeting and convene and preside over the meeting of the Board of Directors;

2. to supervise and inspect the implementation of the resolutions of the Board of Directors;

3. the Board of Directors of the Company authorizes the chairman of the Board of Directors to approve the following transactions within the scope of authority, except as otherwise provided in the securities regulatory rules of the place where the Company's shares are [**REDACTED**]

   (1) the total amount of assets involved in the transaction (where both book value and appraised value exist, whichever is higher) accounts for less than 10% of the Company's total audited assets for the most recent period;

   (2) the transaction amount accounts for less than 10% of the Company's latest audited net assets, or the absolute amount is less than RMB10 million, and does not fall within the scope of approval by the Board of Directors or the Shareholders' Meeting;

(3) the operating income related to the transaction subject (such as equity) in the most recent accounting year accounts for less than 10% of the audited operating income of the Company in the most recent accounting year, or the absolute amount is less than RMB10 million, and it does not fall within the scope of approval by the Board of Directors or the Shareholders' Meeting;

(4) the profit generated from the transaction accounts for less than 10% of the audited net profit of the Company in the most recent accounting year, or the absolute amount is less than RMB1.5 million and does not fall within the scope of approval by the Board of Directors or the Shareholders' Meeting;

(5) the net profit related to the transaction subject (such as equity) in the most recent accounting year accounts for less than 10% of the audited net profit of the Company in the most recent accounting year, or the absolute amount is less than RMB1.5 million, and does not fall within the scope of approval by the Board of Directors or the Shareholders' Meeting;

(6) connected transactions (except for guarantees provided by the Company) in which the amount of the transaction between the Company and a connected individual is less than RMB300,000 and does not fall within the scope of approval by the Board of Directors or the Shareholders' Meeting; or the amount of connected transactions between the Company and connected entities is less than RMB3 million or accounts for less than 0.2% of the Company's total audited assets of the most recent period;

(7) financing matters in which the amount of the Company's single borrowing or the cumulative amount of borrowings within an accounting year is less than 10% of the Company's latest audited net assets;

4. to exercise other functions and powers the Board of Directors granted.

The Board of Directors should hold regular meetings, which should be held at least four times a year, approximately once a quarter, regular board meetings should be notified to all directors and supervisors at least fourteen days in advance. Regular meetings of the Board of Directors do not include obtaining approval from the Board of Directors by circulating written resolutions.

The interim meeting of the Board of Directors shall be notified in writing to all directors and supervisors three days in advance of the meeting.

A meeting of the Board of Directors shall be held only with the presence of more than half of the directors. A resolution made by the Board of Directors must be passed by more than half of all the directors.

Resolutions of the Board of Directors shall be voted on by one person, one vote.

Resolutions of the Board of Directors shall be voted on by disclosed ballot.

GENERAL MANAGER

The Company shall have a general manager who be nominated by the chairman of the Board of Directors and appointed or dismissed by the Board of Directors.

The Company shall have several deputy general managers and a number of chief financial officer, secretary of the board and other several senior managements who upon nomination by the general manager and be appointed or dismissed by the Board of Directors.

The term of the general manager is three years and can be reappointed. The general manager shall be responsible to the Board of Directors and exercise the following powers:

1. responsible for organizing the formulation of the Company's development strategy, planning, business plans, major investment proposals, and reporting to the Board of Directors;

2. to organize and implement the resolutions of the Board of Directors and report to the Board of Directors;

3. to organize and implement the Company's annual business plan, budget program and investment plan;

4. to formulate the plan for establishment of the Company's internal management organization;

5. to formulate the Company's basic management system;

6. responsible for the nomination, management, and assessment of senior management personnel appointed or dismissed by the Board of Directors;

7. to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;

8. responsible for submitting annual work reports and other reports to the Board of Directors;

9. other functions and powers conferred by the Articles of Association and the Board of Directors.

The general manager is present at the Board of Directors' meetings.

SECRETARY OF THE BOARD

The Company has a secretary of the Board of Directors as the person in charge of information disclosure affairs, responsible for information disclosure affairs, preparation of the Shareholders' Meeting and the Board of Directors meetings, investor relationship management, shareholder information management, and other work. The person in charge of information disclosure affairs shall attend the Board of Directors and Shareholders' Meeting of the Company.

SUPERVISORS AND THE BOARD OF SUPERVISORS

The directors of the Company, general managers, and other senior management shall not serve concurrently as supervisors.

The Company establish the Board of Supervisors. The Board of Supervisors consist of three supervisors. The Board of Supervisors appoint a chairperson, who shall be elected by more than half of the supervisors. The meetings of the Board of Supervisors shall be convened and presided over by the chairperson. If the chairperson of the Board of Supervisors is unable or fails to perform his/her duties, such meeting shall be convened and presided over by a supervisor elected by half or more of the supervisors.

