

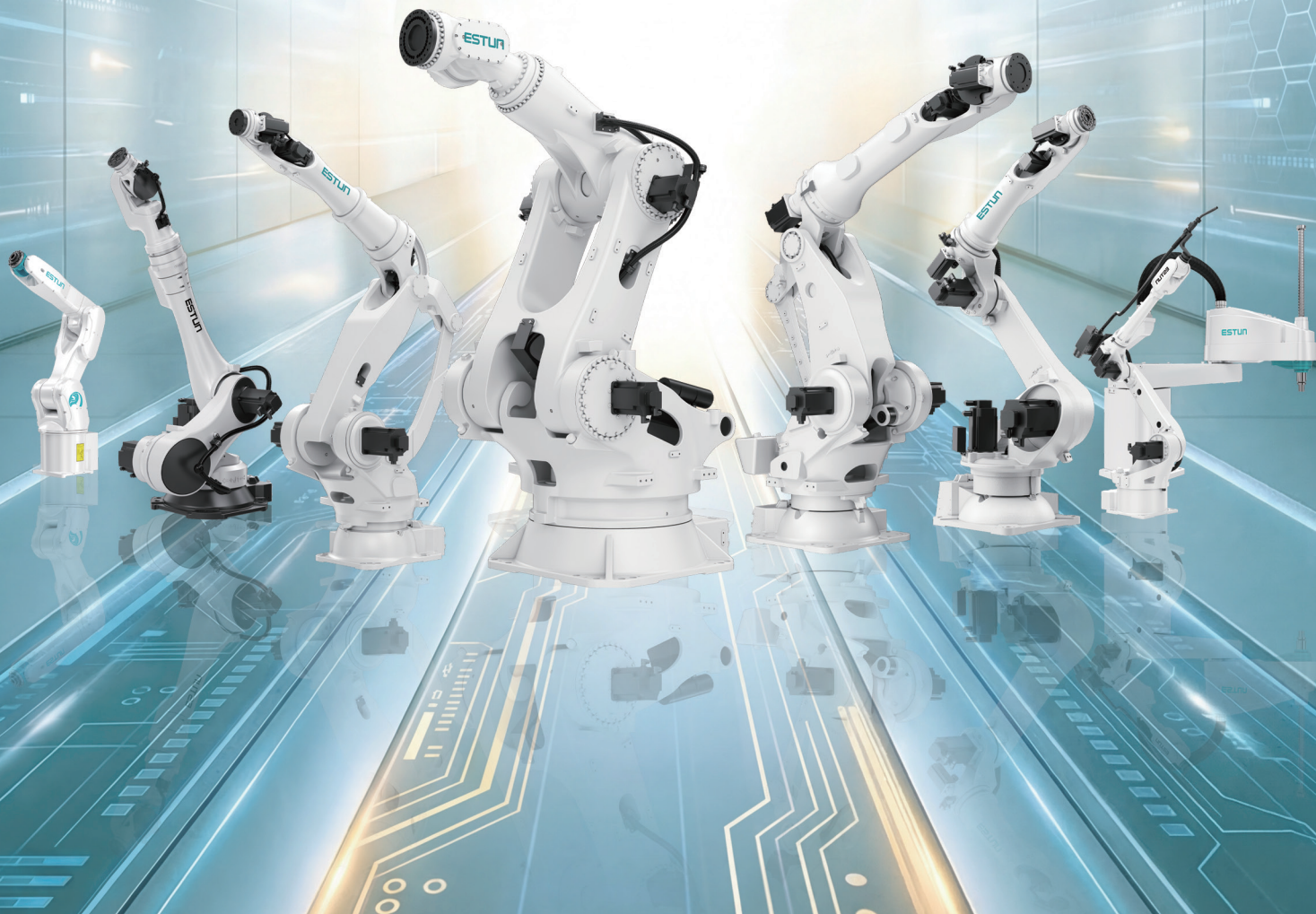
ESTUN
AUTOMATION

南京埃斯頓自動化股份有限公司
ESTUN AUTOMATION CO., LTD

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

Stock Code : 2715

2025
Annual Report



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wu Bo (*Chairman of the Board and chief strategic officer*)
Mr. Wu Kan (*Vice chairman of the Board and general manager*)
Mr. Zhu Chunhua
Mr. Zhou Ailin
Mr. He Lingjun

Non-executive Directors

Ms. Chen Yinlan

Independent Non-Executive Directors

Dr. Tang Wencheng
Dr. Han Xiaofang (*appointed with effect from June 20, 2025*)
Mr. Lin Jinjun (*appointed with effect from June 20, 2025*)
Dr. Feng Hutian (*resigned with effect from June 20, 2025*)
Mr. Chen Heng (*resigned with effect from June 20, 2025*)

AUDIT COMMITTEE

Dr. Han Xiaofang (*Chairlady*)
Dr. Tang Wencheng
Mr. Lin Jinjun

REMUNERATION AND APPRAISAL COMMITTEE

Mr. Lin Jinjun (*Chairman*)
Dr. Han Xiaofang
Ms. Chen Yinlan

NOMINATION COMMITTEE

Dr. Tang Wencheng (*Chairman*)
Dr. Han Xiaofang
Mr. Wu Kan

STRATEGIC COMMITTEE

Mr. Wu Bo (*Chairman*)
Mr. Wu Kan
Mr. Zhu Chunhua
Mr. Zhou Ailin
Dr. Tang Wencheng

ESG COMMITTEE

Mr. Wu Bo (*Chairman*)
Dr. Tang Wencheng
Mr. He Lingjun

JOINT COMPANY SECRETARIES

Ms. Xiao Tingting
Ms. Poon Pui Man Hera

AUTHORISED REPRESENTATIVES

Mr. Wu Kan
Ms. Poon Pui Man Hera

AUDITOR

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

HONG KONG LEGAL ADVISOR

Tian Yuan Law Firm LLP
Suites 3304-3309, 33/F
Jardine House
One Connaught Place
Central
Hong Kong SAR

COMPLIANCE ADVISER

Maxa Capital Limited
Unit 2602, 26/F, Golden Centre
188 Des Voeux Road Central
Sheung Wan
Hong Kong SAR

REGISTERED OFFICE

No. 1888 Jiyin Avenue
Jiangning, Nanjing
Jiangsu Province
PRC

HEAD OFFICE IN PRC

No. 1888 Jiyin Avenue
Jiangning, Nanjing
Jiangsu Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

4/F, Jardine House
1 Connaught Place
Central
Hong Kong SAR

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor,
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong SAR

PRINCIPAL BANKS

Industrial and Commercial Bank of China
Nanjing Jiangning Economic
Development Zone Sub-branch
No. 99-1 Jiangjun Avenue
Jiangning District, Nanjing City
Jiangsu Province
PRC

Bank of China Nanjing Jiangning Economic
Development Zone Sub-branch
No. 11, Shengtai Road
Jiangning Economic Development Zone
Nanjing City, Jiangsu Province
PRC

STOCK CODES

Hong Kong Stock Exchange (H Shares): 2715
Shenzhen Stock Exchange (A Shares): 002747

COMPANY'S WEBSITE

www.estun.com



Financial Highlights

	Year ended December 31,			
	2025	2024	2023	2022
	<i>RMB'000</i>			
Financial performance				
Revenue	4,888,011	4,008,772	4,651,949	3,880,779
Gross profit	1,415,205	1,134,030	1,455,095	1,276,218
Profit/(loss) for the year	41,685	(817,685)	133,627	183,559
Profit/(loss) attributable to equity				
Shareholders of the Company	41,341	(810,929)	135,672	166,780
Basic earnings/(loss) per Share	0.05	(0.94)	0.16	0.19
Net operating cash flow	505,220	(104,035)	714	17,482
EBITDA ⁽¹⁾	422,731	(437,770)	439,268	480,175
Adjusted EBITDA ⁽²⁾	447,648	(66,852)	445,770	490,428

Notes:

- (1) EBITDA (non-IFRS measure) is defined as profit or loss before taxation adjusted by adding back (i) finance costs, and (ii) depreciation and amortization, and deducting interest income from bank deposits.
- (2) Adjusted EBITDA (non-IFRS measure) is defined as EBITDA adjusted by adding back (i) equity-settled share-based payment expenses, (ii) impairment loss on intangible assets and goodwill, and (iii) listing expenses

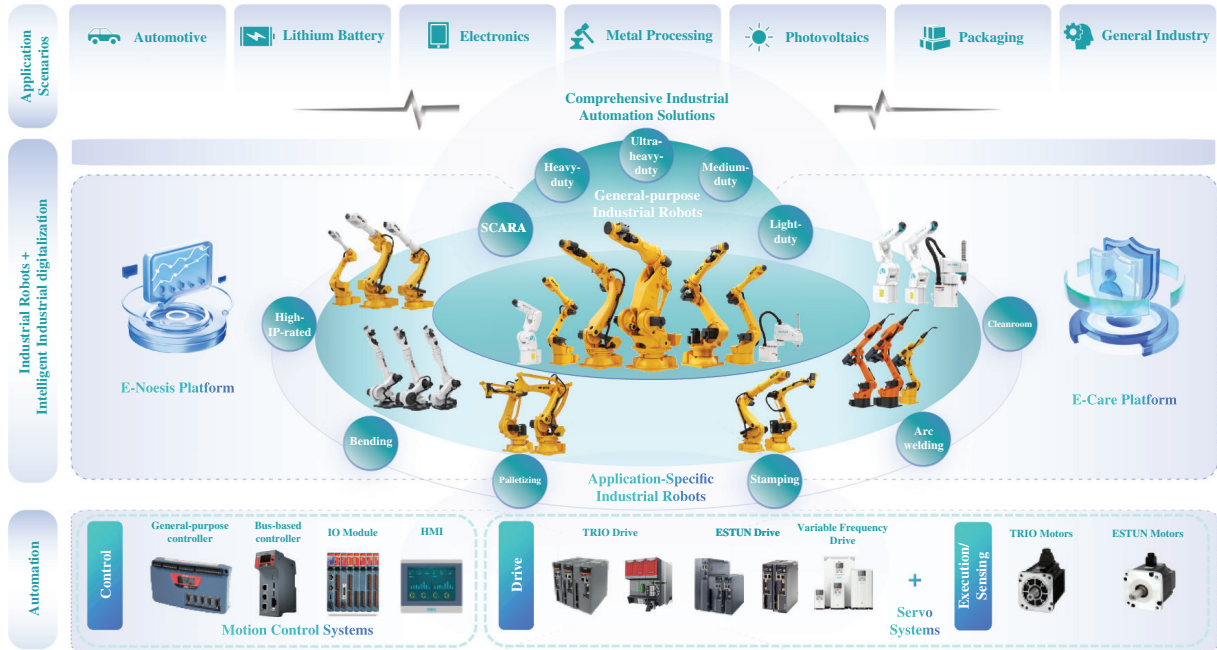
	As of December 31,			
	2025	2024	2023	2022
	<i>(RMB'000)</i>			
Financial position				
Total current assets	5,325,688	6,063,755	5,692,737	4,483,734
Total non-current assets	4,091,272	4,077,144	4,388,762	3,766,909
Total current liabilities	5,207,418	6,012,332	5,024,593	3,317,857
Total non-current liabilities	2,190,664	2,235,865	2,234,892	1,862,880
Total equity	2,018,878	1,892,702	2,822,014	3,069,906

Management Discussion and Analysis

BUSINESS REVIEW AND PROSPECT

Principal Business of the Company

We possess independent research and in-house production capabilities across the entire industry chain, encompassing “core components + fully assembled robots + solutions.” Our main products include industrial robots and intelligent manufacturing systems, along with core automation components and motion control systems.



- ### Industrial Robots and Intelligent Manufacturing Systems

Our industrial robot portfolio comprises 96 models with payloads ranging from 3kg to 1,200kg. It covers a full spectrum of general-purpose robots and application-specific robots with advanced process capabilities, meeting diverse manufacturing needs, from lightweight to heavy-duty and from high-speed to high-precision. We embed process-specific software packages that equip our robots for tasks such as bending, arc welding, spot welding, stamping, die casting, polishing, gluing, assembly and flexible sorting. We offer more than 20 types of workstation solutions and customized smart production lines, delivering holistic robotics-based intelligent manufacturing solutions.

While developing robotic solutions, we also created a dual digital platform that integrates remote maintenance and intelligent management to promote the digital operation of factories. The E-Care Platform utilizes IoT and cloud technology to achieve real-time diagnostics, remote troubleshooting, and over-the-air updates, significantly enhancing service efficiency. The E-Noesis platform serves as a digital intelligence hub, leveraging big data, digital twins, and artificial intelligence to provide digital functions such as process quality detection and optimization, fault warning analysis, and remote operations and maintenance, making device parameters, process parameters, production capacity, and quality data transparent. This offers users a core competitive advantage in digitalization. The two platforms work in synergy to transform data into strategic assets, helping to enhance productivity, cost efficiency, and operational excellence.

- ***Core Automation Components and Motion Control Systems***

We also provide customers with motion control and servo systems, featuring a range of general-purpose controllers and servo systems. Our products also include motion control solutions built upon our servo systems and control systems. Additionally, we develop dedicated controllers, purpose-built servo drives and integrated drive-control units, designed specifically for our industrial robots. We offer complete solutions for high-performance motion control for process-specific equipment, general automation devices, and automated production lines. Our product architecture covers every layer of automation control, encompassing information processing, control systems, drive technologies, and execution, forming a robust technology matrix capable of supporting a wide range of industrial scenarios.

Industry Overview During the Reporting Period

(I) Industry Overview and Stage of Development

Industrial automation products are widely applied across a broad range of downstream industries, including but not limited to new energy vehicles, photovoltaics, lithium batteries, heavy industry, electronics and semiconductor manufacturing, metal processing, machinery and equipment, elevators, medical supplies, and food and beverages. Demand for industrial automation products is closely correlated with factors such as capacity expansion in downstream industries, equipment upgrades and replacement, and improvements in automation and intelligent manufacturing capabilities. The greater the demand for equipment and the higher the degree of automation and intelligentization, the greater the demand for industrial automation products. The continued development of downstream industries, the trend toward domestic substitution, and industrial transformation and upgrading have created broad market prospects and favorable development expectations for the automation industry.

In 2025, against the backdrop of weak momentum in the global economic recovery and continued disruption to industrial chain layouts caused by geopolitical competition and trade protectionism, China's economy remained in a period of overlapping transformation pressures. Affected by weak domestic demand, excess capacity and export uncertainty, the industrial automation industry as a whole remained in an adjustment cycle characterized by bottoming out and stabilization, structural divergence and intensified competition, with overall industry growth slowing down. Industry demand showed clear structural differentiation, with weak sentiment in traditional general manufacturing segments, while high-end manufacturing subsectors maintained relative resilience, and the pace of industry consolidation and increasing concentration accelerated. Driven and supported by policy initiatives, the industry landscape underwent accelerated restructuring, with domestic substitution continuing to penetrate mid – to high-end segments. Market participants also actively expanded into emerging application markets and explored embodied intelligence as a new growth curve. Enterprises accelerated their global expansion and responded to operating pressures through technological breakthroughs and improved operational efficiency, achieving dual upgrades in both quality and structure as the industry entered a new stage of high-quality development.

Supported by multiple favorable factors such as the “Two New” policies, overall demand for domestic industrial robots grew steadily and installation density continued to increase. However, the industry has moved beyond its high-growth stage and entered a new period characterized by both stock competition and structural opportunities. On the demand side, the accelerated intelligent upgrading of traditional manufacturing and the rapid rise of high-end manufacturing drove a steady recovery in demand for industrial robots. According to MIR data, China’s industrial robot market rebounded significantly in 2025, with annual sales exceeding 300,000 units, representing a year-over-year increase of more than 13%. On the supply side, driven by policies promoting the localization of core components, the penetration of industrial robots in key sectors such as automotive, new energy and semiconductors continued to accelerate, and enterprises showed strong willingness to expand production. According to data from the National Bureau of Statistics, China’s annual output of industrial robots reached 773,000 sets in 2025, representing a year-over-year increase of 28.0%. However, output growth significantly outpaced installation growth, and the risk of industry overcapacity gradually emerged. Price competition intensified, and market competition entered an increasingly fierce stage.

With the deepening of technological innovation, continued policy support and ongoing expansion of application scenarios, leading domestic robot enterprises have seen greater room for development, and the pace of high-quality development has accelerated significantly. On the one hand, leveraging China’s well-established supply chain system, efficient technical service capabilities and flexible market strategies, domestic robot enterprises have competed head-on with foreign brands in segments such as electronics, automotive components and lithium batteries, actively capturing market share and accelerating penetration into complete vehicle manufacturing, thereby continuously increasing the market share of domestic industrial control and robot products. On the other hand, in 2025, industry participants generally accelerated new product iteration, continuously optimized cost structures, actively explored emerging application scenarios such as power and energy storage, shipbuilding, 3D printing, and paper-plastic products, and simultaneously expanded into frontier directions such as embodied intelligence to explore new growth engines. Under continued favorable industrial policies, leading domestic enterprises achieved rapid shipment growth. Benefiting from local industrial chain advantages and economies of scale, their cost competitiveness further improved, while the ongoing rollout of new scenarios continued to accelerate the domestic substitution process. According to MIR data, the market share of domestic industrial robot manufacturers exceeded 54% in 2025, and the competitive landscape between domestic and foreign brands became increasingly intense. Looking ahead, as both domestic and foreign enterprises continue to increase resource input, competition in the industrial robot industry will evolve to a deeper level and gradually shift toward a new round of competition centered on intelligent capabilities.

(II) Our Position in the Industry

We are a leading industrial robot enterprise in China. According to statistics from MIR, we have ranked first among domestic enterprises in industrial robot shipments in China’s industrial robot solutions market for consecutive years. According to the same source, we achieved a historic breakthrough in 2025, with our industrial robot shipments in the domestic market surpassing those of foreign brands, making us the first domestic robot enterprise to top China’s industrial robot solutions market, with our market share further increasing. Our 700kg ultra-heavy-duty industrial robot was included in the *Catalog of Nationally Recognized First-of-its-Kind Innovative Products* 《首台(套)重大技術裝備推廣應用指導目錄(2024年版)》, and our industrial robot used for photovoltaic layout also earned us the title of Champion Enterprise in a Niche Manufacturing Sector (製造業單項冠軍企業).

Management Discussion and Analysis

The Company has established a number of technological innovation platforms, including the National Engineering Research Center for AC Servo Systems in the Machinery Industry (國家機械工業交流伺服系統工程技術研究中心), the Jiangsu Engineering Research Center for AC Servo Systems (江蘇省交流伺服系統工程技術研究中心), the Jiangsu Engineering Research Center for Numerical Control Systems of Forging Machinery (江蘇省鍛壓機械數控系統工程技術研究中心), the Jiangsu Engineering Research Center for Electro-hydraulic Control Systems (江蘇省電液控制系統工程技術研究中心), the Jiangsu Key Laboratory of Industrial Robots and Motion Control (江蘇省工業機器人及運動控制重點實驗室), the Jiangsu Industrial Design Center (江蘇省工業設計中心), the Jiangsu Provincial Enterprise Technology Center (江蘇省企業技術中心), a national postdoctoral research workstation (國家級博士後科研工作站), and a Jiangsu provincial graduate workstation (江蘇省企業研究生工作站). The Company's robot reliability laboratory has obtained CNAS (China National Accreditation Service for Conformity Assessment) accreditation, qualification as a China Energy Efficiency Filing Laboratory, and cooperative laboratory qualifications from TÜV Germany and UL of the United States. The Company has successively undertaken a number of major science and technology projects of the Ministry of Science and Technology and the Ministry of Industry and Information Technology, industrial revitalization and technological transformation projects of the National Development and Reform Commission, major science and technology and transformation and upgrading projects of the Jiangsu Department of Industry and Information Technology, and Jiangsu science and technology achievement transformation projects. The Company is among the first batch of domestic industrial robot enterprises certified under the "Chinese Robot" certification jointly promoted by the National Development and Reform Commission, the General Administration of Quality Supervision, Inspection and Quarantine, the Ministry of Industry and Information Technology, and the Certification and Accreditation Administration of China, and is also one of the benchmark enterprises included in the "Chinese Robot TOP10" promoted by the Ministry of Industry and Information Technology. The Company has successively received honors including National Manufacturing Single Champion Enterprise, National Specialized and Sophisticated "Little Giant (小巨人)" Enterprise, National Intellectual Property Advantage Enterprise, National Intelligent Demonstration Factory, National Green Factory, Jiangsu Innovative Leading Enterprise, and Outstanding Enterprise for Technological Innovation and Development.

Analysis of Core Competitiveness

(I) Advantages in Independent Core Automation Components and Complete Motion Control Solutions

Our possession of proprietary core technologies and core components gives us a unique competitive advantage in providing customers with complete motion control solutions across all scenarios. The Company's CNC systems, electro-hydraulic servo systems and AC servo systems are all core control components of intelligent equipment. Such system solutions, formed through the integrated combination of mechanical, electrical and hydraulic technologies, represent highly technical elements of intelligent equipment. At present, providing customized and personalized motion control solutions to industry customers has become a major development direction for products in the core automation components and motion control systems segment, supporting the manufacturing industry's development toward automation, intelligentization and digitalization.

In the field of motion control, we possess a comprehensive range of motion control products and globally leading motion control technologies. Based on the advantages of the Trio motion control platform in efficient synchronous control and advanced motion control algorithms, we systematically integrate servo systems, inverters, Motion PLC, IO and sensors into one solution, forming highly targeted solutions that are quick to deploy, highly efficient in control, technically specialized and cost-effective. Based on our self-developed robot-specific controller platform, robot-specific servo platform and forward-designed robot body design platform, we are able to achieve self-iteration based on market and customer needs in combination with our own capabilities and provide the market with robot application-based products and complete solutions.

(II) Competitive Advantages of the Entire Industry Chain of “Core Components + Fully Assembled Robots + Solutions”

We adhere to the “All Made By Estun” strategy and have achieved an independently controlled layout across the entire industry chain, from core components and fully assembled robot bodies to intelligent manufacturing systems. We provide customers with full life-cycle industrial automation solutions centered on robots, strengthen our business development model featuring independently controllable core technologies and supply chains, and have built comprehensive competitive advantages in technology, quality, cost, service and branding. While achieving scale effects, we have significantly reduced manufacturing and maintenance costs, improved profitability, and enhanced our resilience against risks.

Leveraging our leading advantages in general motion control platforms and robot control platforms, we integrate core motion control components with robot products to form platform-based control solutions, namely the “robot-centered equipment automation” model, thereby enabling “high-efficiency, low-cost” equipment automation solutions and truly realizing scenario application advantages that extend from simple general motion control and robot control to industrial control.

Our AI digital platforms build full life-cycle industrial robot solutions. The E-Noesis platform uses big data and digital twin technologies to manage the full life cycle of robots and, by integrating digital information such as operational indicators and process parameters, can present the operating status of equipment and production lines in a comprehensive and real-time manner. The E-Care maintenance platform combines IoT connectivity and cloud computing technologies to achieve deep integration of OI and IT, break down data silos and provide end-to-end remote support for equipment. The two platforms work in synergy to transform data into strategic assets, helping improve productivity, cost efficiency and operational excellence.

(III) Building Industry-leading Advantages for Industrial Robots in Segmented Fields

We adhere to the “general-purpose + niche segment” market strategy, carry out customized development for specific customers in segmented markets, continuously expand application scenarios, and maintain leading positions in segmented industries such as new energy, metal processing, automotive, electronics and welding. Based on our core automation technologies, we drive industrial robots toward full-category, high-precision, heavy-duty and scenario-based development. We actively monitor industry trends, use overseas markets as a strategy for expanding into high-end applications, and gain insight into product and technology needs. We also plan ahead in servo and robot functional safety, take customer demand as the orientation, and were among the first in China to develop products based on functional safety and obtain TÜV Rheinland certification.

We focus on application processes throughout the entire photovoltaic industry chain and, around the intelligent manufacturing needs of silicon wafers, solar cells and photovoltaic modules at various process stages, have developed complete intelligent solutions for the photovoltaic industry and deeply participated in the construction of the world's first photovoltaic lighthouse factory. In the lithium battery industry, we have built a globally ultra-high-speed lithium battery production line, pushing the limits of production efficiency. In the automotive industry, we provide intelligent manufacturing solutions covering the full process from complete vehicle manufacturing to component processing, and, around the intelligent manufacturing needs of various process stages such as spot welding, arc welding, gluing, riveting and handling, have developed complete intelligent solutions for the automotive industry. Estun's high-precision six-axis robots have been deployed in batches on the production lines of a number of leading automakers, setting multiple industry benchmark projects. In addition, the flexible production line solution jointly developed by the Company and automakers has successfully entered overseas markets, continuously expanding our global footprint. In the metal processing field, we can provide complete solutions covering the entire metal processing process, from die casting and decoiling and leveling to stamping, bending, welding and polishing, and have developed robot solutions specifically for intelligent bending, significantly improving bending process efficiency. In the high-end heavy-duty field, Estun successfully launched a 700kg heavy-duty robot, breaking through technical barriers, being included in the Guiding Catalogue for the Promotion and Application of the First Set of Major Technical Equipment of the Ministry of Industry and Information Technology, and filling the domestic gap in heavy-duty robots. During the Reporting Period, the Company independently developed a 1,200kg ultra-heavy-duty robot, significantly enhancing China's influence in core heavy-duty robot technologies. As industrial robots are further applied in more industries, we will continue to unlock the value of data, promote the deep integration of AI and robotics technologies, and continuously expand the boundaries of intelligent manufacturing.

(IV) Technological Leadership and Innovation Advantages Derived from Sustained High R&D Investment

Adhering to the strategic objective of "from following to surpassing," we have maintained R&D investment at approximately 10% of sales revenue for many years. Through acquisitions and integration, as well as external recruitment and internal cultivation, we have laid a solid foundation for maintaining our leading advantage in technological innovation. Through continuous technological innovation and deep integration with the industrial ecosystem, we are committed to driving enterprises to achieve transformation and upgrading and injecting strong momentum and innovative vitality into global industrial manufacturing.

We are committed to building a globally competitive R&D footprint and a multi-tiered R&D system. We continue to invest in R&D and vigorously attract outstanding talent from both China and abroad. With Nanjing as our R&D center, we integrate global R&D resources from Germany, the United Kingdom, the United States and elsewhere, and have established a high-caliber R&D team composed mainly of international industry experts, Jiangsu provincial innovation and entrepreneurship leaders, and high-level overseas returnee talent. We have a sound R&D organizational management system and have formed three major talent tiers: an automation innovation team, a senior engineering technology team, and an expert academic team. We also conduct R&D cooperation with a number of well-known domestic and international universities. Our strong technical team provides assurance for the Company's ability to conduct independent R&D and continuous technological innovation.

During the Reporting Period, we added 51 new software copyrights and obtained authorization for 74 new patents. As of December 31, 2025, we held a total of 441 software copyrights and 634 authorized patents, including 279 invention patents. We also had 210 patent applications pending authorization. As of the end of the Reporting Period, we had 3,261 employees, of whom 968 were engaged in R&D and engineering technology, representing 29.68% of our total workforce. R&D investment during the Reporting Period amounted to RMB464 million, representing 9.50% of revenue.

We place great importance on the commercialization of R&D results and adhere to a customer demand-oriented objective in all respects. We adopt a tightly coupled product development model to achieve efficient integration across the entire process from customer demand collection, product planning and design and development to market launch and promotion. We possess CNAS accreditation, qualification as a China Energy Efficiency Filing Laboratory, and cooperative laboratory qualifications recognized by TÜV Germany and UL of the United States, which effectively facilitate the conversion of laboratory innovation and R&D into practical industrial applications.

(V) Accelerating the Building of Sustainable International Competitive Advantages through Global Layout

We adhere to an international development strategy and build our core competitiveness from a global perspective. Through global layouts in products and branding, marketing and services, manufacturing and R&D, we continue to enhance our international competitiveness. Through independent development and strategic acquisitions, we have gradually built a global product and brand matrix. On the one hand, we continue to promote the Estun brand in international markets and enhance overseas customers' recognition of our products and brand. On the other hand, we have successively acquired leading enterprises such as Trio, Cloos and M.A.i., rapidly expanding our global product matrix in the field of industrial automation. Based on technical standards and customer needs in different markets, we carry out targeted product R&D and manufacturing, have obtained a number of international certifications including CE, UL, cETLus and TÜV CE, and have gradually built a customer base and continuously expanded our global brand influence through overseas sales.

We currently have 75 service outlets worldwide, with business coverage across Europe, the Americas, Asia and other developed manufacturing and economic regions. We regard the European market as the strategic starting point for our growth into a global leader in industrial robotics, and have established subsidiaries and localized teams in multiple European countries. We have built a global production capacity system centered on our domestic footprint and supported by our overseas footprint. Through the "Local for Global" model, we fully leverage the efficiency advantages of China's local supply chain to provide global customers with technologically advanced, cost-optimized and widely accessible industrial automation solutions. At the same time, we have established and operate manufacturing bases in Europe, close to European customers, to carry out flexible and efficient localized production and improve global delivery efficiency.

We have established R&D centers in China, Germany and the United Kingdom, and, by relying on an international coordination mechanism, align technology innovation directions precisely by combining global industrial trends with the needs of different regional markets. Our overseas R&D teams provide mature theoretical systems and technical accumulation, while our domestic R&D teams possess the advantages of efficient response and rapid iteration. Through the complementarity of Chinese and overseas R&D resources, we have significantly improved R&D efficiency and continuously delivered forward-looking and practical innovative results, providing more competitive solutions to global customers.

(VI) Continuously Improving Product Quality to Ensure Delivery of High-quality Products

We adhere to the core philosophy of being customer-centric and focus on producing high-quality products. By establishing a stringent quality control system and a full-process traceability mechanism, we implement strict quality control throughout the production process, prevent issues at the source, standardize every stage across the full product life cycle, monitor the effective execution of processes, produce products that meet customer needs, enhance the market reputation of our products, and ensure the delivery of high-quality products.

We have built world-leading automated production lines and carry out efficient, flexible and lean manufacturing to ensure high-quality production and delivery of products and continuously enhance product competitiveness. Our reliability testing center has obtained CNAS (China National Accreditation Service for Conformity Assessment) accreditation, qualification as a China Energy Efficiency Filing Laboratory, and cooperative laboratory qualifications from TÜV Germany and UL of the United States. By establishing comprehensive simulations of customer application environments, including product function testing, performance testing, application process testing, harsh environment simulation testing, electromagnetic compatibility testing, product reliability validation testing and product accelerated life testing, we continuously improve product performance, ensure outstanding quality, narrow the gap with international advanced standards, and provide a long-term support platform.

Review of Operation during the Reporting Period

In 2025, the momentum of the global economic recovery remained weak, while geopolitical rivalries and trade protectionism continued to disrupt the layout of industrial chains. China's domestic economy remained in a period of overlapping transition. Affected by weak domestic demand, overcapacity and export uncertainty, the industrial automation industry as a whole remained in an adjustment cycle characterized by bottoming out and stabilizing, structural divergence and intensified competition, with overall industry growth slowing down. Industry demand showed clear structural differences, with traditional general manufacturing sectors remaining weak, while high-end manufacturing segments maintained relative resilience, and the pace of industry consolidation and concentration accelerated. Supported and guided by favorable policies, the industry landscape underwent accelerated reshaping. Domestic substitution continued to penetrate into the mid-to-high-end segments, while market participants actively explored emerging application markets and deployed embodied intelligence to explore new growth drivers. Enterprises also accelerated their global expansion, responding to operating pressure through technological breakthroughs and operational efficiency enhancement, thereby achieving both quality and structural upgrades and ushering the industry into a new stage of high-quality development.

In 2025, the Group recorded revenue of RMB4,888.01 million, representing a year-on-year increase of 21.93%, of which revenue from the industrial robots and intelligent manufacturing systems business amounted to RMB3,995.63 million, representing a year-on-year increase of 31.91%, while revenue from the automation core components business amounted to RMB888.51 million, representing a year-on-year decrease of 8.99%. Domestic business revenue amounted to RMB3,425.34 million, representing a year-on-year increase of 29.79%, while overseas business revenue amounted to RMB1,462.67 million, representing a year-on-year increase of 6.80%.

During the Reporting Period, driven by the recovery in market demand and the acceleration of domestic substitution, the Company continued its trend of strong growth in the industrial robot market, ranking first in the domestic robot market for eight consecutive years and achieving a historic breakthrough. According to the latest data published by MIR, in 2025, the shipment volume of the Company's industrial robots surpassed that of foreign brands within the domestic market for the first time, making it the first domestic robot brand to rank at the top of the industrial robot market in China. Its market share further increased, with rapid growth achieved in application sectors such as automotive, electronics and lithium batteries. In particular, revenue from Estun-branded robots increased by nearly 50% year-on year.

During the Reporting Period, revenue from the core automation components business declined to a certain extent as a result of industry fluctuations, market competition and the disposal of interests in subsidiaries. The Company will actively respond to market changes and promote the steady development of its core components business by focusing on its major customer strategy, collaborating with channel partners, continuously optimizing its customer mix, exploring new market opportunities, strengthening its solution capabilities, accelerating its overseas business expansion, and continuously optimizing costs to enhance product competitiveness.

During the Reporting Period, the Company actively expanded its global business footprint by establishing an international management team and strengthening its market development efforts in Europe, the Americas and Southeast Asia, while continuing to build core benchmark application scenarios and a core ecosystem partner network. At the same time, centered on the establishment of a global production and supply system, the Company advanced the completion of the construction of its factory in Poland and accelerated the overseas expansion of its high-value products.

In 2025, the Company turned losses into profits. The Group's profit attributable to equity Shareholders of the Company amounted to RMB41.34 million, and the Group's EBITDA and adjusted EBITDA amounted to RMB422.73 million and RMB447.65 million, respectively.

The Company focused on high-end application products and high-quality orders, continuously enhancing product competitiveness, and gradually improved its gross profit margin through cost-reduction and efficiency-enhancing measures such as supply chain optimization, increasing the use of domestic substitutes for raw materials, and adopting lean manufacturing practices. Meanwhile, the Company actively expanded into overseas markets, accelerated the overseas expansion of its products, developed more high-barrier and high-value-added products, and established a global capacity deployment and supply chain system through the "Local for Global" model, thereby fully leveraging the efficiency advantages of China's local supply chain and continuously optimizing its cost structure. Through its dual-wheel drive strategy of "products + services," the Company will provide a full life-cycle after sales service system. As robot ownership increases and the replacement cycle arrives, the aftermarket service market is expected to become a new source of profit growth.

During the Reporting Period, through comprehensive budget management and dynamic budget authorization, the Company continuously advanced cost reduction and efficiency enhancement and strengthened its execution and assessment mechanisms, resulting in a decline in the Company's expense ratio for the period as compared with the corresponding period of last year. The Company will continue to strengthen refined management by further enhancing sales management to improve per capita efficiency, continuously improving operating cash flow and repaying loans to reduce the scale of interest-bearing liabilities, and optimizing research and development processes to continuously improve research and development output efficiency. As the Company's scale effect and operating quality continue to improve, its profitability indicators are expected to improve accordingly, while EBITDA is expected to maintain long-term stable growth.



Management Discussion and Analysis

In 2025, the Company's net cash generated from operating activities amounted to RMB505.22 million. During the Reporting Period, the Company achieved relatively strong revenue growth as compared with the corresponding period of last year. By establishing a rigorous customer credit rating system, strengthening contract management, optimizing collection procedures, and establishing collection incentive mechanisms, the Company enhanced its trade receivables recovery efforts. In addition, through continuous supply chain optimization, stronger demand forecasting and supply chain coordination, and by combining the made-to-order production model with safety inventory requirements, the Company further improved inventory management and inventory turnover. As a result, the Company's operating cash flow and cash turnover days improved significantly. Going forward, the Company will continue to strengthen the management of inventories and receivables, continuously improve operational efficiency, accelerate capital turnover and enhance its operating cash flow management.

Outlook for Future Development of the Group

(I) Development Strategy

In 2026, uncertainties persist in the global geopolitical landscape, while the monetary policies of major economies are trending toward easing. The restructuring of international industrial and supply chains is deepening and China's domestic macroeconomy is expected to stabilize and recover further. As the first year of the 15th Five-Year Plan, with the new industrialization strategy being implemented in depth and policies relating to equipment upgrades, technological transformation and digital transformation in the manufacturing industry continuing to take effect, the industrial automation industry is expected to benefit from a favorable policy environment and market support, ushering in a new stage of accelerated recovery and upgrades in both quality and efficiency. The recovery in downstream manufacturing investment is expected to drive improvement in overall demand, while the industry is expected to exhibit accelerating localization and rising concentration. Frontier technologies such as high-end manufacturing and embodied intelligence are expected to accelerate their commercial implementation. Industry competition is expected to shift from price competition to competition in technological innovation and global service capabilities. Domestic manufacturers are expected to achieve breakthrough substitution in core components and high-end application scenarios, while global production capacity and supply chain systems are expected to become increasingly mature, formally ushering the industry into a new cycle of intelligent upgrading, global competition and value enhancement.

In 2026, with the strategic goal of building a "world-renowned brand for Chinese robots", we will continue to leverage its leading position and brand influence in the domestic market to accelerate the process of domestic substitution and expand its market share in China. We will regard overseas market expansion and market share capture as key strategic priorities for the year and will advance the development of its products into global brands. It will also accelerate the deep integration of robotics and AI, as well as the deployment of embodied intelligence in industrial scenarios, build a full-stack "AI + robotics" technology chain and an open industrial ecosystem, and create our next growth driver. We will take the continuous improvement of product quality as its foundation and establish a full life-cycle quality control system to build core competitiveness based on exceptional quality. It will continue to lead breakthroughs into high-end application markets, accelerate the process of comprehensive domestic substitution, and achieve a transition from market follower to standard setter. Supported by lean management to improve quality and efficiency, the Company will strengthen cost control, capital management and organizational efficiency, reinforce its operational resilience, and comprehensively achieve high-quality development.