The board of supervisors consists of shareholder representatives and an appropriate proportion of employee representatives of the Company. The employee representatives of the Board of Supervisors shall be elected by employees of the Company at the employee representatives' meeting, the shareholder representative supervisors shall be elected by the shareholders.

The Board of Supervisors shall exercise the following functions and powers:

1. to review the regular reports of the Company prepared by the Board of Directors and to submit written review opinions;

2. to check the finance of the Company;

3. to supervise the directors and senior management members in the performance of their duties and to propose the dismissal of the directors and senior management members who violate laws, administrative regulations, the Articles of Association or resolutions of the Shareholders' Meeting;

4. to require the director and senior management members to correct his/her act that is detrimental to the Company's interests;

5. to propose the convening of interim Shareholders' Meeting in the event that the Board of Directors fails to perform its duty of convening and presiding over a Shareholders' Meeting in accordance with the Company Law;

6. to submit proposals to the Shareholders' Meeting;

7. to file legal proceedings against directors and senior management under the Article 189 of the Company Law;

8. investigate any irregularities in the operation of the Company; If necessary, it may employ accounting firms, law firms and other professional institutions to assist it in its work, and the expenses shall be borne by the Company.

A resolution of the Board of Supervisors shall be passed by more than half of the supervisors.

FINANCIAL AND ACCOUNTING SYSTEM

The Company shall formulate its own financial and accounting systems in accordance with the laws, administrative regulations, and the requirements of relevant state departments.

The Company shall submit, disclose and/or submit annual report, interim report, preliminary performance announcement and other documents to shareholders in accordance with the regulatory rules and other normative documents of the Stock Exchange where the Company's shares are [**REDACTED**].

PROFIT DISTRIBUTION

The Company should formulate a profit distribution system, which can distribute dividends in cash, stocks, a combination of cash and stocks, or other methods permitted by laws and regulations. The specific methods are as follows:

1. The Company's profit distribution principle: The Company implements the dividend distribution policy of equal share and equal profit, and shareholders receive dividends and other forms of profit distribution according to the shares they hold. The Company implements an active profit distribution policy, attaches importance to reasonable investment returns for investors, and maintains continuity and stability. The Company may distribute profits in the form of cash or stocks, and the distribution of profits shall not exceed the cumulative distributable profits and shall not impair the Company's ability to continue operation. The Board of Directors, the Board of supervisors and the Shareholders' Meeting shall give full consideration to the opinions of independent directors, external supervisors (if any) and public investors in the process of decision-making and reasoning on the profit distribution policy.

2. The Company's general form of profit distribution: the distribution of dividends by cash, stock, or a combination of the two, and in the case that the Company has the conditions for cash dividend, the Company shall give priority to the use of cash dividend for profit distribution.

3. The Company's specific conditions and proportion of cash dividend: the Company mainly adopts the profit distribution policy of cash dividend, that is, the Company achieves profit in the current year, and can distribute profits after making up the loss according to law, drawing the statutory reserve fund and surplus reserve fund, then the Company can carry out cash dividend; The Company's profit distribution shall not exceed the cumulative distributable profit range.

DISSOLUTION AND LIQUIDATION OF THE COMPANY

The company is dissolved due to the following reasons:

1. the business term specified in this Articles of Association has expired or other dissolution reasons specified in this Articles of Association have occurred;

2. the Shareholders' Meeting resolves to dissolve the Company;

3. dissolution is required due to merger or division of the Company;

4. the Company is revoked of its business license, ordered to close down or annulled according to law;

5. there is severe difficulty in the operation and management of the Company, and the continued existence of the Company will have heavy losses to the interests of its shareholders and there is no other way to resolve, shareholders who hold more than ten percent (10%) of the whole voting rights can make a petition to the People's Court to dissolve the Company.

Where a company is dissolved under the circumstance in items 1, 2, 4 or 5 of the preceding paragraph, a liquidation group shall be established within 15 days from the date of occurrence of the cause of dissolution to begin liquidation. The liquidation group shall be composed of the directors or the personnel determined by the Shareholders' Meeting. If a liquidation group is not established within the time limit, the creditor may apply to the People's Court to appoint relevant personnel to form a liquidation group to conduct liquidation.

The liquidation group shall notify its creditors within a period of ten (10) days since the date its established and make announcements in newspapers within sixty (60) days. Creditors shall, within thirty (30) days since the date of receiving the notice, or for creditors who do not receive the notice, within forty-five (45) days since the date of the public announcement, report their creditors' rights to the liquidation group.

After liquidating the Company's assets and preparing the balance sheet and list of assets, the liquidation group shall formulate a liquidation plan and submit it to the Shareholders' Meeting or the People's Court for confirmation.

If the liquidation group finds that the Company's assets are insufficient to pay off its debts after clearing up the Company's assets and preparing the balance sheet and property list, it shall apply to the People's Court for declaration of bankruptcy according to law.