(II) Operating Plans for 2026

1. Accelerating the global business footprint and proactively expanding the global supply chain and service network

We will focus on building a “world-renowned brand for Chinese robots” and further develop a global network covering R&D, manufacturing, delivery and services, with a particular focus on making breakthroughs in mainstream regional markets with global radiating effects, such as Europe, and continuously increasing our market share in international markets. We will concentrate on winning leading global customers, building landmark projects with demonstration effects, and continuing to invest in the development of a multi-brand strategy, so as to efficiently meet the needs of different customer groups, provide global customers with cost-competitive products and solutions, and enhance our brand awareness worldwide.

We will fully leverage synergies between our domestic and overseas operations and build our core global competitiveness through globalized service, R&D and product delivery systems. We currently have a well-established global business network that enables worldwide service and support. We have already established international sales teams overseas and will actively promote cooperation with local partners to jointly develop solutions tailored to local markets. We currently have 75 service outlets worldwide, covering major manufacturing and economically developed regions in Europe, the Americas and Asia, and we possess safety certifications that comply with international standards, including CE, UL and high-standard functional safety certifications. We will fully leverage the advantages of our entire industry chain and overseas industrial layout and, based on Estun’s extensive experience in overseas market development and well-established localized teams, build a global brand with high-quality products and comprehensive intelligent solutions and services.

2. Continuing to lead breakthroughs in high-end application scenarios and accelerating the domestic substitution process

Our robots serve leading industries such as automotive, lithium batteries, electronics and metal processing. By addressing pain points in demanding and critical application scenarios, we develop new robots for high-value application scenarios, with the goal of full-scenario coverage and breakthroughs in key process applications. We have continued to achieve application breakthroughs in high-end equipment sectors such as automotive and metal processing, building the core competitiveness of our full-industry-chain solutions in high-end application industries, significantly enhancing product quality and market competitiveness, and gradually breaking the monopoly of international brands in the high-end market.

Across the upstream and downstream of the robotics industry chain, we have achieved comprehensive coverage from core components to complete machine manufacturing and further to intelligent manufacturing and intelligent factory solutions. In 2026, we launched a new generation of iER series intelligent industrial robot products, focusing on high-end application scenarios and accelerating domestic substitution in more niche sectors such as automotive, semiconductors, metal processing, shipbuilding and aerospace. At the same time, with a view to the long-term development trajectory of automation through robot substitution for labor, we will strengthen in-depth insight into new application scenarios and, through the accumulation of industry know-how, guide technological iteration and upgrading in the industry, striving to achieve a qualitative leap in the high-end applications market from “following” to “defining standards.”



3. *Strengthening the deep integration of robotics and AI technologies and deploying embodied intelligence industrial scenarios*

We will further advance the deep integration of robotics and AI technologies and innovation in business models, expand the incremental robotics market, and accelerate the deployment of embodied intelligence industrial scenarios. As the chair unit of the Jiangsu Embodied Intelligence Robotics Industry Alliance, we will join hands with leading industry enterprises, research institutes and other alliance members, aiming at breakthroughs in core technologies for embodied intelligent robots, focusing on the R&D of core AI components and the integrated innovation of industrial AI platforms and embodied intelligence technologies, while taking into account ease of use, high performance, safety and practical deployment value.

We will build embodied intelligence foundations ranging from embodied intelligence basic technologies and core AI components, supported by industrial-grade large models and deep learning frameworks; to a new-generation E-Noesis AI industrial cloud platform, a new-generation iER.Sim high-fidelity simulation software, and a new-generation iER.OS + RoboBase platform, enabling full openness of interfaces, models, data, software and hardware, and seamless access to ROS2, thereby supporting users in rapidly developing vertical AI solutions; and further to the development of vertical application scenarios, where, based on extensive application data and the high-fidelity simulation capabilities of iER.Sim, AI technologies will be deeply integrated into intelligent path planning and process optimization, so as to build intelligent solutions for welding, grinding, flexible assembly and loading and unloading, painting, and unstructured scenarios, thereby enhancing the intelligence level of robotic operations. By connecting the closed loop among the data middle platform, simulation tools, precise execution and perception-planning capabilities, we will form a full-stack "AI + robotics" technology chain covering the digital layer, application layer and control layer.

We will take data as the core, the platform as the link, and ecosystem collaboration as the driving force to build an open robotics + AI industrial ecosystem, develop embodied intelligence solutions for multiple scenarios, and fulfill our corporate mission of "making manufacturing smarter."

4. *Continuously improving product quality and building outstanding competitive advantages*

We have always upheld the corporate mission of "making quality more outstanding," placing quality improvement at the core of our strategy and steadily advancing a three-year special quality improvement plan, with a view to building core competitiveness benchmarked against international standards and surpassing industry leaders. We are committed to the deep integration of full-process quality control and independently controllable capabilities across the entire industry chain. Centering on the independent R&D of core components, high-reliability validation of complete machines, and certification under functional safety systems, we are comprehensively building a quality control system covering the entire product life cycle. Stringent quality standards are embedded throughout the full chain of R&D design, supply chain collaboration, manufacturing, testing and inspection, delivery services and after-sales support, driving a systematic leap in quality management, continuously improving product precision, reliability and operational stability, and establishing a quality reputation that is industry-leading and trusted by customers.

In response to the new landscape of global competition and high-end development, we will use outstanding quality to reinforce the foundation of brand trust and use reliable delivery to earn long-term customer value recognition. By relying on quality upgrades to drive technological innovation and market expansion, we will build differentiated competitive advantages in high-end equipment manufacturing and global expansion, injecting strong momentum into the creation of a Chinese robotics brand with global influence.

5. *Adhering to a high-quality competition strategy and strengthening sales channel network development*

We continue to uphold a “high-quality competition strategy,” strengthening the leading role of major strategic customers, exploring more application scenarios, increasing market share, enhancing brand influence, and ensuring that the gross margin and payment collection methods of high-quality orders meet expectations. By leveraging the opportunities arising from domestic substitution and relying on strong technological and service capabilities, we will rapidly enter high-end application markets. On the basis of our industry and major-customer strategies, we are deepening our regional marketing system. Through the deployment of different battle zones, we can support the in-depth cultivation of the Company’s strategic customers and major industry customers, provide resource support for key customer development in each battle zone, facilitate the smooth advancement of major industry customer strategies, and replicate the project experience accumulated in the Company’s major-customer strategy to continue penetrating small and medium-sized customers in the industry and achieve higher profits.

In 2026, we will further improve a closely coordinated sales channel network system and promote the channel system from scale expansion to value enhancement. Guided by unified strategic goals and a professional channel management organizational system, we will comprehensively empower channel partners through multi-dimensional support, including technological innovation, product optimization, service upgrades and jointly developed marketing strategies, so as to help partners enhance their core competitiveness and continuously expand brand influence together with our channel partners.

6. *Improving quality and efficiency through lean management to strengthen the resilience of high-quality development*

We will take the comprehensive improvement of operating and management efficiency as a core priority, strengthen the control of the pricing system and market order, and ensure the steady improvement of profitability. We will further optimize customer and order structures, focus on high-value and high-margin business deployment, allocate resources precisely, and continuously improve our overall gross profit margin.

We will intensify collection efforts and payment term management for trade receivables to improve capital utilization efficiency; and continuously improve operating cash flow by reducing operating costs through measures such as end-to-end supply chain optimization, domestic substitution of core raw materials, and lean production management. Relying on flexible automated production lines and digital supply chain platforms, we will connect the full chain of supplier quality control, R&D design, manufacturing, and delivery services, build a full-process preventive quality management system, and improve operational stability and delivery efficiency.

We will also advance internal resource integration and organizational structure optimization, establish cross-functional collaboration mechanisms, and respond rapidly to market changes; promote comprehensive budget management and dynamic control throughout the process; strengthen the tracking and assessment of key performance indicators; improve effectiveness and overall operational efficiency; and drive the normalized and systematic implementation of cost reduction and efficiency enhancement initiatives, thereby providing solid support for the high-quality development of the Company.



FINANCIAL REVIEW

The following discussion and analysis were based on the financial information prepared in accordance with IFRS Accounting Standards.

Revenue

The Group's revenue increased by 21.93% from RMB4,008.77 million for the year ended December 31, 2024 to RMB4,888.01 million for the year ended December 31, 2025, primarily due to the continuously rising demand for industrial robots and intelligent manufacturing systems, as the Group achieved rapid growth in downstream industries such as new energy vehicles, lithium batteries and electronic products. In response, the Company adjusted its resource allocation in line with market trends and responded promptly to customer demand in the relevant industries, thereby achieving rapid revenue growth.

The following table sets forth a breakdown of the Group's revenue by business line for the periods indicated:

	Year ended December 31,			
	2025		2024	
	RMB' 000	%	RMB' 000	%
Industrial robots and intelligent manufacturing systems	3,995,630	81.75	3,029,103	75.57
– Industrial robots	1,839,350	37.63	1,232,580	30.76
– Industrial robot workstations	1,078,569	22.07	1,049,501	26.18
– Intelligent manufacturing systems	1,077,711	22.05	747,022	18.63
Core automation components and motion control systems	888,506	18.17	976,276	24.35
– Motion control solutions	598,907	12.25	634,693	15.83
– Servo systems	192,603	3.94	241,241	6.02
– Motion control systems	96,996	1.98	100,342	2.50
Rental income from operating leases	3,875	0.08	3,393	0.08
Total	4,888,011	100.00	4,008,772	100.00

Note: Any discrepancies between the total figures and the sum of the individual items in the tables set out in this annual report are due to rounding adjustments.

The Group's revenue from the sale of industrial robots and intelligent manufacturing systems increased by 31.91% from RMB3,029.10 million in 2024 to RMB3,995.63 million in 2025, primarily attributable to the recovery in demand from downstream industries, particularly the automotive industry, which was mainly driven by changes in industry dynamics. The new energy vehicle, lithium battery and electronic products industries recorded relatively rapid growth and maintained high levels of capital investment, resulting in continuously rising demand for the Company's industrial robots and intelligent manufacturing systems. In response to such industry trends, the Company adjusted its human resource allocation, which enabled it to respond promptly to customer demand in the relevant industries and contributed to revenue growth.

The Group's revenue from the sale of core automation components and motion control systems decreased by 8.99% from RMB976.28 million in 2024 to RMB888.51 million in 2025, primarily due to (i) a decrease of RMB35.79 million in revenue generated from motion control solutions, mainly attributable to weaker demand from downstream industries such as sheet metal stamping, as certain customers reduced their capacity expansion amid slower demand in overseas markets; and (ii) a decrease of RMB48.64 million in revenue generated from servo systems, primarily because the Company prioritized serving major customers with stable demand and did not accept low-margin orders in order to maintain profitability.

The Group's rental income from operating leases remained relatively stable at RMB3.88 million in 2025 as compared to RMB3.39 million in 2024.

Cost of Sales

The Group's cost of sales increased by 20.80% from RMB2,874.74 million for the year ended December 31, 2024 to RMB3,472.81 million for the year ended December 31, 2025, primarily due to the increase in sales revenue from industrial robots and intelligent manufacturing systems, which led to increases in the Group's raw material costs, component costs and other costs, and in turn resulted in a corresponding increase in cost of sales.

The following table sets forth a breakdown of the Group's costs of sales by business line for the periods indicated:

	Year ended December 31,			
	2025		2024	
	RMB '000	%	RMB '000	%
Industrial robots and intelligent manufacturing systems	2,846,519	81.96	2,193,657	76.30
– Industrial robots	1,335,070	38.43	950,455	33.05
– Industrial robot workstations	666,649	19.20	680,653	23.68
– Intelligent manufacturing systems	844,800	24.33	562,549	19.57
Core automation components and motion control systems	623,918	17.97	680,048	23.66
– Motion control solutions	433,583	12.49	441,755	15.37
– Servo systems	132,636	3.82	166,524	5.79
– Motion control systems	57,700	1.66	71,769	2.50
Rentals	2,369	0.07	1,037	0.04
Total	3,472,806	100.00	2,874,742	100.00

Note: Any discrepancies between the total figures in the tables and the sum of the individual items are due to rounding adjustments.

The Group's cost of sales of industrial robots and intelligent manufacturing systems increased by 29.76% from RMB2,193.66 million in 2024 to RMB2,846.52 million in 2025, while the cost of sales of core automation components and motion control systems decreased by 8.25% from RMB680.05 million in 2024 to RMB623.92 million in 2025, both of which primarily reflected fluctuations in revenue.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by 24.79% from RMB1,134.03 million for the year ended December 31, 2024 to RMB1,415.21 million for the year ended December 31, 2025. The Group's gross profit margin increased from 28.29% for the year ended December 31, 2024 to 28.95% for the year ended December 31, 2025. The increase in gross profit was primarily attributable to the increase in sales revenue and gross profit margin of industrial robots and intelligent manufacturing systems. Due to adjustments in product mix, the sales volume and revenue contribution of heavy duty robots increased, resulting in a year-on-year increase in the gross profit margin of the Group's industrial robots. In addition, due to the increase in the cost of imported components as a result of fluctuations in the Euro exchange rate, as well as intensified market competition in the industry, both the gross profit and gross profit margin of the Group's automation core components and motion control systems decreased.

The following table sets forth a breakdown of the Group's gross profit and gross profit margin by business line for the periods indicated:

	Year ended December 31,			
	2025		2024	
	Gross profit RMB' 000	Gross profit margin %	Gross profit RMB' 000	Gross profit margin %
Industrial robots and intelligent manufacturing systems	1,149,111	28.76	835,446	27.58
– Industrial robots	504,280	27.42	282,125	22.89
– Industrial robot workstations	411,920	38.19	368,848	35.15
– Intelligent manufacturing systems	232,911	21.61	184,473	24.69
Core automation components and motion control systems	264,588	29.78	296,228	30.34
– Motion control solutions	165,324	27.60	192,938	30.40
– Servo systems	59,967	31.14	74,717	30.97
– Motion control systems	39,296	40.51	28,573	28.48
Rental income from operating leases	1,506	38.86	2,356	69.44
Total	1,415,205	28.95	1,134,030	28.29

Note: Any discrepancies between the total figures in the tables and the sum of the individual items are due to rounding adjustments.

The Group's gross profit margin of industrial robots and intelligent manufacturing systems increased from 27.58% in 2024 to 28.76% in 2025, primarily attributable to adjustments in our product mix, as the sales volume and revenue contribution of heavy-duty robots increased, resulting in a year-on-year increase in the gross profit margin of the Group's industrial robots.

The Group's gross profit margin of core automation components and motion control systems slightly decreased from 30.34% in 2024 to 29.78% in 2025, primarily due to the appreciation of the Euro, which led to an increase in the cost of imported components and a corresponding decline in the gross profit margin of motion control solutions. Such decrease was partially offset by the increase in the gross profit margins of motion control systems and servo systems, as we focused on certain high-quality customers, allocated more resources to high-value orders while forgoing low-margin orders, strengthened research into application scenarios in order to provide more profitable integrated solutions, and optimized our product mix by offering more competitive motion control systems and servo systems.

Administrative Expenses

The Group's administrative expenses decreased by 22.30% from RMB550.15 million for the year ended December 31, 2024 to RMB427.48 million for the year ended December 31, 2025, primarily due to the Group's (i) optimization of the team structure of its administrative departments, which enhanced management efficiency; (ii) improvement in administrative efficiency, which resulted in lower procurement expenses, recruitment expenses and short-term lease expenses; and (iii) disposal of obsolete electronic devices and aged equipment, which reduced depreciation and amortization.

Impairment Loss on Intangible Assets and Goodwill

The Group recorded impairment loss on intangible assets and goodwill amounting to RMB0.11 million for the year ended December 31, 2025, as compared to the impairment loss on intangible assets and goodwill amounting to RMB360.47 million for the year ended December 31, 2024. The decrease by 99.97% was primarily due to the absence of any goodwill impairment of a significant amount in 2025.

Impairment Loss on Trade Receivables and Contract Assets

The Group recorded impairment loss on trade receivables and contract assets amounting to RMB2.30 million for the year ended December 31, 2025, as compared to the impairment loss on trade receivables and contract assets amounting to RMB62.69 million for the year ended December 31, 2024. The decrease by 96.34% was primarily due to the Company's strengthened collection of trade receivables in 2025, in particular the notable improvement in the recovery of long-aged receivables related to the photovoltaic business.

Finance Costs

The Group recorded finance costs of RMB165.68 million for the year ended December 31, 2025, as compared to RMB154.19 million for the year ended December 31, 2024. Such fluctuation was primarily due to an increase in interest expenses as a result of additional borrowings, which was offset by a decrease in interest on discounted bills due to the Group's reduced reliance on discounting of bills.

Profit for the Year

As a result of the foregoing, the Group's results improved from a loss of RMB817.69 million for the year ended December 31, 2024 to a profit of RMB41.69 million for the year ended December 31, 2025.

Operating Activities

During the Reporting Period, the Group's net cash generated from operating activities amounted to RMB505.22 million, while the Group recorded net cash used in operating activities of RMB104.04 million last year. The turnaround was primarily because the Group adopted the following measures: (i) strengthening the collection of accounts receivable and gradually shortening the payment cycle of certain customers so as to reduce the turnover days of trade receivables and bills; and (ii) reinforcing the made-to-order production model, improving finished goods inventory management, optimizing supply chain management and reducing capital occupation, thereby reducing inventory turnover days.

Investing Activities

During the Reporting Period, the Group's net cash generated from investing activities amounted to RMB161.20 million, primarily including (i) proceeds from redemption of wealth management products of RMB2,106.90 million; and (ii) proceeds received from disposal of interests in associates of RMB208.95 million, partially offset by RMB1,858.98 million paid for the purchase of wealth management products. The Group recorded net cash used in investing activities of RMB192.49 million last year.

Management Discussion and Analysis

Financing Activities

During the Reporting Period, the Group's net cash used in financing activities amounted to RMB993.11 million, primarily attributable to repayment of bank loans of RMB3,744.91 million, partially offset by proceeds from bank loans of RMB2,853.86 million. The net cash outflow increased as compared with the corresponding period of last year, primarily due to the increase in cash available for repayment of bank debts as a result of the increases in the Group's net cash generated from operating activities and investing activities, as well as the increase in the Group's loan repayments.

Cash and Cash Equivalents

Cash and cash equivalents as of December 31, 2025 consisted of bank deposits and cash, mainly denominated in Renminbi, U.S. dollars and Euros.

Debt-to-Capital Ratio

During the year, the debt position was monitored using the debt-to-capital ratio, which is calculated as net debt divided by total equity. Net debt includes all bank loans and other borrowings less cash and cash equivalents. The Group's debt-to-capital ratio as of December 31, 2025 was 141.07% (December 31, 2024: 187.08%).

Net Current Assets

As of December 31, 2025, the Group's net current assets were approximately RMB118.27 million, representing an increase of approximately RMB66.85 million from approximately RMB51.42 million as of December 31, 2024. The increase in net current assets was primarily due to the increase in net cash generated from operating activities, and the Group's reduction in bank loans and bank acceptance bills issued, which led to a substantial decrease in outstanding balances of bank borrowings and bills payable.

Bank Loans

As of December 31, 2025, the Group's bank loans were approximately RMB3,260.39 million, representing a decrease of approximately 23.87% from approximately RMB4,282.81 million as of December 31, 2024.

Capital Commitments and Contingent Liabilities

As of December 31, 2025, the Group had outstanding capital commitments for fixed assets of approximately RMB145.22 million (as of December 31, 2024: approximately RMB208.80 million). As of December 31, 2025, the Group did not have any contingent liabilities.

Significant Investments

As of December 31, 2025, the Group had not held any significant investment, including any investment in an investee company where the value of such investment was equal to or greater than 5% of the Group's total assets as of December 31, 2025.

Material Acquisitions and Disposals

In June 2025, Nanjing Dingkong Electromechanical Technology Co., Ltd. ("**Nanjing Dingkong**"), one of the Group's subsidiaries, partially disposed of its equity interests held in Yangzhou Shuguang Optoelectronics Automation Co., Ltd. (揚州曙光光電自控有限責任公司) ("**Yangzhou Shuguang**"). As a result, Yangzhou Shuguang ceased to be consolidated into the Group's consolidated financial statements. On October 20, 2025, Nanjing Dingkong and Shuguang Lanfengqi (Nanjing) Technology Limited Partnership (曙光藍風啟(南京)科技合夥企業(有限合夥)) ("**Shuguang Lanfengqi**") entered into a framework agreement to dispose of their respective equity interests in Yangzhou Shuguang. Upon the completion of the above equity transfers, Nanjing Dingkong ceased to hold any equity interest of Yangzhou Shuguang. For details, please refer to the section headed "History, Development and Corporate Structure — Major Share Capital Changes and Development of Our Company – Disposal of Yangzhou Shuguang Optoelectronics Automation Co., Ltd. (揚州曙光光電自控有限責任公司)" of the Prospectus.

Save as disclosed above, during the Reporting Period, the Group did not conduct any material acquisitions or disposals of subsidiaries, associates or joint ventures.

Pledge of Assets

As of December 31, 2025, certain of the Group's assets with a net book value of approximately RMB445.38 million (2024: RMB235.09 million) were pledged to secure the Group's bank loans.

Future Plans for Significant Investments or Capital Assets

As of December 31, 2025, the Group did not have any detailed future plans for material investments or capital assets.

Gearing Ratio

As of December 31, 2025, the Group's gearing ratio, being total debt divided by total assets as of the end of the period and multiplied by 100%, was 78.56%, as compared to 81.34% as of December 31, 2024.

Funding and Treasury Policies

The Group's finance department is responsible for the funding and treasury policies with regard to the overall business operation of the Group. The Company expects to fund its working capital and other capital requirements from a combination of various sources, including but not limited to internal financing and external financing at reasonable market rates. The Group continues to seek improvements in the return on equity and assets while maintaining prudent funding and treasury policies.

Effects of Exchange Rate Fluctuations

During the Reporting Period, the vast majority of our revenue and expenses were denominated in Renminbi, while the net proceeds from the Global Offering were denominated in Hong Kong dollars. In respect of the net proceeds from the Global Offering, fluctuations in the exchange rate between Renminbi and Hong Kong dollars will affect the relative purchasing power of Renminbi. We manage our foreign exchange risk by regularly reviewing the Group's net foreign exchange exposure and minimizing such exposure, to the extent possible, through natural hedging arrangements.

EMPLOYEES AND REMUNERATION POLICIES

As of December 31, 2025, the Group had 3,261 full-time employees in total across our global operations, among which 2,177 employees were based in the PRC, representing 66.76% of our total employees as of the same date, while the remaining 1,084 employees were based overseas, mainly including Germany, Poland, the United Kingdom and the United States. The following table sets forth a breakdown of our employees by function as of the same date:

Functions	Number of Employees	% of Total Employees
Production and procurement	1,062	32.57%
Research and development	968	29.68%
Sales and marketing	749	22.97%
General administration and management	339	10.40%
Finance	87	2.67%
Others	56	1.71%
Total	3,261	100.0%

Management Discussion and Analysis

For the year ended December 31, 2025, the Group's total employee remuneration expenses, including equity incentive expenses, amounted to RMB1,217.97 million (for the year ended December 31, 2024: RMB1,281.91 million). Remuneration is determined with reference to performance, skills, qualifications and experience of the staff concerned and in accordance with the prevailing industry practice. Our employee remuneration primarily consists of salaries, bonuses and social insurance contributions. We participate in various employee social insurance plans organized by the competent local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity, and unemployment benefit plans.

The remuneration of the Directors is reviewed by the Remuneration and Appraisal Committee and approved by the Board. The relevant Directors' experience, duties and responsibilities, time commitment, the Company's performance and the prevailing market conditions are taken into consideration in determining the emolument of the Directors.

The Group believes it has maintained good relationships with its employees. The Company has established a labor union. As of the date of this annual report, the Group did not experience any strikes or any labor disputes with its employees which have had or are likely to have a material effect on its business.

The Group has designed an annual appraisal system to evaluate employee performance. Such system forms the basis for determining whether employees should receive salary increases, bonuses or promotions. The salaries and bonuses received by its employees are in line with market standards. The Company has complied with relevant national and local labor and social welfare laws and regulations in the PRC. The Group arranges for its employees to attend internal and external training courses, seminars and professional technical courses in order to enhance their professional knowledge and skills, deepen their understanding of market developments, and improve their management and business capabilities.

The Company adopted the 2025 Share Option Scheme and the 2025 Restricted Share Scheme in June 2025 to incentivize its Directors and eligible employees. Meanwhile, the Company also has the 2022 A-share Employee Share Ownership Plan in place. Details of the relevant schemes are set out in the section headed "Directors' Report – Employee Incentive Schemes" in this annual report.

For details of the Directors and the Five Highest Paid Individuals during the Reporting Period, please refer to Note 9 to the consolidated financial statements in this annual report. For details of the remuneration of the senior management of the Group during the Reporting Period, please refer to page 60 of this annual report.

PENSION SCHEMES

The Group operates defined contribution pension schemes. The employees of the Group's subsidiaries which operate in China are required to participate in central pension schemes operated by the local municipal government and the central government, respectively. These subsidiaries are required to contribute a certain percentage of payroll costs to the central pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes.

The Company has established defined benefit plans. For defined benefit plans, actuarial valuations are carried out by independent actuaries at the annual balance sheet date using the projected unit credit method to determine the cost of providing benefits, including obligations expected to be settled within twelve months after the end of the annual reporting period in which employees render the related services, and are discounted using market yields at the balance sheet date on government bonds or high-quality corporate bonds traded in an active market with terms and currencies that match those of the defined benefit plan obligations.

No forfeited contribution (by the Group on behalf of its employees who leave the scheme prior to vesting fully in such contributions) is available to be utilised by the Group to reduce the contributions payable in the future years or to reduce the Group's existing level of contributions to the pension scheme.

Details of the Company's pension schemes are set out in Note 27 to the consolidated financial statements in this annual report.

SUBSEQUENT EVENTS

On March 9, 2026, the Company issued 96,780,000 H Shares at the issue price of HK\$15.36 per share and was listed on the Main Board of the Stock Exchange.

As disclosed in the Prospectus, in November 2024 and May 2025, the Company entered into an agreement and a supplemental agreement with Nanjing Chemical Fibre Co., Ltd. (南京化纖股份有限公司) (stock code: 600889.SH) ("**Nanjing Chemical Fibre**"), respectively, pursuant to which the Company agreed to transfer approximately 3% equity interest in Nanjing Technical Equipment Manufacture Co., Ltd. (南京工藝裝備製造股份有限公司) ("**Nanjing Technical Equipment**") in exchange for approximately 1.89% equity interest in Nanjing Chemical Fibre (the "**Proposed Transaction**"), which forms part of the asset restructuring of Nanjing Chemical Fibre. The Proposed Transaction was approved by the Shanghai Stock Exchange, and the relevant registration with the China Securities Regulatory Commission was completed on February 13, 2026. As of March 2, 2026, the transfer of the underlying assets under the Proposed Transaction had been completed. For details, please refer to the Company's A-share announcement dated March 3, 2026 published on the website of the Shenzhen Stock Exchange.

Save as disclosed in this annual report, the Group had no other material subsequent events after December 31, 2025 and up to the date of this annual report.



Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Wu Bo (吳波), aged 72, is the founder of the Group, an executive Director, the chairman of the Board and chief strategic officer. He was appointed as a Director of the Company on June 27, 2011 and is primarily responsible for convening and presiding over meetings, making decisions on major issues.

Mr. Wu is a sophisticated and resourceful veteran with nearly 40 years of industry experience. He gained in-depth understanding of the industry where the Group operates and acquired rich management experience from his previous work experience and the management and development of our business. Prior to the establishment of the Group, Mr. Wu served as a teacher at Nanjing Forestry University (南京林業大學) in the PRC from April 1980 to August 1984. From March 1987 to July 1993, Mr. Wu gained in-depth industry experience for working as an officer at Jiangsu Machinery and Equipment Import and Export Corporation (江蘇省機械設備進出口公司). Mr. Wu established Nanjing Estun Industrial Automation Co., Ltd (南京埃斯頓工業自動化有限公司), one of our former subsidiary, in March 1993 and served as the executive director. Mr. Wu also holds directorships and senior management positions in a number of our major subsidiaries, including but not limited to Nanjing Estun Software Technology Co., Ltd. (南京埃斯頓軟件技術有限公司). Mr. Wu obtained his bachelor's degree in mechanical manufacturing engineering and master's degree in mechanical manufacturing from Southeast University (東南大學) (formerly known as Nanjing Institute of Technology (南京工學院)) in the PRC in January 1980 and July 1987, respectively.

Mr. Wu Kan (吳侃), aged 43, is an executive Director, vice chairman of the Board and general manager of the Company. He was appointed as a Director of the Company on July 9, 2020 and is primarily responsible for formulating the overall strategy and overseeing the implementation of the strategy and the operation and management of the Group.

Prior to joining the Group, Mr. Wu Kan worked as an experienced associate at PricewaterhouseCoopers LLP from June 2010 to June 2013. Mr. Wu Kan also holds directorships and senior management positions in a number of our major subsidiaries, including but not limited to, Estun Robot and Nanjing Dingpai Electromechanical Technology Co., Ltd. (南京鼎派機電科技有限公司). Mr. Wu Kan obtained his bachelor's degree in automation and control engineering from Southeast University (東南大學) in the PRC in June 2005. Mr. Wu Kan obtained his master's degree in business administration from University of Missouri (密蘇里大學) in the United States in December 2007.

Mr. Zhu Chunhua (諸春華), aged 56, is an executive Director and the deputy general manager of the Company. He was appointed as a Director of the Company on July 12, 2017 and is primarily responsible for daily operation of the Company.

Prior to joining the Group, Mr. Zhu Chunhua served as the chief engineer, director of the science and technology department and the head of design office of Jiangsu Gaochun Textile Machinery Company Limited (江蘇省高淳紡織機械有限公司) from September 1991 to May 2007. Mr. Zhu Chunhua also holds directorships and senior management positions in a number of major subsidiaries, including but not limited to Estun Intelligent Technology (Jiangsu) Co., Ltd. (埃斯頓智能科技(江蘇)有限公司) and Nanjing Estun Intelligent System Engineering Co., Ltd. (南京埃斯頓智能系統工程有限公司). Mr. Zhu Chunhua obtained his bachelor's degree in mechanical engineering from Southeast University (東南大學) in the PRC in July 1991. Mr. Zhu was certified as senior mechanical engineer by the Department of Human Resources and Social Security of Jiangsu Province in November 2006.

Mr. Zhou Ailin (周愛林), aged 53, is an executive Director and the deputy general manager of the Company. He was appointed as a Director of the Company on July 9, 2022 and he is primarily responsible for the daily operation of the Company.

Prior to joining the Group, Mr. Zhou worked as the operation director of Jiangsu Hongtu High Technology Company Limited (江蘇宏圖高科技股份有限公司) from March 2000 to May 2006, a company specializing on the research, production and sales of, including but not limited to, computer network equipment and telecommunication equipment. Mr. Zhou joined the Group in May 2006. From May 2006 to December 2013, Mr. Zhou served as the sales general manager and the deputy general manager of the Company. Mr. Zhou also holds directorships and senior management positions in a number of our major subsidiaries, including but not limited to Nanjing Dingkong Electromechanical Technology Co., Ltd. (南京鼎控機電科技有限公司). Mr. Zhou obtained his bachelor's degree in physics from Wuhan University (武漢大學) in the PRC in July 1996.

Mr. He Lingjun (何靈軍), aged 53, is an executive Director, a deputy general manager and financial director of the Company. He was appointed as a Director of the Company on June 29, 2022 and he is primarily responsible for the financial management and corporate governance of the Company.

Prior to joining the Group, Mr. He worked at KPMG Huazhen LLP from September 2002 to August 2011 with his last position as a senior manager. He then served as the financial director of Nanjing Develop Advanced Manufacturing Co., Ltd. (南京迪威爾高端製造股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688377.SH) from August 2011 to May 2021. From April 2017 to October 2018, Mr. He served as a special assistant to the president of Shanghai PHICOMM Data Communication Technology Co., Ltd. (上海斐訊數據通信技術有限公司), a company specializing in the research and development, manufacturing, marketing, and sales of software and hardware IP networking and communication products. Mr. He obtained his bachelor's degree in naval architecture and ocean engineering from Harbin Engineering University (哈爾濱工程大學) in the PRC in July 1996. Mr. He obtained his master's degree in business administration from Shanghai Jiao Tong University (上海交通大學) in the PRC in December 2020. Mr. He has obtained his PRC legal professional qualification certificate in March 2014. Further, Mr. He has obtained his Certified Public Accountant (non-practicing) certificate and Certified Valuer (non-practicing) certificate both issued by the Ministry of Finance in August 2000 and September 2000, respectively.

Non-executive Director

Ms. Chen Yinlan (陳銀蘭), aged 47, is a non-executive Director of the Company. She was appointed as a Director of the Company on July 19, 2023 and she is primarily responsible for providing strategic advice on the management and corporate governance of the Company. Ms. Chen joined the Group in October 2004. From October 2004 to December 2022, she successively served as the manufacturing manager, deputy general manager of the supply chain management, procurement manager, and strategic procurement manager. In July 2023, she was promoted to serve as the assistant to the president and director of the Company, respectively. Ms. Chen obtained her bachelor's degree in electrical engineering and automation from China University of Mining and Technology (中國礦業大學) in the PRC in July 2002.

Independent Non-executive Director

Dr. Tang Wencheng (湯文成), aged 68, was appointed as our independent non-executive Director on July 9, 2020 and is primarily responsible for providing independent opinion and judgement to our Board.

Since February 1982, Dr. Tang has been teaching at Southeast University (東南大學) in the PRC and was promoted to professorship in May 1998. He has also been serving as the vice president of Sanjiang University (三江學院) in the PRC since December 31, 2024 and since May 13, 2024 as an independent director of Jiangsu Pacific Precision Forging Co., Ltd. (江蘇太平洋精鍛科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300258.SZ). He was an independent director of Nanjing Dashu Intelligence Technology Co., Ltd (南京大樹智能科技股份有限公司) (NEEQ: 430607) from January 18, 2022 to January 10, 2023. Dr. Tang obtained his bachelor's degree in mechanical manufacturing processes and equipment and master's degree in mechanical manufacturing from Southeast University (東南大學) (formerly known as Nanjing Institute of Technology (南京工學院)) in the PRC in July 1982 and January 1987, respectively. He obtained his doctoral degree in engineering in mechanical design & manufacturing and automation from Southeast University (東南大學) in the PRC in April 2003.

Dr. Han Xiaofang (韓小芳), aged 43, was appointed as our independent non-executive Director on June 20, 2025 and is primarily responsible for providing independent opinion and judgement to our Board.

Dr. Han has been serving as an associate professor of accounting at Nanjing University of Finance and Economics (南京財經大學) in the PRC since August 2013, focusing her research primarily on accounting theory and practice. She has led or participated in several national and provincial research projects and has published multiple articles in authoritative journals, covering topics ranging from, including but not limited to, adverse audit opinions relating to internal control, and to the effect of board size in fraud-affected companies on audit quality. Also, Dr. Han has been serving as an independent director and the chairlady of the audit committee of Jiamei Food Packaging (Chuzhou) Co., Ltd. (嘉美食品包裝(滁州)股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002969.SZ) since December 2023. Dr. Han is responsible for monitoring the company's operations, financials, governance and internal controls, while reviewing transactions, fund flows, and investment progress. Dr. Han has therefore gained substantial practical knowledge and extensive experience in supervising financial reporting, internal control and other accounting-related matters of listed issuer, and has acquired the accounting or related financial management expertise required under Rule 3.10(2) of the Listing Rules. Nevertheless, Dr. Han satisfies the independent directors requirement under the Shenzhen Stock Exchange Main Board Listing Rules with her academic title of associate professor of accounting at Nanjing University of Finance and Economics (南京財經大學) and her master's degree and doctoral degree in management (accounting) from Yunan University of Finance and Economics (雲南財經大學) and Dongbei University of Finance and Economics (東北財經大學), respectively.

Dr. Han obtained her bachelor's degree in marketing from Anhui University of Technology (安徽工業大學) in the PRC in July 2005. Subsequently, Dr. Han obtained her master's degree in accounting and doctoral degree in management (accounting) from Yunan University of Finance and Economics (雲南財經大學) and Dongbei University of Finance and Economics (東北財經大學) in the PRC in July 2007 and July 2010, respectively. Dr. Han was a member of the Enterprise Accounting Standards Committee of the Chinese Accounting Society (中國會計學會企業會計準則專業委員會委員) which is dedicated to professional consultation of PRC GAAP, including discussions on their implementation and updates.

Mr. Lin Jinjun (林金俊), aged 41, was appointed as our independent non-executive director on June 20, 2025 and is primarily responsible for providing independent opinion and judgement to our Board.

Mr. Lin worked at Barclays Plc from May 2014 to December 2020. Mr. Lin served as a Director of the Asia Pacific Industrial Group within the Investment Banking Division at HSBC Group Plc from September 2021 to April 2024. Since August 2024, Mr. Lin has been serving as the Head of Corporate Development and M&A at BMTS Technology GmbH & Co. KG (博馬科技(上海)有限責任公司), a global tier one supplier of automotive turbocharger systems. At the same time, Mr. Lin also has been serving as the adviser to the board of director of Shineon Innovation Technology Co., Ltd. (易美芯光(北京)科技有限公司), a leading global LED package and module solution provider for lighting and display market since August 2024. Mr. Lin obtained his bachelor's degree in mathematics, operations research, and statistics economics from University of Warwick in the United Kingdom in June 2007.

SENIOR MANAGEMENT

For details of Mr. Wu Bo (吳波), Mr. Wu Kan (吳侃), Mr. Zhu Chunhua (諸春華), Mr. Zhou Ailin (周愛林) and Mr. He Lingjun (何靈軍), see “—Directors – Executive Directors” in this section.

Mr. Zhu Zhangxing (朱樟興), aged 49, served as the deputy general manager of the Company. Prior to joining the Group, Mr. Zhu Zhangxing worked at Lucent Technologies, a company specializing in telecommunication industry, as a senior software engineer from August 2003 to September 2006. From August 2009 to April 2016, Mr. Zhu served as the director of Munich Private Equity Partners. From April 2016 to December 2019, he worked as the Managing Director of investment department and was later promoted to partner position in January 2020, at China Renaissance Capital Investment (崇德投資). Mr. Zhu Zhangxing joined the Group in November 2022 and was promoted to deputy general manager in April 2024.