After the liquidation of the Company, the liquidation group shall prepare a liquidation report, submit it to the Shareholders' Meeting or the People's Court for confirmation, and submit it to the Company registration authority, apply for cancellation of the Company registration, and announce the termination of the Company.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association under any of the following circumstances:

1. after the amendment of the Company Law or relevant laws, administrative regulations, or securities regulatory rules of the place where the Company's shares are [**REDACTED**], the matters stipulated in the Articles of Association conflict with the provisions of the amended laws, administrative regulations, or securities regulatory rules of the place where the Company's shares are [**REDACTED**];

2. there has been a change to the Company, resulting in inconsistency with the contents in the Articles of Association;

3. the Shareholders' Meeting decides to amend the Articles of Association.

1. FURTHER INFORMATION ABOUT OUR COMPANY

A. Incorporation

Our Company was incorporated as a limited liability company under the laws of the PRC in July 2015 and was converted into a joint stock company with limited liability in December 2022. Our registered address and principal place of business is at Room 1003, Building 2, Chongwen Park, Nanshan Smart Park, No. 3370 Liuxian Avenue, Fuguang Community, Taoyuan Sub-district, Nanshan District, Shenzhen, PRC.

We have established a place of business in Hong Kong at 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wan Chai, 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 June 25, 2024. Ms. Ching Shuk Wah Shirley (程淑華), 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 document. A summary of our Articles of Association is set out in Appendix III to this document.

B. Changes in the Share Capital of our Company

The registered capital of our Company was increased from RMB10,053,436 to RMB360,000,000 upon completion of the joint stock reform of our Company on December 28, 2022. As of the date of our establishment as a joint stock company with limited liability, our registered capital was RMB360,000,000 consisting of 360,000,000 issued Domestic Shares with a nominal value of RMB1.00 each, which has been fully paid up by our promoters.

Immediately following the completion of the [**REDACTED**] and the [**REDACTED**], assuming that the [**REDACTED**] is not exercised, our registered share capital will be increased to RMB[**REDACTED**], divided into [**REDACTED**] Domestic Shares and [**REDACTED**] H Shares, fully paid up or credited as fully paid up, representing approximately [**REDACTED**]% and approximately [**REDACTED**]% of our enlarged share capital, respectively.

Save as disclosed above, there has been no alteration in the share capital within two years immediately preceding the date of this document.

C. Resolutions Passed by Our Shareholders' General Meeting in relation to the [REDACTED]

At the extraordinary general meeting of the Shareholders held on May 31, 2024, 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 [**REDACTED**] on the Stock Exchange;

(2) the proposed number of H Shares to be [**REDACTED**] under the [**REDACTED**] and the grant of the [**REDACTED**]. The number of H Shares to be issued pursuant to the exercise of the [**REDACTED**] shall not exceed 15% of the total number of H Shares to be [**REDACTED**] initially pursuant to the [**REDACTED**];

(3) subject to the completion of the [**REDACTED**], the conditional adoption of the revised Articles of Association, which shall become effective on the [**REDACTED**]; and

(4) authorization of our Board and its authorized persons to handle all matters relating to, among other things, the [**REDACTED**].

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 Document.

Save as disclosed below and in the section headed "History and Corporate Structure—Our Principal Subsidiaries," there has been no alteration in the share capital of any of our subsidiaries within the two years preceding the date of this document.

(1) Qingdao Yuejiang Robotics Co, Ltd. (青島越疆機器人有限公司)

On November 28, 2022, the registered capital of Qingdao Yuejiang Robotics Co., Ltd. was increased from RMB10 million to RMB71,965,300.

E. Restriction on Share Repurchases

For details of the restrictions on share repurchases by our Company, see the section headed "Appendix III—Summary of Our Articles of Association" in this document.

2. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of Our Material Contract

We have entered into the following contract (not being contract entered into in the ordinary course of business) within the two years immediately preceding the date of this document that is or may be material:

(1) the [**REDACTED**].

B. 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.	DOBOT	7	Our Company	PRC	14600874	July 21, 2015 – July 20, 2025
2.	DOBOT	9	Our Company	PRC	14600894	July 21, 2015 – July 20, 2025
3.	DOBOT	7, 9	Our Company	European Union	018702015	August 25, 2022 – May 13, 2032
4.		8	Our Company	PRC	64532285	November 7, 2022 – November 6, 2032
5.		10	Our Company	PRC	64525611	November 7, 2022 – November 6, 2032
6.		11	Our Company	PRC	64525635	November 7, 2022 – November 6, 2032
7.		12	Our Company	PRC	64529846	November 7, 2022 – November 6, 2032
8.		16	Our Company	PRC	64509904	November 7, 2022 – November 6, 2032
9.		17	Our Company	PRC	64511873	November 7, 2022 – November 6, 2032
10.		28	Our Company	PRC	64526415	November 7, 2022 – November 6, 2032
11.		36	Our Company	PRC	64510252	October 28, 2022 – October 27, 2032
12.		37	Our Company	PRC	64510630	October 28, 2022 – October 27, 2032