Mr. Zhu Zhangxing obtained his bachelor's degree in measurement & control technology and instrumentation from Southeast University (東南大學) in the PRC in June 2000. He then obtained his master's degree in measurement & control technology and instrumentation from Southeast University (東南大學) in the PRC in April 2003, and in information and communication systems from Hamburg University of Technology (漢堡工業大學) in Germany in June 2009, respectively.

Mr. Yin Chenggang (殷成綱), aged 45, served as the deputy general manager of the Company. Mr. Yin joined the Group in March 2007. From March 2007 to May 2023, he successively served as an assistant to general manager, general manager of the business unit. In April 2024, he was promoted to serve as the deputy general manager of the Company. Mr. Yin obtained his bachelor's degree in mechanical design from Jilin University (吉林大學) in the PRC in July 2004. He obtained his master's degree in mechanical related profession from Nanjing Agricultural University (南京農業大學) in the PRC in July 2008.

Ms. Xiao Tingting (肖婷婷), aged 36, served as the secretary to the Board of the Company. Prior to joining the Group, Ms. Xiao worked at the Anhui Branch of Pan-China Certified Public Accountants (Special General Partnership) (天健會計師事務所(特殊普通合夥)) from September 2012 to April 2014. From June 2014 to September 2015, Ms. Xiao worked at Tianheng Certified Public Accountants (Special General Partnership) (天衡會計師事務所(特殊普通合夥)). From October 2015 to May 2016, she worked at the securities department of Changjiang Securities Co., Ltd. (長江證券股份有限公司), where she was responsible for promoting institutional business cooperation. From June 2016 to August 2017, she served as a senior investment manager at Nanjing Jizhi Xiexin Investment Management Co., Ltd. (南京汲智協新投資管理有限公司) where she was responsible for investment consultation. From September 2017 to April 2022, Ms. Xiao worked as the investment director at Jiangsu Xinhua Fengyu Capital Management Co., Ltd. (江蘇新華豐裕資本管理有限公司). Ms. Xiao joined the Group on April 2022 and was promoted to the head of securities and investment department, securities affairs representatives and the secretary to the Board in January 2023, July 2023 and January 2025, respectively.

Directors and Senior Management

Ms. Xiao obtained her bachelor's degree in financial engineering from Shandong University of Finance and Economics (山東財經大學) in the PRC in July 2012. Ms. Xiao obtained her master's degree in business administration from Southeast University (東南大學) in the PRC on December 2020. Ms. Xiao was accredited as a non-practicing certified public accountant from The Chinese Institute of Certified Public Accountants in December 2015. In September 2022, she obtained the secretary of the board of directors qualifications (董事會秘書資格) granted by the Shenzhen Stock Exchange.

JOINT COMPANY SECRETARIES

Ms. Xiao Tingting (肖婷婷), see “ – Senior Management” in this section.

Ms. Poon Pui Man Hera (潘霽民) of Zhong Lun Law Firm LLP, an external service provider, has been appointed as one of our joint company secretaries of the Company with effect upon Listing. She is a solicitor qualified to practice in Hong Kong. Ms. Poon is currently an associate of Zhong Lun Law Firm LLP, specialising in corporate finance work including initial public offerings and post-listing compliance matters. Ms. Poon received her Juris Doctor degree and Postgraduate Certificate in Laws from The Chinese University of Hong Kong in July 2019 and August 2020, respectively.

Directors' Report

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the Reporting Period. All references in this section "Directors' Report" to other sections in this annual report form part of this section.

GLOBAL OFFERING

On February 26, 2002, the Company was incorporated in the PRC and converted into a joint stock company with limited liability on July 5, 2011, the A Shares of which are listed on the Shenzhen Stock Exchange with stock code of 002747. The Company's H Shares were listed on the Main Board of the Stock Exchange on March 9, 2026 with stock code of 2715.

PRINCIPAL ACTIVITIES

We are a leading industrial robotics company in China. We are dedicated to the belief that automation benefits all: smarter manufacturing, superior quality, better living, and a greener world. Guided by this purpose, we work to advance innovation and sustainability, all in pursuit of our aspiration: for a better life. With our independent R&D and in-house production capabilities of core automation components and motion control systems, we have assisted customers in industries such as automotive, lithium batteries, photovoltaics, electronics, metal processing, engineering machinery, packaging logistics, and construction materials and furniture in achieving automation, digitization, and intelligent transformation, providing comprehensive manufacturing automation solutions covering the entire lifecycle of production for our customers.

There have been no significant changes in the nature of the Group's principal business from the Listing Date to the date of this annual report. For details of the principal business of the Company's principal subsidiaries, please refer to Note 1 to the consolidated financial statements in this annual report.

BUSINESS REVIEW

Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance, including a fair review of the Group's business, an analysis of the Group's financial performance, events affecting the Group that have occurred subsequent to the end of the financial year, and an indication of likely future development in the Group's business, are set out in the section headed "Management Discussion and Analysis" of this annual report. A description of the principal risks and uncertainties faced by the Group, key relationships between the Group and its employees, customers and suppliers, the environmental policies of the Group and compliance with the relevant laws and regulations which have significant impact are set out below.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's results of operations are subject to various factors with the key risks summarized below:

- **Risks Relating to the Macro Environment and Industry Development**

The Company's products are principally applied in the fields of intelligent equipment manufacturing and intelligent production. Accordingly, demand for such products is highly correlated with the prosperity of the economy and investment activities. In recent years, China has introduced a series of plans, action programs and specific policy measures to accelerate the building of a strong manufacturing nation and achieve high-quality development, under which strategic emerging industries such as high-end equipment manufacturing have become important drivers of accelerated economic growth with policy support. Against this backdrop, the transformation and upgrading of the manufacturing industry have continuously increased demand for core automation components, industrial robots and intelligent production lines, bringing broad market opportunities to domestic automation product manufacturers. However, if changes occur in the domestic and international macroeconomic environment in the future and investment in downstream industries slows down, the development environment and market demand of the intelligent manufacturing industry may be adversely affected, which may in turn adversely affect the Company's operating results and profitability.

Directors' Report

- **Geopolitical Risks**

The Company adheres to its internationalization strategy. In the course of advancing the development of its overseas business, it may be affected by multiple complex factors, including political and economic instability in certain countries and regions, trade frictions, changes in tariff policies, and persistently high energy costs and inflation in Europe and the United States. The global economic order is undergoing profound adjustment, which has intensified the restructuring of industrial and supply chains. Against the backdrop of economic globalization, if geopolitical factors lead to intensified future China-U.S. trade frictions and increasingly higher market access thresholds, the implementation of the Company's internationalization strategy may be adversely affected to a certain extent. The Company will closely monitor international developments, fully leverage the advantages of its entire industrial chain and overseas industrial layout, continuously enhance the competitiveness of its products in the domestic and international markets, gradually establish its position in overseas markets, continue to promote the construction of overseas manufacturing bases, and establish a global production capacity layout and supply chain system, so as to enhance its risk resilience.

- **Risks of Intensified Market Competition**

Compared with internationally renowned manufacturers, the Company still needs to go through the necessary process of establishing brand and technological advantages in the fields of core automation components, industrial robots and intelligent manufacturing. China is currently one of the world's most important target markets for industrial robot products. Internationally renowned manufacturers have established research and development and production bases in China, while relevant domestic enterprises are also actively participating in market competition by leveraging localization advantages and policy support. If international manufacturers further strengthen their localization efforts, and domestic manufacturers comprehensively follow and imitate them in terms of technology and business models, competition in the domestic market will become increasingly intense, and the Company will face the risk of intensified market competition. The Company will continue to increase research and development in core technologies, adhere to innovation in products, business models and management, continuously identify industry development trends, adapt to market demand, and continue to launch new high-value-added products and in-depth industry solutions, so as to maintain the market competitiveness of its core products.

- **Risks of Fluctuations in Raw Material Prices**

Bulk commodity raw materials such as copper and aluminum used in the Company's production account for a relatively limited proportion of costs. However, affected by factors such as fluctuations in global commodity prices and the increasingly complex international political landscape, any upward movement in such prices will still place certain pressure on the Company's overall production costs. If bulk commodity prices continue to fluctuate in the future or geopolitical risks intensify, the Company's gross profit margin and operating results may still be adversely affected to a certain extent. The Company will reduce the adverse impact of raw material price fluctuations by establishing and improving a pricing mechanism linking product selling prices with raw material prices, strengthening its tracking and analysis of commodity market trends and international political developments, and continuing to promote technological innovation and process optimization through multiple measures, thereby enhancing supply chain stability and risk resilience and improving the Company's overall profitability.

Directors' Report

- **Risks of Decline in Competitive Advantages Due to the Loss of Core Technical Talent**

The Company has consistently focused on the development of the automation sector and possesses a considerable number of core technologies in this field, with certain leading advantages in some niche industries. However, compared with its international peers, it still has certain gaps in terms of branding, technology and talent. The industry in which the Company operates is highly competitive. The introduction and cultivation of outstanding technical talent are crucial for the Company to maintain technological advancement and also form the foundation for the Company to sustain its competitive advantages. If the Company reduces its future research and development investment, fails to introduce or cultivate technical talent in a timely manner, or loses outstanding technical talent, the market competitiveness of the Company's products may be further affected, thereby adversely affecting the Company's business development. The Company will continue to increase research and development investment and will continuously attract and cultivate core technical talent through various incentive mechanisms to ensure that the Company's technical talent matches its development needs.

Since the above is not an exhaustive list, investors are advised to make their own judgment or consult their own investment advisors before making any investment in our H Shares.

For more details of other risks and uncertainties faced by the Group, please refer to the section headed "Risk Factors" of the Prospectus.

ENVIRONMENTAL POLICIES AND PERFORMANCE

As a socially responsible corporation, the Group has endeavored to strictly comply with laws and regulations regarding environmental protection. During the Reporting Period, the businesses of the Group were in compliance with all the relevant laws and regulations with regard to environmental protection in all material aspects.

The Company recognises the importance of environmental protection and is committed to incorporating the protection of the ecological environment into the development plan of the Company. Thus, the Company has developed environment management policy to explore and develop high-quality development approach and actively implement the concept of green operation.

For more details, please refer to the Environmental, Social and Governance Report disclosed on Stock Exchange's website and the Company's website on the same date as of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the Board and the management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

RESULTS AND FINAL DIVIDENDS

The results of the Group for the year ended December 31, 2025 are set out in the consolidated financial statements of this annual report.

The Board has resolved not to recommend payment of any final dividend for the year ended December 31, 2025. The Board is not aware of any Shareholders who have waived or agreed to waive any dividend.



RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group is committed to operating in a sustainable manner while balancing the interests of its various stakeholders including the substantial Shareholders, employees, customers and suppliers.

Shareholders

The Group recognizes the importance of protecting the interests of the Shareholders and of having effective communication with them. The Group believes communication with the Shareholders is a two-way process and have thrived to ensure the quality and effectiveness of information disclosure, maintain regular dialogue with the Shareholders and listen carefully to the views and feedback from the Shareholders. This has been and will be done through general meetings, corporate communications, interim and annual reports, results announcements, earnings calls, and providing official e-mail address on company's website to collect enquiries or information from its Shareholders.

Employees

The Group understands that employees are its valuable assets, and the realization and enhancement of employees' values will facilitate the achievement of the Group's overall goals. The Group has been endeavoring to provide its staff with competitive compensation packages, attractive promotion opportunities and a respectful and professional working environment. The Group contributes to social security insurance and housing provident funds for the employees in all material aspects in accordance with applicable PRC laws, rules and regulations. The Group provides the employees with holiday and birthday gifts, supplementary medical insurances, professional trainings, psycho health guidance and annual health checkups. The Group also adopted the Employee Incentive Schemes to reward the selected employees for their contribution to the growth and development of the Group. The Group will continue to attract and retain more talent and the new talent will be offered advancement through performance-based compensation packages, on-the-job training programs and promotion opportunities.

Customers

Adhering to the core philosophy of "customer-centric", the Group focuses on producing high-quality products. By establishing a stringent quality control system and a full-process traceability mechanism, the Group implements strict quality control during the production process, prevents issues at the source, standardizes each stage throughout the entire production cycle of its products, and monitors the effective implementation of processes, with a view to manufacturing products that meet customer needs. The Group is committed to providing customers with high-quality products and services, and enhancing interaction through regular communication and on-site visits in order to better understand customer needs, improve customer loyalty, jointly build long-term, mutually beneficial partnerships, and lay a solid foundation for the long-term development of the Group's overall performance.

Suppliers

The Group has consistently adhered to the procurement philosophy of "taking supply security as the bottom line, building an industrial ecosystem as value, and establishing high-quality strategic ecosystem partnerships", and is committed to building long-term, stable, mutually beneficial and win-win relationships with suppliers and business partners, so as to jointly build a responsible and sustainable supply chain.

For the year ended December 31, 2025, there was no significant and material dispute between the Group and its key stakeholders.

FINANCIAL SUMMARY

A summary of the Group's financial results, assets and liabilities for the last four financial years are set out on page 4 of this annual report. This summary does not form part of the audited consolidated financial statements.

USE OF PROCEEDS FROM GLOBAL OFFERING

The Shares of the Company were listed on the Main Board of the Stock Exchange on March 9, 2026. The Company issued 96,780,000 H Shares at offer price of HK\$15.36 under its Global Offering. The nominal value of the H Shares is RMB1.00 per H Share. The net proceeds from the Global Offering received by the Company (after deducting underwriting commissions and related costs and expenses) amounted to approximately HK\$1,407.35 million (the "Net Proceeds").

As of the Latest Practicable Date, there has been no change in the intended use of the Net Proceeds as previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The details of use of the Net Proceeds are as follows:

Usage	Percentage of total	Planned allocation of net proceeds <i>HK\$ million</i> (Approximate)	As of the date of this report		Expected timeline for full utilization of the proceeds ⁽¹⁾
			Utilized Amount <i>HK\$ million</i>	Unutilized amount <i>HK\$ million</i> (Approximate)	
Expansion of the Group's global production capacity	25.0%	351.8	2.8	349.0	Before December 31, 2028
Selectively pursue strategic alliances, investment and acquisition opportunities along the upstream and downstream of the global industry chain	25.0%	351.8	–	351.8	Before December 31, 2027
Investment in R&D projects to advance next-generation industrial robotics technologies	20.0%	281.5	–	281.5	Before December 31, 2027
Enhancement of the Group's global service capabilities and development of digital management systems across the organization	10.0%	140.7	–	140.7	Before December 31, 2028
Partial repayment of existing loans	10.0%	140.7	140.7	–	N/A
Working capital and general corporate purposes	10.0%	140.7	140.7	–	N/A
Total⁽²⁾	100%	1,407.4	284.3	1,123.1	N/A

Notes:

- (1) The expected timetable for the full utilization of the remaining Net Proceeds as set out in the table above is based on the best estimate of the Group with respect to future market conditions, which may be subject to change depending on the development of current and future market conditions.
- (2) Due to rounding, the total figures may not be equal to the sum of the individual amounts.

The remaining balance of the Net Proceeds from the Global Offering will continue to be used in accordance with the purposes and proportions disclosed in the Prospectus. As disclosed in the Prospectus, to the extent permitted by applicable laws and regulations, if the net proceeds are not immediately applied to their intended purposes, the Company will only place the net proceeds as short-term deposits with licensed banks or financial institutions. As of the Latest Practicable Date, The Company has deposited the unutilized Net Proceeds in short-term interest-bearing accounts with licensed banks and/or other authorized financial institutions.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the year ended December 31, 2025, the Group's sales to its five largest customers accounted for 33.22% of the Group's total revenue, and the Group's sales to its largest customer accounted for 15.20% of the Group's total revenue.

Major Suppliers

For the year ended December 31, 2025, the Group's purchases from its five largest suppliers accounted for 18.08% of the Group's total purchases, and the Group's purchases from its largest supplier accounted for 8.17% of the Group's total purchases.

Except for customer Nanjing Yuanshi Control System Co., Ltd. (in which the Group holds a 15% equity interest), as of the date of this report, all of the Group's five largest customers and suppliers during the Reporting Period were Independent Third Parties. None of the Directors, their respective associates or any Shareholder who owned more than 5% of the Company's issued share capital had any interest in any of the Group's five largest customers and suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in Note 11 to the consolidated financial statements in this annual report.

CAPITAL, RESERVES AND DIVIDENDS

Details of movements in the share capital, reserves and distributable reserves of the Company during the Reporting Period are set out in Note 32 to the consolidated financial statements in this annual report.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax concession and exemption granted to Shareholders by virtue of their holding of securities in the Company.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as of December 31, 2025 are set out in Note 25 to the consolidated financial statements in this annual report.

DIRECTORS

The Directors during the year ended December 31, 2025 and up to the date of this report are:

Executive Directors

Mr. Wu Bo (*Chairman*)
Mr. Wu Kan
Mr. Zhu Chunhua
Mr. Zhou Ailin
Mr. He Lingjun

Non-executive Directors

Ms. Chen Yinlan

Independent Non-executive Directors

Dr. TANG Wencheng
Dr. HAN Xiaofang
Mr. LIN Jinjun

BIOGRAPHY OF THE DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and the senior management of the Company are set out in the section headed "Directors and Senior Management" of this annual report.

SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has entered into a service contract on February 23, 2026. Each of the non-executive Director and independent non-executive Directors has signed a letter of appointment with the Company on February 23, 2026, under which they agreed to act as Directors for a term of three years. The service contracts may be renewed or terminated in accordance with their respective terms, the Articles of Association and the applicable Listing Rules.

The Company has not entered into, and does not propose to enter into, any service contract with any of the Directors in their respective capacities which cannot be terminated by the employer within one year without payment of any compensation, other than statutory compensation.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent during the Reporting Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the Reporting Period, none of the Directors or their respective close associates (as defined in the Listing Rules) is interested in any business (other than being a Director of the Company and/or its subsidiaries) which competes or is likely to compete, directly or indirectly, with the businesses of the Group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as otherwise disclosed in this annual report, during the Reporting Period or subsist as of December 31, 2025, none of the Directors or entities connected with the Directors is or was materially interested, directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND THE CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As the Company had not been listed on the Main Board of the Stock Exchange as at December 31, 2025, Divisions 7 and 8 of Part XV and section 352 of SFO were not applicable to the Directors and chief executive of the Company as at December 31, 2025.