No.	Trademark	Class	Owner	Place of Registration	Registration No.	Validity Period
13.		38	Our Company	PRC	64515164	November 7, 2022 – November 6, 2032
14.		41	Our Company	PRC	64507689	October 28, 2022 – October 27, 2032
15.		43	Our Company	PRC	64510682	November 7, 2022 – November 6, 2032
16.		7, 9	Our Company	European Union	018702138	August 24, 2022 – May 12, 2032
17.		7, 9	Our Company	Japan	6628229	October 17, 2022 – October 17, 2032
18.		7, 9	Our Company	United Kingdom	UK00003788134	August 12, 2022 – May 16, 2032
19.		7	Our Company	US	7098777	July 4, 2023 – July 4, 2033
20.		9	Our Company	US	7100234	July 4, 2023 – July 4, 2033
21.		31	Our Company	PRC	51903309	August 14, 2021 – August 13, 2031
22.		32	Our Company	PRC	51867431	August 21, 2021 – August 20, 2031
23.		24	Our Company	PRC	51864011	August 14, 2021 – August 13, 2031
24.		33	Our Company	PRC	51863932	August 21, 2021 – August 20, 2031
25.		3	Our Company	PRC	51862507	August 14, 2021 – August 13, 2031
26.		18	Our Company	PRC	51861105	August 14, 2021 – August 13, 2031

No.	Trademark	Class	Owner	Place of Registration	Registration No.	Validity Period
27.		26	Our Company	PRC	51856408	August 14, 2021 – August 13, 2031
28.		45	Our Company	PRC	51855858	August 14, 2021 – August 13, 2031
29.		29	Our Company	PRC	51854505	August 21, 2021 – August 20, 2031
30.		19	Our Company	PRC	51851495	August 21, 2021 – August 20, 2031
31.		27	Our Company	PRC	51851453	August 21, 2021 – August 20, 2031
32.		30	Our Company	PRC	51851436	August 28, 2021 – August 27, 2031
33.		13	Our Company	PRC	51851110	August 14, 2021 – August 13, 2031
34.		43	Our Company	PRC	51851036	August 21, 2021 – August 20, 2031
35.		23	Our Company	PRC	51846530	August 21, 2021 – August 20, 2031
36.		36	Our Company	PRC	51846118	August 21, 2021 – August 20, 2031
37.		5	Our Company	PRC	51841215	August 21, 2021 – August 20, 2031
38.		2	Our Company	PRC	51839645	August 21, 2021 – August 20, 2031
39.		22	Our Company	PRC	51837828	August 21, 2021 – August 20, 2031
40.		34	Our Company	PRC	51837401	August 21, 2021 – August 20, 2031
41.		36	Our Company	PRC	60172168	June 14, 2022 – June 13, 2032

No.	Trademark	Class	Owner	Place of Registration	Registration No.	Validity Period
42.		43	Our Company	PRC	60170996	June 14, 2022 – June 13, 2032
43.		9	Our Company	PRC	60165484	June 7, 2022 – June 6, 2032
44.		16	Our Company	PRC	60159720	June 7, 2022 – June 6, 2032
45.		41	Our Company	PRC	60170981	June 14, 2022 – June 13, 2032
46.		7	Our Company	PRC	55235600	November 7, 2021 – November 6, 2031
47.		28	Our Company	PRC	55209892	October 28, 2021 – October 27, 2031
48.		12	Our Company	PRC	55224837	November 21, 2021 – November 20, 2031
49.		9	Our Company	PRC	55235704	November 21, 2021 – November 20, 2031
50.		10	Our Company	PRC	55216070	November 21, 2021 – November 20, 2031
51.		1	Our Company	PRC	51839651	November 7, 2021 – November 6, 2031
52.		7	Our Company	Taiwan	01818415	January 16, 2017 – January 15, 2027
53.		9	Our Company	Taiwan	01818561	January 16, 2017 – January 15, 2027

Patent

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	Authorization Announcement Date
1.	Our Company	An absolute position measurement method, device, storage medium and machine (一種機器的絕對位置測量方法、裝置、存儲介質及機器)	ZL201911383251.1	Innovation	December 27, 2019	August 13, 2021
2.	Our Company	An external torque measurement method, device, controller and mechanical arm (一種外力矩的測量方法、裝置、控制器及機械臂)	ZL201910594866.2	Innovation	July 3, 2019	January 31, 2023
3.	Our Company	Position positioning method for magnetic encoder, device, electronic equipment and computer-readable storage medium (磁編碼器的位置定位方法、裝置、電子設備及計算機可讀存儲介質)	ZL201911405465.4	Innovation	December 30, 2019	August 12, 2022
4.	Our Company	A motor running angle measurement method and system, and a joint angle measurement system (一種電機運行角度測量方法和系統、關節角度測量系統)	ZL201911379738.2	Innovation	December 27, 2019	August 10, 2021
5.	Our Company	Adaptive modeling method for robot drive and control integrated system (機器人驅控一體系統的自適應建模方法)	ZL201811605226.9	Innovation	December 26, 2018	September 3, 2021
6.	Our Company	Robotic arm and their joint module (機械臂及其關節模組)	ZL202211229329.6	Innovation	October 8, 2022	April 7, 2023
7.	Our Company	Cobot arm and its joint module (協作機械臂及其關節模組)	ZL202211230239.9	Innovation	October 8, 2022	March 3, 2023
8.	Our Company	Robotic arm and its joint module (機械臂及其關節模組)	ZL202211226201.4	Innovation	October 8, 2022	August 25, 2023

No.	Owner	Description	Patent No.	Types of Patents	Application Date	Authorization Announcement Date
9.	Our Company	Joints, robotic arms, robots and their harmonic reducer devices (關節、機械臂、機器人及其諧波減速器裝置)	ZL202111160367.6	Innovation	September 30, 2021	March 11, 2022
10.	Our Company	Braking devices for robotic arm joints, robotic arm joints and robotic arms (用於機械臂關節的制動裝置、機械臂關節及機械臂)	ZL202180011958.9	Innovation	December 30, 2021	March 19, 2024
11.	Our Company	Robotic arm and its joint modules and coding components (機械臂及其關節模組、編碼組件)	ZL202211226202.9	Innovation	October 8, 2022	December 1, 2023
12.	Our Company	Robotic arms and their joint modules	US11820012 B1	Innovation	January 6, 2023	November 21, 2023
13.	Our Company	A graphical programming method, device and intelligent terminal for robots (一種機器人的圖形編程方法、裝置及智能終端)	ZL201811650764.X	Innovation	December 31, 2018	May 11, 2021
14.	Our Company	A robot model display method, device and intelligent terminal (一種機器人模型的展示方法、裝置及智能終端)	ZL201811650765.4	Innovation	December 31, 2018	June 27, 2023
15.	Our Company	Communication method between terminal and equipment, terminal, electronic equipment and storage medium (終端與設備的通信方法、終端、電子設備及存儲介質)	ZL202011459418.0	Innovation	December 11, 2020	January 10, 2023
16.	Our Company	Communication method, device and computer-readable storage medium based on wireless local area network (基於無線局域網的通信方法、裝置及計算機可讀存儲介質)	ZL202011464366.6	Innovation	December 11, 2020	March 1, 2024
17.	Our Company	Semi-intelligent teaching and learning methods, intelligent robots and storage media (半智能示教學習方法、智能機器人和存儲介質)	ZL201811467840.3	Innovation	December 3, 2018	June 29, 2021

No.	Owner	Description	Patent No.	Types of Patents	Application Date	Authorization Announcement Date
18.	Our Company	Robot safety control method and device based on multiple perceptions (基於多重感知的機器人安全控制方法及裝置)	ZL202010590912.4	Innovation	June 24, 2020	April 28, 2023
19.	Our Company	Space trajectory transition method for industrial robots, system and robots (工業機器人的空間軌跡過渡方法、系統及機器人)	ZL201811627820.8	Innovation	December 28, 2018	January 22, 2021
20.	Our Company	Robot control method, system and robot (一種機器人控制方法、系統及機器人)	ZL201811627830.1	Innovation	December 28, 2018	April 23, 2021
21.	Our Company	A speed planning method with continuous acceleration, device, controller and robot (一種加加速度連續的速度規劃方法、裝置、控制器及機器人)	ZL201911380048.9	Innovation	December 27, 2019	May 11, 2021
22.	Our Company	A mobile trajectory planning method, device, equipment and storage medium (一種移動軌跡規劃方法、裝置、設備和存儲介質)	ZL201811648453.X	Innovation	December 30, 2018	November 16, 2021
23.	Our Company	Motion path planning method of robotic arm, device, equipment, media and robotic arm (機械臂的運動路徑規劃方法、裝置、設備、介質及機械臂)	ZL202110582502.X	Innovation	May 27, 2021	July 1, 2022
24.	Our Company	Robotic arm and its movement path planning method, control system, media and robot (機械臂及其運動路徑規劃方法、控制系統、介質及機器人)	ZL202210039416.9	Innovation	January 13, 2022	February 13, 2024
25.	Our Company	Robot dynamic parameter identification method, device, terminal equipment and storage medium (機器 人動力學參數辨識方法、裝置、終端設備及存儲介質)	ZL201811600643.4	Innovation	December 26, 2018	April 23, 2021