As at the date of this annual report, the interests or short positions of the Directors and chief executive in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) to be entered into the register required to be kept by the Company pursuant to Section 352 of the SFO, or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests in the Shares and underlying Shares of the Company

Name of Director	Nature of interest ⁽¹⁾	Class of Shares	Number of Shares	Percentage of the total share capital of the same class ⁽²⁾
Mr. Wu	Beneficial Owner	A Shares	110,996,700	12.74%
	Interest in Controlled Corporation	A Shares	254,894,742	29.26%
Mr. Wu Kan	Beneficial Owner	A Shares	1,263,033	0.15%
Mr. Zhu Chunhua ⁽⁴⁾	Beneficial owner	A Shares	168,600	0.02%
Mr. Zhou Ailin ⁽⁵⁾	Beneficial owner	A Shares	264,500	0.03%
Mr. He Lingjun ⁽⁶⁾	Beneficial owner	A Shares	300,000	0.03%
Ms. Chen Yinlan ⁽⁷⁾	Beneficial owner	A Shares	143,160	0.02%

Notes:

- (1) All interests stated are long positions;
- (2) The calculation is based on the total number of issued A Shares of the Company as at the date of this annual report, being 871,018,453 A Shares.
- (3) Nanjing Primest is controlled by Mr. Wu and therefore Mr. Wu is deemed to be interested in the 254,894,742 A Shares held by Nanjing Primest.
- (4) Shares in which Mr. Zhu Chunhua is interested consist of (i) 68,600 A Shares directly held by Mr. Zhu Chunhua; (ii) 40,000 A Shares granted to Mr. Zhu Chunhua under the Company's 2022 A-share Employee Share Ownership Plan, which are fully vested and will be unlocked in April 2026; and (iii) 60,000 A Shares granted to Mr. Zhu Chunhua under the 2025 Restricted Share Scheme, which have been registered and will be unlocked in three tranches at 30%, 30% and 40%, respectively, during the periods from 12 to 24 months, 24 to 36 months, and 36 to 48 months from the date of grant (i.e. June 20, 2025).
- (5) Shares in which Mr. Zhou Ailin is interested consist of (i) 164,500 A Shares directly held by Mr. Zhou Ailin; (ii) 40,000 A Shares granted to Mr. Zhou Ailin under the Company's 2022 A-share Employee Share Ownership Plan, which are fully vested and will be unlocked in April 2026; and (iii) 60,000 A Shares granted to Mr. Zhou Ailin under the 2025 Restricted Share Scheme, which have been registered and will be unlocked in three tranches at 30%, 30% and 40%, respectively, during the periods from 12 to 24 months, 24 to 36 months, and 36 to 48 months from the date of grant (i.e. June 20, 2025).
- (6) Shares in which Mr. He Lingjun is interested consist of (i) 180,000 A Shares directly held by Mr. He Lingjun; (ii) 60,000 A Shares granted to Mr. He Lingjun under the Company's 2022 A-share Employee Share Ownership Plan, which are fully vested and will be unlocked in April 2026; and (iii) 60,000 A Shares granted to Mr. He Lingjun under the 2025 Restricted Share Scheme, which have been registered and will be unlocked in three tranches at 30%, 30% and 40%, respectively, during the periods from 12 to 24 months, 24 to 36 months, and 36 to 48 months from the date of grant (i.e. June 20, 2025).
- (7) Shares in which Ms. Chen Yinlan is interested consist of (i) 58,000 A Shares directly held by Ms. Chen Yinlan; (ii) 25,160 A Shares granted to Ms. Chen Yinlan under the Company's 2022 A-share Employee Share Ownership Plan, which are fully vested and will be unlocked in April 2026; and (iii) 60,000 A Shares granted to Ms. Chen Yinlan under the 2025 Restricted Share Scheme, which have been registered and will be unlocked in three tranches at 30%, 30% and 40%, respectively, during the periods from 12 to 24 months, 24 to 36 months, and 36 to 48 months from the date of grant (i.e. June 20, 2025).

Save as disclosed above, as at the date of this annual report, so far as the Directors and the chief executive of the Company are aware, none of the Directors or the chief executive of the Company had or were deemed to have any interest or short position in any Shares or underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which was required (i) to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO; (ii) to be recorded in the register required to be kept by the Company under Section 352 of the SFO; or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 had any right to subscribe for Shares or debentures of the Company or any other body corporate or had exercised any such right.

CHANGES IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE

During the Reporting Period, (i) Dr. Feng Hutian has resigned as independent non-executive Director of the Company with effect from June 20, 2025 in order to devote more time to focus on his other business commitments; and (ii) Mr. Chen Heng has resigned as independent non-executive Director of the Company with effect from June 20, 2025 in order to devote more time to focus on his other business commitments.

Save as otherwise disclosed in this annual report, there are no other changes in the Directors and chief executive of the Company that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the date of this annual report, the interests of relevant persons (other than a Director or the chief executive of the Company) who had interests or short positions in the Shares or the underlying shares, which were required to be notified under Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Name of Shareholder	Nature of interest ⁽¹⁾	Type of Shares	Number of Shares held	Percentage of the total share capital of the same class
Mr. Wu	Beneficial Owner Interest in Controlled Corporation ⁽⁴⁾	A Shares	110,996,700	12.74% ⁽²⁾
Nanjing Primest	Beneficial Owner ⁽⁵⁾	A Shares	254,894,742	29.26% ⁽²⁾
Ms. Liu Fang	Spousal interest	A Shares	365,891,442	42.01% ⁽²⁾
Harvest International Premium Value (Secondary Market) Fund SPC acting on behalf of and for the account of Harvest Oriental SP	Beneficial owner	H Shares	10,177,200	10.52% ⁽³⁾
Hengtong Optic-electric International Co., Limited	Beneficial owner	H Shares	7,633,000	7.89% ⁽³⁾
Dream'ee (Hong Kong) Open-ended Fund Company	Beneficial owner	H Shares	5,208,200	5.38% ⁽³⁾
Morgan Stanley & Co. International plc	Beneficial owner	H Shares	5,635,099	5.82% ⁽³⁾
Morgan Stanley International Holdings Inc.	Interest in Controlled Corporation	H Shares	5,635,099	5.82% ⁽³⁾
Morgan Stanley International Limited	Interest in Controlled Corporation	H Shares	5,635,099	5.82% ⁽³⁾
Morgan Stanley Investments (UK)	Interest in Controlled Corporation	H Shares	5,635,099	5.82% ⁽³⁾
Deep Source Holdings Limited	Beneficial owner	H Shares	5,088,600	5.26% ⁽³⁾

Notes:

- (1) All interest stated are long positions.
- (2) The calculation is based on the total number of issued A Shares of the Company as at the date of this annual report, being 871,018,453 A Shares.
- (3) The calculation is based on the total number of issued H Shares of the Company as at the date of this annual report, being 96,780,000 H Shares.
- (4) Nanjing Primest is controlled by Mr. Wu and therefore Mr. Wu is deemed to be interested in the 254,894,742 A Shares held by Nanjing Primest. Mr. Wu is an executive director of Nanjing Primest. Mr. Wu Kan is the manager of Nanjing Primest.
- (5) Pursuant to a financing arrangement dated May 21, 2025, a financial institution lent a loan amounting to RMB50 million to Nanjing Primest at an annual interest rate of 3.0% and Nanjing Primest Technology Co., Ltd. pledged 11,000,000 A Shares in the Company to the lending financial institution as security.

Save as disclosed above, as at the date of this annual report, so far as the Company's directors and chief executive were aware, no persons (other than the Company's directors and chief executive) had an interest or short position in the Company's Shares or underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be recorded in the register to be kept by the Company pursuant to Section 336 of SFO.

2025 EMPLOYEE INCENTIVE SCHEMES

The Company approved and adopted the 2025 Share Option Scheme and the 2025 Restricted Share Scheme on June 20, 2025. The share options under the 2025 Share Option Scheme and restricted shares under 2025 Restricted Share Scheme were granted on June 20, 2025. The Company entered into agreements with relevant employees on July 8, 2025. Since no further options or awards has been or will be granted by the Company pursuant to the 2025 Employee Incentive Schemes after the Listing, the provisions of Chapter 17 of the Listing Rules do not apply to the terms of the 2025 Employee Incentive Schemes.

2025 Share Option Scheme

The following is a summary of the principal terms of the 2025 Share Option Scheme. For details on the 2025 Share Option Scheme, please refer to "Appendix VI – Statutory and General Information – 4. Employee Incentive Scheme – (a). 2025 Share Option Scheme" of the Prospectus.

Purpose

The purpose of the 2025 Share Option Scheme is to further enhance the Company's long-term incentive mechanism, attract and retain outstanding talent, and fully mobilize the enthusiasm of the Company's key staff. The scheme aims to effectively align the interests of Shareholders, the Company, and the key staff members, ensuring that all parties focus on the Company's long-term development.

Source of the 2025 Share Option Scheme

Options granted pursuant to the 2025 Share Option Scheme will be satisfied by A Shares to be allotted and issued by the Company.

Participants

The participants of the 2025 Share Option Scheme are core management personnel (i.e., directors and senior management), key technical staff and any other personnel that the Board considers to be appropriate and necessary to incentivize.

The scope of eligible participants excludes independent Directors, supervisors, Shareholders who individually or collectively hold 5% or more of the Shares of the Company and their respective spouse, parents and children.

Scheme limit

The total number of underlying A shares which may be issued upon the exercise of all outstanding options granted under the 2025 Share Option Scheme shall be 3,320,000 A Shares, representing approximately 0.34% of the total number of issued Shares as of the date of this annual report.

Maximum entitlement of a grantee

Any grant of the options to any grantees in respect of all the options granted to such person under all validly subsisting share incentive schemes of the Company in aggregate shall not exceed 1% of the shares in issue.

Duration of the 2025 Share Option Scheme

The 2025 Share Option Scheme shall be valid and effective for the period of time commencing from the date of grant of options, i.e. June 20, 2025 (the "Effective Date") and expiring on the day when all options granted to the eligible participants under the 2025 Share Option Scheme are exercised or cancelled, which shall in any event be no later than the date which is 48 months after the Effective Date.

Remaining life of the 2025 Share Option Scheme

The remaining life of the 2025 Share Option Scheme is approximately 3 years.

Transferability of options

The options granted under the 2025 Share Option Scheme shall not be transferred or used as guarantee or for repayment of debts.

Outstanding options granted under the 2025 Share Option Scheme

As of the date of this annual report, a total of 128 grantees have been granted outstanding options under the 2025 Share Option Scheme to subscribe for 3,320,000 A Shares in aggregate, representing 0.34% of the total issued shares. All the outstanding options under the 2025 Share Option Scheme were granted on June 20, 2025 and no further options under the 2025 Share Option Scheme will be granted.

As of the date of this annual report, no option was granted to any Director, senior management or connected persons of the Company. Details of the share options granted pursuant to the 2025 Share Option Scheme and the movements during the Reporting Period are set out below:

Range of outstanding A Shares for Options granted	Total number of grantees	Number of share options outstanding as of January 1, 2025	Date of grant ^{Note (1)(2)}	Number of share options granted during the Reporting Period	Exercise price (per Share)	Granted during the Reporting Period	Exercise Period	Number of share options exercised during the Reporting Period	Number of share options lapsed during the Reporting Period	Number of share options cancelled during the Reporting Period	Number of share options outstanding as of December 31, 2025
1 – 10,000	0	0	June 20, 2025	0	RMB 20.53 ^{Note (3)}	0	See Note (4)	0	0	0	0
10,001 – 20,000	18	0		360,000		360,000		0	0	0	360,000
20,001 – 30,000	109	0		2,910,000		2,910,000		0	0	0	2,910,000
30,001 – 40,000	0	0		0		0		0	0	0	0
40,001 or above	1	0		50,000		50,000		0	0	0	50,000

Notes:

- (1) The closing price of the A Shares immediately before the date of grant of the share options was RMB19.29 per Share.
- (2) For details of the fair value of the share options, the accounting standards and policies adopted, and the basis for measuring the fair value of the share options, please refer to Note 28 to the consolidated financial statements in this annual report.
- (3) The exercise price shall be determined at no less than the nominal value of the Shares and no less than the higher of: (1) the average trading price of the Company's Shares on the trading day immediately preceding the announcement of the draft incentive scheme, being RMB19.38 per Share; and (2) the average trading price of the Company's Shares for the 20 trading days immediately preceding the announcement of the draft incentive scheme, being RMB20.53 per Share.

- (4) The share options shall vest and become exercisable in three tranches at 30%, 30% and 40%, respectively, during the periods of (i) 12 to 24 months, (ii) 24 to 36 months and (iii) 36 to 48 months from the date of grant under the 2025 Share Option Scheme, subject to the fulfillment of conditions including the performance targets set out in the 2025 Share Option Scheme.

2025 Restricted Share Scheme

The following is a summary of the principal terms of the 2025 Restricted Share Scheme. For details on the 2025 Restricted Share Scheme, please refer to "Appendix VI – Statutory and General Information – 4. Employee Incentive Scheme – (b). 2025 Restricted Share Scheme" of the Prospectus.

Purpose

The purpose of the 2025 Restricted Share Scheme is to improve the Group's corporate governance structure and incentivize the Group's management and key employees to achieve a sustained and long-term development of the Group. The 2025 Restricted Share Scheme is implemented to attract, retain and motivate management and key employees of the Group, and to promote the success of the Group's business by providing them with appropriate incentives based on fulfilling certain performance goals.

Participants

The participants of the 2025 Restricted Share Scheme are core management personnel (i.e., directors and senior management), key technical staff and any other personnel that the Board considers to be appropriate and necessary to incentivize.

The scope of eligible participants excludes independent Directors, supervisors, Shareholders who individually or collectively hold 5% or more of the Shares of the Company and their respective spouse, parents and children.

Source of Shares

The Shares underlying the 2025 Restricted Share Scheme shall be A Shares to be allotted and issued by the Company.

Scheme limit

The total number of A Shares which may be issued under the 2025 Restricted Share Scheme shall be 4,000,000 A Shares. As of December 31, 2025, such A Shares had been issued.

Maximum entitlement of a grantee

Any grant of the awards to any grantees in respect of all the awards granted to such person under all validly subsisting share incentive schemes of the Company in aggregate shall not exceed 1% of the Shares in issue.

Term and the Remaining life of the 2025 Restricted Share Scheme

The 2025 Restricted Share Scheme shall be valid and effective for the period of time commencing from the date of grant of awards, i.e. June 20, 2025 (the "**Effective Date**") and expiring on the day when all awards granted under the 2025 Restricted Share Scheme are unlocked or repurchased, which shall in any event be no later than the date which is 48 months after the 2025 Scheme Effective Date.

The remaining life of the 2025 Restricted Share Scheme is approximately 3 years.

Performance Targets and Lock-up

Subject to fulfillment of the performance targets, the awards held by the participants shall be unlocked in three tranches at 30%, 30% and 40%, respectively, during the periods from 12 to 24 months, 24 to 36 months, and 36 to 48 months from the date of grant.

Details of the Awards granted under the 2025 Restricted Share Scheme

As of the date of this annual report, the aggregate number of A Shares granted under the 2025 Restricted Share Scheme was 4,000,000, representing approximately 0.41% of the issued share capital of the Company. As of the date of this annual report, none of the granted restricted A Shares were released from the lock-up. All the outstanding restricted Shares under 2025 Restricted Share Scheme were granted on June 20, 2025 and no further restricted Shares under the 2025 Restricted Share Scheme will be granted.

The following table sets forth the number of outstanding restricted Shares granted to the Directors and senior management of the Company under the 2025 Restricted Share Incentive Scheme and the movements during the Reporting Period:

Name of the grantee	Position in the Company	Number of outstanding restricted Shares as of January 1, 2025	Date of grant ^{Note (1)(2)}	Grant Price ^{Note (3)}	Unlocking Period	Number of restricted Shares granted during the Reporting Period	Number of restricted Shares lapsed during the reporting Period	Number of restricted Shares cancelled During the Reporting Period	Number of restricted Shares unlocked during the Reporting Period	Number of outstanding restricted Shares as of December 31, 2025
Ms. Chen Yinlan	Non-executive Director	0	June 20, 2025	RMB10.27	Please refer to note (4)	60,000	0	0	0	60,000
Mr. He Lingjun	executive Director	0				60,000	0	0	0	60,000
Mr. Zhou Ailin	executive Director	0				60,000	0	0	0	60,000
Mr. Zhu Chunhua	executive Director	0				60,000	0	0	0	60,000
Mr. Yin Chenggang	Deputy general manager	0				60,000	-	-	-	60,000
Mr. Zhu Zhangxing	Deputy general manager	0				60,000	0	0	0	60,000
Ms. Xiao Tingting	Board secretary	0				40,000	0	0	0	40,000

Notes:

- (1) The closing price of the A Shares immediately before the date of grant of the restricted shares was RMB19.29 per Share.
- (2) For details of the fair value of the restricted Shares, the accounting standards and policies adopted, and the basis for measuring the fair value of the restricted Shares, please refer to Note 28 to the consolidated financial statements in this annual report.
- (3) The grant price of the restricted Shares shall be determined at no less than the nominal value of the Shares and no less than the higher of: (1) 50% of the average trading price of the Company's Shares on the trading day immediately preceding the announcement of the draft incentive scheme, being RMB9.69 per Share; and (2) 50% of the average trading price of the Company's Shares for the 20 trading days immediately preceding the announcement of the draft incentive scheme, being RMB10.27 per Share.
- (4) Subject to fulfillment of the performance targets, the awards held by the participants shall be unlocked in three tranches at 30%, 30% and 40%, respectively, during the periods from 12 to 24 months, 24 to 36 months, and 36 to 48 months from the date of grant.

The table below sets forth the details of outstanding restricted Shares granted to other grantees (excluding Directors and senior management of the Company) under the 2025 Restricted Share Incentive Schemes and the movements during the Reporting Period.

Range of outstanding restricted Shares granted	Total number of grantees	Number of outstanding restricted Shares as of January 1, 2025	Date of grant ^{Note (1)(2)}	Grant Price ^{Note (3)}	Unlocking Period	Number of restricted Shares granted during the Reporting Period	Number of restricted Shares lapsed during the reporting Period	Number of restricted Shares cancelled during the Reporting Period	Number of restricted Shares unlocked during the Reporting Period	Number of outstanding restricted Shares as of December 31, 2025
1 - 10,000	0	0	June 20, 2025	RMB10.27	<i>Please refer to note (4)</i>	0	0	0	0	0
10,001 - 20,000	55	0				1,095,000	0	0	0	1,095,000
20,001 - 30,000	54	0				1,430,000	0	0	0	1,430,000
30,001 - 40,000	13	0				515,000	0	0	0	515,000
40,001 or above	11	0				560,000	0	0	0	560,000

Notes:

- (1) The closing price of the A Shares immediately before the date of grant of the restricted Shares was RMB19.29.
- (2) For details of the fair value of the restricted Shares, the accounting standards and policies adopted, and the basis for measuring the fair value of the restricted Shares, please refer to Note 28 to the consolidated financial statements in this annual report.
- (3) The grant price of the restricted Shares shall be determined at no less than the nominal value of the Shares and no less than the higher of: (1) 50% of the average trading price of the Company's Shares on the trading day immediately preceding the announcement of the draft incentive scheme, being RMB9.69 per Share; and (2) 50% of the average trading price of the Company's Shares for the 20 trading days immediately preceding the announcement of the draft incentive scheme, being RMB10.27 per Share.
- (4) Subject to fulfillment of the performance targets, the awards held by the participants shall be unlocked in three tranches at 30%, 30% and 40%, respectively, during the periods from 12 to 24 months, 24 to 36 months, and 36 to 48 months from the date of grant.

The number of shares that may be issued in respect of options and awards granted under all Incentive Schemes of the Company during the Reporting Period divided by the weighted average number of shares of the relevant class in issue for the same period was approximately 0.84%.