No.	Owner	Description	Patent No.	Types of Patents	Application Date	Authorization Announcement Date
26.	Our Company	Data verification method, security controller and data verification system (數據校驗方法、安全控制器及數據校驗系統)	ZL202110790486.3	Innovation	July 13, 2021	January 31, 2023
27.	Our Company	A secure communication method, device, robotic arm and storage medium (一種安全通信方法、裝置、機械臂及存儲介質)	ZL202110791902.1	Innovation	July 13, 2021	June 23, 2023
28.	Our Company	Flexible device housings, robotic arms and robots (柔性的裝置外殼、機械臂和機器人)	ZL202110570306.0	Innovation	May 22, 2021	May 30, 2023
29.	Our Company	Machine shells, shell components, robotic arms and robots (機械設備的殼體、殼體組件、機械臂以及機器人)	ZL201980041854.5	Innovation	September 17, 2019	July 14, 2023
30.	Our Company	Housing components for mechanical equipment and robots (機械設備的殼體組件和機器人)	ZL201980041853.0	Innovation	September 17, 2019	January 23, 2024
31.	Our Company	Sensing circuit, logic circuit board, joint control board, main controller board and robot (傳感電路、邏輯電路板、關節控制板、主控器板及機器人)	ZL201980041894.X	Innovation	September 17, 2019	September 8, 2023
32.	Our Company	Object area measurement method, device, equipment and computer-readable storage medium (物體面積識別方法、裝置、設備及計算機可讀存儲介質)	ZL201911383454.0	Innovation	December 27, 2019	January 11, 2022
33.	Rizhao Yuejiang Intelligence Technology Co., Ltd. (日照市越疆智能科技有限公司) ("**Rizhao Yuejiang**")	A robot display method, device and electronic equipment (一種機器人展示方法、裝置及電子設備)	ZL201911379650.0	Innovation	December 27, 2019	March 11, 2022

No.	Owner	Description	Patent No.	Types of Patents	Application Date	Authorization Announcement Date
34.	Our Company	Robotic arm method, device, equipment, system, storage medium and robotic arm (機械臂控制方法、裝置、設備、系統、存儲介質及機械臂)	ZL202110581850.5	Innovation	May 27, 2021	October 29, 2021
35.	Our Company	Robots and control methods, devices, equipment, storage media, and robotic arms (機器人及其控制方法、裝置、設備、存儲介質、機械臂)	ZL202211014994.3	Innovation	August 23, 2022	July 18, 2023
36.	Our Company	Robotic arm obstacle avoidance method, device, robotic arm and robot (機械臂避障方法、裝置、機械臂及機器人)	ZL202011463416.9	Innovation	December 11, 2020	July 29, 2022
37.	Our Company	Robotic arm robot, obstacle avoidance method and storage medium of robot (機械臂式機器人、機器人的避障方法及存儲介質)	ZL202010627285.7	Innovation	July 1, 2020	April 15, 2022
38.	Our Company	Robot obstacle avoidance method, robotic arm robot and storage medium (機器人避障方法、機械臂式機器人及存儲介質)	ZL202010627301.2	Innovation	July 1, 2020	April 15, 2022
39.	Our Company	A robot collision detection method, device, storage medium and robot (一種機器人碰撞檢測方法、裝置、存儲介質及機器人)	ZL201811636935.3	Innovation	December 29, 2018	November 3, 2020
40.	Our Company	Collaborative robotic arm and its motion control method, collision detection method and control system (協作機械臂及其運動控制方法、碰撞檢測方法、控制系統)	ZL202211220131.1	Innovation	September 30, 2022	May 7, 2024
41.	Our Company	A robot servo control device, apparatus and robot (一種機器人的伺服控制方法、裝置及機器人)	ZL201811622861.8	Innovation	December 28, 2018	April 23, 2021

No.	Owner	Description	Patent No.	Types of Patents	Application Date	Authorization Announcement Date
42.	Our Company	Robot collision detection method, device, equipment and computer-readable storage medium (機器人碰撞檢測方法、裝置、設備及計算機可讀存儲介質)	ZL201911383473.3	Innovation	December 27, 2019	March 18, 2022
43.	Our Company	Robot trajectory reproduction method, control device, equipment and readable storage medium (機器人軌跡復現方法、控制裝置、設備及可讀存儲介質)	ZL201911380760.9	Innovation	December 27, 2019	May 25, 2021
44.	Our Company	Coffee latte art trajectory generation method, coffee making method, related equipment and system (咖啡拉花軌跡生成方法、咖啡製作方法、相關設備及系統)	ZL202211311541.7	Innovation	October 25, 2022	August 18, 2023
45.	Our Company	A coffee latte art teaching system (一種咖啡拉花示教系統)	ZL202111443351.6	Innovation	November 30, 2021	August 4, 2023
46.	Our Company	Teleoperation manipulator and its spindle, teleoperation device (遙操作機械手及其主軸、遙操作設備)	ZL202111185802.0	Innovation	October 12, 2021	March 18, 2022
47.	Our Company	Teleoperation manipulator and its transmission structure, teleoperation equipment (遙操作機械手及其傳動結構、遙操作設備)	ZL202111185803.5	Innovation	October 12, 2021	September 30, 2022
48.	Our Company	Teleoperation manipulator and its turntable, teleoperation equipment (遙操作機械手及其轉檯、遙操作設備)	ZL202111185818.1	Innovation	October 12, 2021	November 29, 2022
49.	Our Company	Teleoperation manipulator and teleoperation equipment (遙操作機械手及遙操作設備)	ZL202111185860.3	Innovation	October 12, 2021	August 30, 2022
50.	Our Company	Teleoperation system, teleoperation method and chip (遙操作系統、遙操作方法及芯片)	ZL202111176553.9	Innovation	October 9, 2021	April 12, 2022