2022 A-share Employee Share Ownership Plan

Purpose

The 2022 A-share Employee Share Ownership Plan aims to enable employees of the Company to participate in this employee share ownership plan on a voluntary, lawful and compliant basis, thereby establishing and improving a benefit-sharing mechanism between employees and Shareholders, enhancing the Company's corporate governance, improving employee cohesion and the Company's competitiveness, mobilizing employees' enthusiasm and creativity, achieving the Company's long-term development objectives, closely linking performance targets with long-term incentives, promoting the Company's long-term, sustainable and healthy development, and safeguarding the realization of its strategic objectives.

Participants

The participants in the 2022 A-share Employee Share Ownership Plan include the Directors (excluding independent Directors) or senior management of the Company; other senior management members of the Company; and middle management personnel and core key employees of the Company and its controlling subsidiaries.

Source of Shares

The underlying Shares involved in the 2022 A-share Employee Share Ownership Plan are ordinary A Shares of the Company repurchased from the secondary market. On August 25, 2022, 6.7274 million Shares of the Company held in the Company's repurchase-dedicated securities account were transferred by way of non-trading transfer to the special account opened under "ESTUN AUTOMATION CO., LTD. – Phase I and the 2022 Employee Share Ownership Plan". The non-trading transfer of shares under the Company's 2022 Employee Share Ownership Plan was completed. As the 2022 A-share Employee Share Ownership Plan constitutes a share scheme involving grants of existing shares by the Company and does not involve the issue of any new shares by the Company or the grant of options over any new shares, it is only subject to the applicable disclosure requirements under Chapter 17 of the Listing Rules. However, the A-share Employee Share Ownership Plan remains subject to the approval, disclosure and other relevant requirements under applicable laws and regulations.

Grant price

The grant price under the 2022 A-share Employee Share Ownership Plan was RMB1.00 per Share, which was determined by the Company based on its actual circumstances, the objectives of the Employee Share Ownership Plan, and on the basis of compliance with the relevant laws, regulations and regulatory documents. The subscription funds under the Employee Share Ownership Plan have been fully paid in by the participating employees.

Term, lock-up period and unlocking arrangement

The duration of the 2022 A-share Employee Share Ownership Plan shall not exceed 93 months, commencing from the date on which the last tranche of the underlying Shares is transferred to this employee share ownership plan, i.e. August 26, 2022 (the "Transfer Announcement Date"). If the underlying Shares held under the Employee Share Ownership Plan are unlocked and sold in full ahead of schedule, this employee share ownership plan shall terminate early.

The 2022 A-share Employee Share Ownership Plan shall be unlocked in two phases, and the allotments unlocked in each phase are planned to be sold in two batches. The specific unlocking and sale schedule is as follows:

Unlocking tranche	Relevant assessment year	Unlocking date ^(Note 1)	Unlocking percentage	Sale period	Sale date	Sale percentage
First unlocking	2022	April 30, 2026	40%	First sale period	Within one year from 12 months after the relevant allotment is unlocked	50%
				Second sale period	Within one year from 24 months after the relevant allotment is unlocked	50%
Second unlocking	2023	April 30, 2027	60%	First sale period	Within one year from 12 months after the relevant allotment is unlocked	50%
				Second sale period	Within one year from 24 months after the relevant allotment is unlocked	50%

Note:

- (1) The Employee Share Ownership Plan takes the two fiscal years of 2022 and 2023 as the performance assessment period. Through an assessment of the Company's performance indicators and individual performance indicators, the final allotments and proportions to be unlocked in each holder under this employee share ownership plan will be determined.

List of Holders and Details of Allotments under the 2022 A-share Employee Share Ownership Plan

Name	Position	Maximum number of 2022 A Shares corresponding to the subscription allotment granted (shares)	% of the effective total allotment under the 2022 A-share Employee Share Ownership Plan	% of the total share capital of the Company as of the date of this annual report
Zhu Chunhua	Executive Director	40,000	1.76%	0.00%
Zhou Ailin	Executive Director	40,000	1.76%	0.00%
He Lingjun	Executive Director	60,000	2.63%	0.01%
Chen Yinlan	Executive Director	25,160	1.10%	0.00%
Xiao Tingting	Board secretary	20,000	0.88%	0.00%
Five Highest Paid Individuals (1 person)		60,000	2.63%	0.01%
Other employees (155 persons)		2,032,200	89.23%	0.21%
Total		2,277,360 ⁽¹⁾	100%	0.24%

Notes:

- (1) As at the beginning of the Reporting Period, the effective Shares held by employees under the 2022 Employee Share Ownership Plan amounted to 6,727,400 Shares. As the Company-level performance assessment target for the second unlocking period under the 2022 Employee Share Ownership Plan was not met, pursuant to the *Phase I of the Long-term Incentive Plan and the 2022 Employee Share Ownership Plan (Draft)* 《長期激勵計劃第一期暨 2022 年員工持股計劃(草案)》, and as approved at the sixth meeting and the thirteenth meeting of the fifth session of the Board, 60% of the vested allotments granted to the incentive participants could not be unlocked. The Management Committee canceled the corresponding allotments held by such holders and returned their original capital contributions. In addition, as certain holders were no longer eligible to participate in the Employee Share Ownership Plan due to their resignation, the Management Committee recovered the relevant allotments in accordance with the relevant provisions of the Employee Share Ownership Plan. As of the end of the Reporting Period, the Company had cumulatively recovered 4,450,040 Shares of allotments that could not be unlocked, and the effective allotments held by employees under the 2022 Employee Share Ownership Plan amounted to 2,277,360 Shares.

Accounting policy, accounting treatment and financial impact

The specific accounting policies, accounting treatment and financial impact are set out in Note 2(t) and Note 28 to the consolidated financial statements in this annual report.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, there was no equity-linked agreement entered into by the Company or any of its subsidiaries during the Reporting Period or subsisted as of December 31, 2025.

CONTINUING CONNECTED TRANSACTIONS

The Company was listed on the Main Board of the Stock Exchange on March 9, 2026 and was not a listed company during the Reporting Period. Upon listing, transactions between the Company and its connected persons constitute connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Details of the continuing connected transactions of the Group that are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules are set out below.

Partially-exempt Continuing Connected Transactions

1. **Procurement of Intelligent Components Framework Agreement**

Principal Terms

On January 28, 2026, the Company, for itself and on behalf of its subsidiaries, entered into a framework agreement (the "**Procurement of Intelligent Components Framework Agreement**") with Nanjing Estun Codroid Technology Co., Ltd. (南京埃斯頓酷卓科技有限公司) ("**Estun Codroid**"), pursuant to which, the Group will procure from Estun Codroid products including intelligent core components and joint modules.

The initial term of the Procurement of Intelligent Components Framework Agreement will commence on the Listing and effective for one year. Both parties or their respective subsidiaries will enter into separate underlying agreements which will set out the specific terms and conditions according to the principles provided in the Procurement of Intelligent Components Framework Agreement.

Reasons for the Transaction

The Group has been purchasing such materials from Estun Codroid during the Reporting Period in the ordinary and usual course of our business. The Group and Estun Codroid has therefore established a stable business relationship, and Estun Codroid has acquired a comprehensive understanding of our business and operational requirements of the materials and processing service that we need.

Therefore, we believe it is in the best interest of the Group and our Shareholders as a whole to continue to procure such materials from Estun Codroid which is capable of fulfilling our demands with a stable and high-quality supply of intelligent core components and joint modules on terms which are similar to or better than those offered by Independent Third Parties.

Consideration and Pricing Policies

The fee charged by Estun Codroid for the materials to be supplied to the Group pursuant to the Procurement of Intelligent Components Framework Agreement shall be determined by commercial negotiation between the parties according to the principles of fairness and reasonableness, taking into account various factors including but not limited to the type of materials, transaction volume and the prices for the procurement of materials of similar nature, type and quantity by the Group to other Independent Third Parties in the market.

Historical Amounts and Annual Cap

The historical amount of the transactions under the Procurement of Intelligent Components Framework Agreement for the year ended December 31, 2025 was RMB23.42 million.

The annual caps under the Procurement of Intelligent Components Framework Agreement for the year ending December 31, 2026 is RMB22 million.

Information on Estun Codroid

Mr. Wu, one of our Controlling Shareholders, our executive Director and chief strategic officer, indirectly exercised approximately 39.07% of the voting rights in Estun Codroid through Nanjing Primest. Accordingly, Estun Codroid is an associate of Mr. Wu, and thus has become our connected person.

Listing Rules Implications

As the highest applicable percentage ratio of the transactions under the Procurement of Intelligent Components Framework Agreement for the year ending December 31, 2026, calculated for the purpose of Chapter 14A of the Listing Rules is higher than 0.1% but below 5% on an annual basis, such transactions constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules but exempt from the independent Shareholders' approval requirements under Rule 14A.36 of the Listing Rules.

2. Procurement of Mechanical Material Framework Agreement*Principal Terms*

On January 28, 2026, the Company, for itself and on behalf of its subsidiaries, entered into a framework agreement (the "**Procurement of Mechanical Material Framework Agreement**") with Lianyungang Sikesi Robotic Technology Co., Ltd. (連雲港斯克斯機器人科技有限公司) ("**Lianyungang Sikesi**"), pursuant to which, the Group will procure from Lianyungang Sikesi mechanical materials including ball screw spline.

The initial term of the Procurement of Mechanical Material Framework Agreement will commence on the Listing and end on December 31, 2026. Both parties or their respective subsidiaries will enter into separate underlying agreements which will set out the specific terms and conditions according to the principles provided in the Procurement of Mechanical Material Framework Agreement.

Reasons for the Transaction

The Group has been purchasing such materials from Lianyungang Sikesi during the Reporting Period in the ordinary and usual course of our business. The Group and Lianyungang Sikesi have therefore established a long-term and stable business relationship, and Lianyungang Sikesi has acquired a comprehensive understanding of our business and operational requirements of the materials and processing service that we need.

Therefore, we believe it is in the best interest of the Group and our Shareholders as a whole to continue to procure such materials from Lianyungang Sikesi which is capable of fulfilling our demands with a stable and high-quality supply of materials and processing service on terms which are similar to or better than those offered by Independent Third Parties.

Consideration and Pricing Policies

The fee charged by Lianyungang Sikesi for the materials to be supplied to the Group pursuant to the Procurement of Mechanical Material Framework Agreement shall be determined by commercial negotiation between the parties according to the principles of fairness and reasonableness, taking into account various factors including but not limited to the type of materials, transaction volume and the prices for the procurement of materials of similar nature, type and quantity by the Group to other Independent Third Parties in the market.

Historical Amounts and Annual Cap

The historical amount of the transactions under the Procurement of Mechanical Material Framework Agreement for the year ended December 31, 2025 was RMB8.45 million.

The annual caps under the Procurement of Mechanical Material Framework Agreement for the year ending December 31, 2026 is RMB16 million.

Information on Lianyungang Sikesi

As of the date of this annual report, Mr. Feng Hutian (馮虎田) (“**Mr. Feng**”), being a former independent director of the Company in the last 12 months, directly and indirectly exercised over 30% of the voting rights in aggregate in Lianyungang Sikesi. Accordingly, Lianyungang Sikesi is an associate of Mr. Feng, and thus has become our connected person.

Listing Rules Implications

As the percentage ratio of the transactions under the Procurement of Mechanical Material Framework Agreement for the year ending December 31, 2026 calculated for the purpose of Chapter 14A of the Listing Rules is higher than 0.1% but below 5% on an annual basis, such transactions constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules but exempt from the independent Shareholders' approval requirements under Rule 14A.36 of the Listing Rules.

3. Provision of Automatic Core Component Framework Agreement I

Principal Terms

On January 28, 2026, the Company, for itself and on behalf of its subsidiaries, entered into a framework agreement (the "**Provision of Automatic Core Component Framework Agreement I**") with Estun (Nanjing) Medical Technology Co., Ltd. (埃斯頓(南京)醫療科技有限公司) ("**Estun Medical**"), pursuant to which, the Group will provide automatic core components (including motor shaft and motor rotor) to Estun Medical.

The initial term of the Provision of Automatic Core Component Framework Agreement I will commence on the Listing and effective for three years. Both parties or their respective subsidiaries will enter into separate underlying agreements which will set out the specific terms and conditions according to the principles provided in the Provision of Automatic Core Component Framework Agreement I.

Reasons for the Transaction

The Group has been providing automatic core components to Estun Medical during the Reporting Period in the ordinary and usual course of our business. The Group and Estun Medical has therefore established a long-term and stable business relationship. We are not and will not be bound to collaborate with Estun Medical, and we will only manufacture and provide the required products to Estun Medical if we consider it is in the interests of the Company and Shareholders as a whole. Such collaboration with Estun Medical not only brings the Group additional sales but also the opportunities to expand our reach and further promote our offerings, we therefore consider the Provision of Automatic Core Component Framework Agreement I to be consistent with the business and commercial objectives of the Company.

Consideration and Pricing Policies

The fee to be charged on Estun Medical for the automatic core component to be procured from the Group pursuant to the Provision of Automatic Core Component Framework Agreement I shall be determined by commercial negotiation between the parties according to the principles of fairness and reasonableness, taking into account various factors including but not limited to the type of materials, transaction volume and the prices for the procurement of materials of similar nature, type and quantity by the Group to other Independent Third Parties in the market.

Historical Amounts and Annual Cap

The historical amount of the transactions under the Provision of Automatic Core Component Framework Agreement I for the year ended December 31, 2025 was RMB7.90 million.

The annual caps under the Provision of Automatic Core Component Framework Agreement I for each of the years ending December 31, 2026, 2027 and 2028 is RMB1 million.

Information on Estun Medical

Mr. Wu, one of our Controlling Shareholders, our executive Director and chief strategic officer, indirectly exercised approximately 61.71% of the voting rights in Estun Medical through Nanjing Primest. Accordingly, Estun Medical is an associate of Mr. Wu, and thus has become our connected person.

Listing Rules Implications

Since the continuing connected transactions contemplated under the Provision of Automatic Core Component Framework Agreement I&II (see below) are similar in nature and taking into account the association of Mr. Wu, one of our Controlling Shareholders, our executive Director and chief strategic officer, such transactions should be aggregated pursuant to Rule 14A.81 of the Listing Rules.

As the highest applicable percentage ratio of the transactions under the Provision of Automatic Core Component Framework Agreement I and II for the years ending December 31, 2026, 2027 and 2028 calculated for the purpose of Chapter 14A of the Listing Rules is higher than 0.1% but below 5% on an annual basis, such transactions constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules but exempt from the independent Shareholders' approval requirements under Rule 14A.36 of the Listing Rules.

4. Provision of Automatic Core Component Framework Agreement II

Principal Terms

On January 28, 2026, the Company, for itself and on behalf of its subsidiaries, entered into a framework agreement (the "**Provision of Automatic Core Component Framework Agreement II**") with Estun Codroid, pursuant to which, the Group will provide automatic core components to Estun Codroid.

The initial term of the Provision of Automatic Core Component Framework Agreement II will commence on the Listing and effective for three years. Both parties or their respective subsidiaries will enter into separate underlying agreements which will set out the specific terms and conditions according to the principles provided in the Provision of Automatic Core Component Framework Agreement II.

Reasons for the Transaction

The Group has been providing automatic core components to Estun Codroid during the Reporting Period in the ordinary and usual course of our business. The Group and Estun Codroid has therefore established a long-term and stable business relationship. We are not and will not be bound to collaborate with Estun Codroid, and we will only manufacture and provide the required products to Estun Codroid if we consider it is in the interests of the Company and Shareholders as a whole. Such collaboration with Estun Codroid not only brings the Group additional sales but also the opportunities to expand our reach and further promote our offerings, we therefore consider the Provision of Automatic Core Component Framework Agreement II to be consistent with the business and commercial objectives of the Company

Consideration and Pricing Policies

The fee to be charged on Estun Codroid for the automatic core component to be procured from the Group pursuant to the Provision of Automatic Core Component Framework Agreement II shall be determined by commercial negotiation between the parties according to the principles of fairness and reasonableness, taking into account various factors including but not limited to the type of materials, transaction volume and the prices for the procurement of materials of similar nature, type and quantity by the Group to other Independent Third Parties in the market.

Historical Amounts and Annual Cap

The historical amount of the transactions under the Provision of Automatic Core Component Framework Agreement II for the year ended December 31, 2025 was RMB3.75 million.

The annual caps under the Provision of Automatic Core Component Framework Agreement II for the years ending December 31, 2026, 2027 and 2028 is RMB4 million, RMB3 million, and RMB3 million.

Information on Estun Codroid

Mr. Wu, one of our Controlling Shareholders, our executive Director and chief strategic officer, indirectly exercised approximately 39.07% of the voting rights in Estun Codroid through Nanjing Primest. Accordingly, Estun Codroid is an associate of Mr. Wu, and thus has become our connected person.

Listing Rules Implications

Since the continuing connected transactions contemplated under the Provision of Automatic Core Component Framework Agreement I&II are similar in nature and taking into account the association of Mr. Wu, one of our Controlling Shareholders, our executive Director and chief strategic officer, such transactions should be aggregated pursuant to Rule 14A.81 of the Listing Rules.

As the highest applicable percentage ratio of the transactions under the Provision of Automatic Core Component Framework Agreement I and II for the years ending December 31, 2026, 2027 and 2028 calculated for the purpose of Chapter 14A of the Listing Rules is higher than 0.1% but below 5% on an annual basis, such transactions will, upon Listing, constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules but exempt from the independent Shareholders' approval requirements under Rule 14A.36 of the Listing Rules.

For details of the above continuing connected transactions, please refer to the section headed "Connected Transactions" in the Prospectus.

The Company has confirmed that the execution and enforcement of the implementation agreements under the continuing connected transactions set out above conducted by the Group during the Reporting Period has followed the pricing principles of such continuing connected transactions.

The independent non-executive Directors had reviewed the above continuing connected transactions and confirmed that these transactions had been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) either on normal commercial terms or on terms no less favourable to the Company; and
- (iii) in accordance with relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

As the Company was not a Hong Kong-listed company in 2025, the annual review and reporting requirements under Chapter 14A of the Listing Rules did not apply to the Company for year 2025. The Company will comply with the relevant requirements under the Listing Rules in its subsequent annual reports.

The Board confirms that the Company has complied with the applicable disclosure requirements under Chapter 14A of the Listing Rules in respect of each of the continuing connected transactions set out above.

RELATED PARTY TRANSACTIONS

Related party transactions during the Reporting Period were disclosed in Note 35 to the consolidated financial statements in this annual report. They include the above continuing connected transactions under the Listing Rules. As the Company was listed on March 9, 2026, none of those related party transactions constituted connected transaction or continuing connected transaction under the Listing Rules for year 2025. In respect of the connected transactions and the continuing connected transactions, the Company has complied with the disclosure requirements of the Listing Rules (as amended from time to time).

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

As of December 31, 2025, the H Shares of the Company were not listed on the Stock Exchange. Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company (including any sale of treasury shares (as defined in the Listing Rules)) during the year ended December 31, 2025. As of the date of this annual report, the Company did not hold any treasury shares (as defined in the Listing Rules).

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the PRC that would oblige the Company to offer new shares on a pro rata basis to its existing Shareholders.