No.	Owner	Description	Patent No.	Types of Patents	Application Date	Authorization Announcement Date
51.	Our Company	A target position detection method (一種目標位置檢測方法)	ZL202010016602.1	Innovation	January 8, 2020	June 2, 2020
52.	Our Company	Fruit stem positioning and fruit picking methods, devices, robots and media (果梗定位及水果採摘方法、裝置、機器人及介質)	ZL202111179412.2	Innovation	October 11, 2021	March 11, 2022
53.	Our Company	Three-dimensional target detection method, detection device, terminal equipment and computer-readable storage medium (三維目標檢測方法、檢測裝置、終端設備及計算機可讀存儲介質)	ZL201911383359.0	Innovation	December 27, 2019	November 1, 2022
54.	Our Company	Object recognition and positioning methods, devices and terminal equipment (物體識別定位方法、裝置及終端設備)	ZL201911380815.6	Innovation	December 27, 2019	January 12, 2024
55.	Our Company	A teaching trajectory pointcollection method, device, robotic arm, system and medium (一種示教軌跡點採集方法、裝置、機械臂、系統及介質)	ZL202111263269.5	Innovation	October 28, 2021	March 18, 2022
56.	Our Company	Robot teaching trajectory reproduction method, device and computer-readable storage medium (機器人示教軌跡復現方法、裝置及計算機可讀存儲介質)	ZL202010590911.X	Innovation	June 24, 2020	January 11, 2022

Domain Name

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.	www.dobot.cn	Our Company	December 10, 2013 – December 10, 2025
2.	www.dobot-robots.com	Our Company	October 10, 2022 – October 10, 2024
3.	www.dobot.cc	Our Company	March 20, 2015 – March 20, 2025

Software Copyrights

As of the Latest Practicable Date, we had registered the following software copyrights which we considered to be material to our business:

No.	Software Name	Version	Owner	Registration No.	Date of Registration
1.	Welding technology software	V2.1.0	Our Company	2022SR0752116	June 14, 2022
2.	DobotStudio Pro software	V2.1.0	Our Company	2022SR0749907	June 14, 2022
3.	Stacking process software	V2.6.0	Our Company	2023SR0396223	March 27, 2023
4.	Stacking visual simulation software	V1.0.0	Our Company	2023SR1160250	September 26, 2023
5.	3D visual simulation software	V1.0.0	Our Company	2023SR1160252	September 26, 2023

3. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUPERVISORS

A. Particulars of Directors' and Supervisors' Contracts

Each of our Directors and Supervisors [has entered] into a service contract with our Company. Each service contract 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 or Supervisors 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 and Supervisors

See "Directors, Supervisors and Senior Management" and Note 8 to the Accountants' Report in Appendix I to this document for the remuneration or benefits in kind paid to our Directors and Supervisors for each of the three years ended December 31, 2023 and the six months ended June 30, 2024.

During the Track Record Period, no fees were paid by our Group to any of the Directors or the five highest paid individuals as an inducement to join us or as compensation for loss of office.

4. DISCLOSURE OF INTERESTS

A. Disclosure of Interests of Directors and Supervisors

Save as disclosed below, immediately following the completion of the [**REDACTED**] and the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), none of our Directors or Supervisors 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 [**REDACTED**] Issuers as set out in Appendix C3 to the Listing Rules to be notified to our Company, once the H Shares are [**REDACTED**] on the Stock Exchange.

			As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)			
Name of Director	Our Company/ associated corporation	Capacity/ nature of interest	Number of Domestic Shares	Approximate percentage of shareholding in the total issued share capital of our Company	Number of Shares	Description of Shares	Approximate percentage of shareholding in our Domestic Shares/ H Shares (as appropriate)	Approximate percentage of shareholding in the total issued share capital of our Company
Mr. Liu[(1)]	Our Company	Beneficial owner, interest in controlled corporation	111,889,006	31.08%	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
Mr. Lang Xulin (郎需林)	Our Company	Beneficial owner	7,968,213	2.21%	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]

(1) As of the Latest Practicable Date, Mr. Liu acted as the general partner of Yuejiang LP and Qinmo LP. Under the SFO, Mr. Liu is deemed to be interested in the entire Shares held by Yuejiang LP and Qinmo LP.

Up to the Latest Practicable Date, none of the Directors or Supervisors or their respective spouses and children under 18 years of age had been granted by our Company or had exercised any rights to [**REDACTED**] 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 document, our Directors, Supervisors or chief executive are not aware of any other person, not being a Director, Supervisor 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 [**REDACTED**] and the [**REDACTED**], would fall to be disclosed to our Company under the provisions of Divisions 2 an 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 or Supervisors 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 document 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 or Supervisors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole; and

(3) So far as is known to our Directors, none of our Directors, Supervisors, 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 [**REDACTED**] 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. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the [**REDACTED**] for the [**REDACTED**] of, and permission to [**REDACTED**], our H Shares. The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Joint Sponsors will be paid by our Company a total fee of HK$[**REDACTED**] to act as the sponsors in connection with the [**REDACTED**].

D. Compliance Advisor

Our Company has appointed Guotai Junan Capital Limited as the compliance advisor upon the [**REDACTED**] in compliance with Rule 3A.19 of the Listing Rules.

E. Preliminary Expenses

We have not incurred any material preliminary expenses.

F. Promoters

See "History and Corporate Structure—Our Company—Incorporation of our Company" for details of our promoters.

Within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor is any proposed to be paid, allotted or given to any promoters in connection with the [**REDACTED**] and the related transactions described in this document.

G. Qualification of Experts

The qualifications of the experts, as defined under the Listing Rules, who have given opinions in this document, are as follows:

Name	Qualification
Guotai Junan Capital Limited	Licensed corporation to conduct Type 6 (advising on corporate finance) regulated activity as defined under the SFO
ABCI Capital Limited	Licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
Ernst & Young	Certified public accountants and public interest entity auditors
AllBright Law Offices (Shenzhen)	PRC Legal Advisor
China Insights Industry Consultancy Limited	Independent industry consultant
Holman Fenwick Willan LLP	Legal advisor as to international sanctions laws

H. Consents of Experts

Each of the experts named in "5. Other Information—G. Qualification of Experts" above has given and has not withdrawn its written consent to the issue of this document 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 [**REDACTED**] for or to nominate persons to [**REDACTED**].

I. 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 [**REDACTED**] of members of our Company, including in circumstances where such transaction is effect on the Stock Exchange. For further information in relation to taxation, see "Regulation Overview."

J. No Material and Adverse Change

Our Directors confirm that there has been no material and adverse change in the financial or [**REDACTED**] position of our Group since June 30, 2024.

K. Binding Effect

This document 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.

L. Related Party Transactions

Our Group entered into certain related party transactions within the two years immediately preceding the date of this document as mentioned in Note 38 to the Accountants' Report in Appendix I to this document.

M. Restriction on Share Repurchases

See Appendix III to this document for details.

N. Miscellaneous

(1) Within the two years immediately preceding the date of this document:

(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 "[**REDACTED**]," no commissions, discounts, [**REDACTED**] 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 "[**REDACTED**]," no commission has been paid or is payable for [**REDACTED**], agreeing to [**REDACTED**], procuring [**REDACTED**] or agreeing to procure [**REDACTED**] for any share in or debentures of our Company.

(2) There are no founder, management or deferred shares or any debentures 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 document.

(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 [**REDACTED**] or [**REDACTED**] with in any other stock exchange nor is any [**REDACTED**] or permission to [**REDACTED**] 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 [**REDACTED**] on any stock exchange or traded on any [**REDACTED**] system.

O. Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

(1) copies of the material contract referred to in "2. Further Information about Our Business—A. Summary of Our Material Contracts" in Appendix IV; and

(2) the written consents referred to in "5. Other information—H. Consents of Experts" in Appendix IV.

2. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the websites of our Company at **www.dobot.cn** (with respect to Chinese version) and **www.dobot-robots.com** (with respect to English version) 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 document:

(1) the Articles of Association in Chinese;

(2) the Accountants' Report from Ernst & Young, the text of which is set out in Appendix I;

(3) the audited consolidated financial statements of our Group for the three years ended December 31, 2023 and the six months ended June 30, 2024;

(4) the report from Ernst & Young relating to the unaudited [**REDACTED**] financial information, the text of which is set out in Appendix II;

(5) the material contract referred to in "2. Further Information about Our Business—A. Summary of Our Material Contract" in Appendix IV;

(6) the written consents referred to in "5. Other information—H. Consents of Experts" in Appendix IV;

(7) the contracts referred to in "3. Further Information about Our Directors and Supervisors—A. Particulars of Directors' and Supervisors' Contracts" in Appendix IV;

(8) the legal opinions issued by AllBright Law Offices (Shenzhen), 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 Trial Administrative Measures together with their unofficial English translations;

(10) the industry report issued by China Insights Industry Consultancy Limited; and

(11) the legal opinion issued by Holman Fenwick Willan LLP in respect of certain international sanctions matters.