TAX RELIEF

The Directors are not aware of any relief from taxation available to existing Shareholders by reason of their holding of the Shares.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transactions" of Directors' Report in this annual report, neither contract of significance made between the Company or any of its subsidiaries and a controlling Shareholder or any of its subsidiaries, nor contract of significance made for the provision of services to the Company or any of its subsidiaries by a controlling Shareholder or any of its subsidiaries was entered into during the Reporting Period or subsisted as of December 31, 2025.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

DONATIONS

During the Reporting Period, the Group made charitable and other donations in an aggregate amount of RMB0.66 million.

SIGNIFICANT LEGAL PROCEEDINGS

As of the date of this report, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatening against any member of the Group.

PERMITTED INDEMNITY PROVISION

In accordance with the Articles of Association, the Directors and other officers shall have the right to be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty in their offices, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

The Company has maintained directors' liability insurance to protect the Directors against any potential losses arising from his/her actual or alleged misconduct.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 57 to 77 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this annual report, based on the publicly available information and to the best knowledge of the directors of the Company, the Company has satisfied the requirements of Rule 19A.28B(2) of the Hong Kong Listing Rules with respect to the minimum public float, as the H Shares of the Company held by the public account for at least 5% of the total number of issued Shares of the Company.

AUDIT COMMITTEE

The Audit Committee has, together with the management and auditor of the Company, reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements for the year ended December 31, 2025.

AUDITOR

The Company has appointed KPMG as the auditor of the Company for the year ended December 31, 2025. A resolution will be proposed for approval by Shareholders at the forthcoming AGM to re-appoint KPMG as the auditor of the Company.

By order of the Board

Mr. Wu Bo

Chairman

Nanjing, PRC, March 30, 2026

Corporate Governance Report

The Board is pleased to present the corporate governance report of the Company for the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

The Company is dedicated to maintaining and ensuring high standards of corporate governance practices and the corporate governance principles of the Company are adopted in the interest of the Company and its Shareholders.

The Company has adopted the applicable code provisions of the CG Code as set out in Part 2 of Appendix C1 to the Listing Rules. As the Company's H Shares were not listed on the Stock Exchange as of December 31, 2025, the CG Code were not applicable to the Company during the year ended December 31, 2025 but has applied to the Company since the Listing Date.

Save as disclosed in this report, the Board considered that the Company has complied with applicable code provisions set out in the CG Code during the period from the Listing Date to the date of this report. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

The Board developed, reviewed and monitored the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and compliance manual applicable to employees and Directors, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding dealings in the securities of the Company by the Directors, senior management members, and employees who, because of their office or employment, are likely to possess inside information in relation to the Group or the Company's securities.

As the Company's H Shares were not listed on the Stock Exchange as of December 31, 2025, the relevant rules of the Model Code were not applicable to the Company during the Reporting Period.

Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code since the Listing Date. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management members or relevant employees of the Group since the Listing Date.



THE BOARD

Board Composition

As of the date of this report, the Board comprises five executive Directors, one non-executive Director and three independent non-executive Directors. The Directors as of the date of this report are as follows:

Executive Directors

Mr. Wu Bo (吳波) (*Chairman*)

Mr. Wu Kan (吳侃)

Mr. Zhu Chunhua (諸春華)

Mr. Zhou Ailin (周愛林)

Mr. He Lingjun (何靈軍)

Non-executive Directors

Ms. Chen Yinlan (陳銀蘭)

Independent Non-executive Directors

Dr. Tang Wencheng (湯文成)

Dr. Han Xiaofang (韓小芳)

Mr. Lin Jinjun (林金俊)

The biographies of the Directors are set out under the section headed "Directors and Senior Management" of this annual report. Except that Mr. Wu Bo is the father of Mr. Wu Kan, none of the Directors have any personal relationship (including financial, business, family or other material or relevant relationship) with any other Director and general manager of the Company.

Independent Non-executive Directors

From the Listing Date to the date of this report, the Board has at all times met the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

From the Listing Date to the date of this report, the Company has also complied with Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company therefore believes all independent non-executive Directors to be independent.

Chairman and General Manager

The positions of chairman of the Board and general manager of the Company are held by Mr. Wu Bo and Mr. Wu Kan, respectively. Mr. Wu Bo is responsible for convening and presiding over meetings as well as making decisions on major issues, while Mr. Wu Kan is primarily responsible for formulating the overall strategy and overseeing the implementation of the strategy and the operation and management of the Group.

Appointment and Re-election of Directors

Each of the Directors (including non-executive Directors and independent non-executive Directors) has entered into a service contract or appointment letter with the Company, under which they agreed to act as Directors for a term of three years commenced from the date of appointment subject to retirement by rotation and re-election in accordance with the Articles of Association and the Listing Rules, until terminated in accordance with the terms and conditions of the service contract or appointment letter.

Details of the Directors' service contracts and letters of appointment are set out in the section headed "Directors' Report — Service Contracts and Letters of Appointment" in this annual report.

In accordance with article 102 of the Articles of Association, a director shall be elected or replaced by general meeting, and may be dismissed by general meeting before expiry of tenure. A director may take office for a tenure of not more than three years, and may be re-elected as Director upon expiration, provided that the consecutive term of office of an independent Director shall not exceed six years.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board bears overall responsibility for the leadership and control of the Company, overseeing the Group's businesses, strategic direction and performance. Acting collectively, the Board promotes the success of the Company by directing and supervising its affairs, with each Director making decisions objectively and in the interests of the Company and the Shareholders as a whole.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations, serving on committees when potential conflicts of interest arise, scrutinizing the Company's performance against stated corporate goals and objectives, and monitoring reporting on the Company's performance.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance cover to protect Directors from possible legal action against them.

Remuneration of Directors and Senior Management

The Company is not aware of any arrangement under which a Director has waived or agreed to waive any emoluments.

Details of the remuneration of the members of the Board for the year ended December 31, 2025 are set out in Note 8 to the consolidated financial statements in this annual report.

The remuneration of the senior management members of the Company by band during the year ended December 31, 2025 are set out below:

Remuneration Band (RMB)	Number of Individuals
0-1,000,000	6
1,000,001-2,000,000	1
2,000,001-3,000,000	1

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that they remain informed and relevant for their contribution to the Board.

Every Director shall receive formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Each of the Directors has confirmed that he/she has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in June 2025, and understand his/her obligations as a director of a listed issuer under the Listing Rules.

Directors should participate in appropriate continuous professional development training to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Company arranges regular trainings for Directors as appropriate. Reading materials on relevant topics will be provided to Directors. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended December 31, 2025 and up to the date of this report, all the current Directors have participated in continuous professional development by attending training session on the responsibilities of the Directors and senior management or reading the relevant guideline materials regarding the Listing Rules, regulatory updates and duty of disclosure of interest.

A summary of trainings received by the Directors during the year ended December 31, 2025 and up to the date of this report is as follows:

Name of Directors	Participated in Continuous Professional Development ⁽¹⁾
<i>Executive Directors</i>	
Mr. Wu Bo	✓
Mr. Wu Kan	✓
Mr. Zhu Chunhua	✓
Mr. Zhou Ailin	✓
Mr. He Lingjun	✓
<i>Non-executive Directors</i>	
Ms. Chen Yinlan	✓
<i>Independent Non-executive Directors</i>	
Dr. Tang Wencheng	✓
Dr. Han Xiaofang (<i>appointed with effect from June 20, 2025</i>)	✓
Mr. Lin Jinjun (<i>appointed with effect from June 20, 2025</i>)	✓
Dr. Feng Hutian (<i>resigned with effect from June 20, 2025</i>)	N/A
Mr. Chen Heng (<i>resigned with effect from June 20, 2025</i>)	N/A

Notes:

- (1) Attending the training for Directors and reading relevant guideline materials covering a wide range of topics, including but not limited to the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors and duty of disclosure of interests, as well as amendments to and review of provisions of the Listing Rules.

DIVERSITY POLICY

The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company has adopted a Board diversity policy (the “**Board Diversity Policy**”) to enhance the effectiveness of the Board and to maintain a high standard of corporate governance. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a range of diversity perspectives with reference to the Company’s business model and specific needs, including but not limited to gender, age, language, cultural and educational background, professional qualifications, skills, knowledge, industry, regional experience and length of service. Furthermore, the Nomination Committee is responsible for reviewing the diversity of the Board, reviewing the Board Diversity Policy from time to time, developing and reviewing measurable objectives for implementing the Board Diversity Policy, and monitoring the progress on achieving these measurable objectives in order to ensure that the Board Diversity Policy remains effective.

As of the date of this report, the Board comprises a total of nine Directors, which is analysed as follows based on measurable objectives:

Gender	Age Group	Education Background	Position
Male: seven Directors	40-49: four Directors	Bachelor’s degree: four Directors	Executive Directors: five Directors
Female: two Directors	50-59: three Directors	Master’s degree: three Directors	Non-executive Director: one Director
	60-69: one Director	Doctoral degree: two Directors	Independent non-executive Directors:
	70-79: one Director		three Directors

Furthermore, the Directors have a balanced mixed of knowledge and skills, including but not limited to overall business management, finance and accounting as well as research and development. They obtained degrees in various majors including mechanical manufacturing engineering, automation, physics, marketing and statistic economics. All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, the Strategy Committee and the ESG Committee.

The Company has reviewed the membership, structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experience and skills of the Directors in various aspects and fields can enable the Company to maintain a high standard of operation.

The Company’s diversity philosophy (including the gender diversity) was generally followed in the workforce throughout the Group for the year ended December 31, 2025. As of the date of this report, one senior management of the Company is female, and 19.42% of the Group’s total workforce (excluding senior management) are female. The Company targets to maintain a high level of female representation in the Group’s workforce.

The Company is committed to enhancing gender diversity at all levels in accordance with stakeholder expectations and recommended best practices. When selecting and recommending candidates for Board appointments, the Company will actively seek to further increase the proportion of female Directors on the Board. At the recruitment level, the Company is dedicated to promoting gender diversity and eliminating gender biases in the hiring process especially for mid to senior level positions, including through the use of diverse interview panels. The Company strives to build a healthy, diverse and inclusive workplace by offering unconscious-bias management training and ensuring that career development opportunities for all staff are strategic, transparent and equitable. Through the continuous enhancement of its inclusive culture, the Company aims to proactively develop a gender-diverse pipeline of senior management talent and potential successors to the Board. There are no mitigating factors or circumstances that would make achieving gender diversity across the workforce, including at the senior management level, more challenging or less relevant.

BOARD COMMITTEES

The Board has established five committees, namely, the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, the Strategy Committee and the ESG Committee for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the websites of the Stock Exchange and the Company and are available to Shareholders upon request.

Rule 3.21 of the Listing Rules requires the Audit Committee to comprise non-executive directors only, with a minimum of three members with independent non-executive directors in majority and at least one member with appropriate professional qualifications or accounting or related financial management expertise. In addition, the majority of the members of the Remuneration and Appraisal Committee and the Nomination Committee should be independent non-executive Directors. The list of the chairperson and members of each Board committee is set out under "Corporate Information" in this annual report.

Audit Committee

The Company has established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of part 2 of the CG Code as set out in Appendix C1 to the Listing Rules. The Audit Committee consists of Dr. Han Xiaofang, Dr. Tang Wencheng and Mr. Lin Jinjun, all being independent non-executive Directors, with Dr. Han Xiaofang being the chairlady of the committee. Dr. Han Xiaofang holds the appropriate accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duties of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process, and performing other duties and responsibilities as assigned by the Board, including, amongst other things:

- proposing to the Board the appointment and replacement of external audit firms;
- supervising the implementation of the Group's internal audit system;
- liaising between the internal audit department and external auditors;
- reviewing the Group's financial information and related disclosures; and
- other duties conferred by the Board.



Corporate Governance Report

During the Reporting Period, the Audit Committee has held six meetings, which were attended by all members of the Audit Committee, and reviewed, among other things, the audited consolidated financial statements of the Group for the year ended December 31, 2024, the unaudited consolidated financial statements of the Group for the six months ended June 30, 2025, the effectiveness of the risk management and internal control systems and internal audit function of the Company, appointment of external auditor, the estimated ordinary related-party transactions for 2025 and other relevant matters.

According to code provision D.3.3(e)(i) of the CG Code and the terms of reference of the Audit Committee of the Company, the Audit Committee must meet, at least twice a year, with the Company's auditor. During the year ended December 31, 2025, the members of the Audit Committee held two meetings with the external auditor.

Attendance of each Audit Committee member is set out in the table below:

Name of Directors	Attended/Eligible to attend
Dr. Han Xiaofang (<i>chairlady</i>) (<i>appointed on June 20, 2025</i>)	4/4
Dr. Tang Wencheng	6/6
Mr. Lin Jinjun (<i>appointed on June 20, 2025</i>)	4/4
Dr. Feng Hutian (<i>resigned on June 20, 2025</i>)	2/2
Mr. Chen Heng (<i>resigned on June 20, 2025</i>)	2/2

Remuneration and Appraisal Committee

The Company has established a Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of part 2 of the CG Code. The Remuneration and Appraisal Committee consists of two independent non-executive Directors and one non-executive Director, being Mr. Lin Jinjun, Dr. Han Xiaofang and Ms. Chen Yinlan, with Mr. Lin Jinjun being the chairperson of the committee.

The primary duties of the Remuneration and Appraisal Committee are to develop remuneration and appraisal policies of the Directors, evaluate the performance, make recommendations on the remuneration packages of the Directors and senior management and evaluate and make recommendations on employee benefits, which include amongst other things:

- establishing, reviewing and making recommendations to the Board on the policy and structure concerning remuneration and appraisal of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration and appraisal;
- determining the terms of the specific remuneration package of each Director and members of senior management;
- reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time; and
- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and
- other duties conferred by the Board.

During the Reporting Period, the Remuneration and Appraisal Committee has held three meetings, which were attended by all members of the Remuneration and Appraisal Committee, and, amongst other things, reviewed the remuneration packages of the Directors and the remuneration policy and packages of the senior management, assessed the performance of Directors and approved the terms of Directors' service contracts and letters of appointment, and reviewed and approved draft of the 2025 Share Option Scheme and the 2025 Restricted Share Scheme and the grants thereunder as well as other related resolutions. For details on the Employee Incentive Schemes and the grants thereunder, see "Directors' Report – Employee Incentive Schemes" in this annual report.

Attendance of each Remuneration and Appraisal Committee member is set out in the table below:

Name of Directors	Attended/Eligible to attend
Mr. Lin Jinjun (<i>Chairperson</i>) (<i>appointed on June 20, 2025</i>)	1/1
Dr. Han Xiaofang (<i>appointed on June 20, 2025</i>)	1/1
Ms. Chen Yinlan	3/3
Dr. Feng Hutian (<i>resigned on June 20, 2025</i>)	2/2
Mr. Chen Heng (<i>resigned on June 20, 2025</i>)	2/2

Nomination Committee

The Company has established a nomination committee with written terms of reference in compliance with paragraph B.3 of part 2 of the CG Code. The Nomination Committee consists of two independent non-executive Directors and one executive Director, being Dr. Tang Wencheng, Dr. Han Xiaofang and Mr. Wu Kan, with Dr. Tang Wencheng being the chairperson of the committee.

The principal duties of the Nomination Committee are to make recommendations to the Board in relation to the appointment and removal of Directors which includes, amongst other things:

- reviewing the structure, size and composition of the Board on a regular basis, assisting the Board in maintaining a board skills matrix, and making recommendations to the Board regarding any proposed changes;
- identifying, selecting or making recommendations to the Board on the selection of individuals nominated for directorships;
- assessing the independence of independent non-executive Directors;
- making recommendations to the Board on relevant matters relating to the appointment, re-appointment and removal of the Directors;
- supporting the Company's regular evaluation of the Board's performance; and
- other duties conferred by the Board.

Board nomination policy

Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, language, cultural and educational background, professional qualifications, skills, knowledge, industry, regional experience and length of service. Furthermore, the Nomination Committee is responsible for reviewing the diversity of the Board, reviewing the Board Diversity Policy from time to time, developing and reviewing measurable objectives for implementing the Board Diversity Policy, and monitoring the progress on achieving these measurable objectives in order to ensure that the Board Diversity Policy remains effective.

Corporate Governance Report

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence, and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

The Nomination Committee recommends to the Board for the appointment of a Director, including an independent non-executive Director, in accordance with the following selection criteria and nomination procedures:

- (a) identify individuals who are suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships, having due regard to the Board Diversity Policy, the requirements in the Articles of Association, the Listing Rules and applicable laws and regulations, and the relevant candidates' contributions to the Board in terms of qualifications, skills, experiences, independence and gender diversity;
- (b) assess each Director's time commitment and contributions to the Board, as well as the Director's ability to discharge his/her responsibilities effectively, taking into account existing directorships of issuers listed on the Stock Exchange and other significant external time commitments of such Director and other factors or circumstances relevant to the Director's character, integrity, independence and experience;
- (b) assess the independence of independent non-executive Directors to determine their eligibility with reference to the factors set out in Rule 3.13 of the Listing Rules and any other factors deemed appropriate by the Nomination Committee or the Board and assess his/her ability to devote sufficient time to the Board matters; and
- (c) develop the criteria for identifying and assessing the qualifications of and evaluating candidates for directorship, including but not limited to evaluating the balance of skills, knowledge and experience on the Board, and in light of this evaluation prepare a description of the role and capabilities required for a particular appointment.

During the Reporting Period, the Nomination Committee has held three meetings, which were attended by all members of the Nomination Committee, and reviewed, among other things, the structure, size and composition of the Board, assessed the independence of independent non-executive Directors to determine their eligibility as well as discussed the appointment of Directors, the Board secretary, the joint company secretaries and the securities affairs representatives.

Attendance of each Nomination Committee member is set out in the table below:

Name of Directors	Attended/Eligible to attend
Dr. Tang Wencheng (<i>Chairperson</i>)	3/3
Dr. Han Xiaofang (<i>appointed on June 20, 2025</i>)	1/1
Mr. Wu Kan	3/3
Dr. Feng Hutian (<i>resigned on June 20, 2025</i>)	2/2

Strategy Committee

The Board has established a Strategy Committee with written terms of reference. The Strategy Committee consists of four executive Directors and one independent non-executive Director, being Mr. Wu Bo, Mr. Wu Kan, Mr. Zhu Chunhua, Mr. Zhou Ailin and Dr. Tang Wencheng, with Mr. Wu Bo being the chairperson of the committee.

The primary duties of the Strategy Committee are to research on making recommendations to the Board on the Group's long-term development strategies, major decisions, and environmental, social and governance matters.

During the Reporting Period, the Strategy Committee has held five meetings, which were attended by all members of the Strategy Committee, and reviewed, among other things, the issuance and listing of H Shares, capital contributions to subsidiaries, the transfer of equity interests in subsidiaries and investee companies, and other related resolutions.

Attendance of each Strategy Committee member is set out in the table below:

Name of Directors	Attended/Eligible to attend
Mr. Wu Bo (<i>Chairperson</i>)	5/5
Mr. Wu Kan	5/5
Mr. Zhu Chunhua	5/5
Mr. Zhou Ailin	5/5
Dr. Tang Wencheng	5/5

ESG Committee

The Company has established an ESG Committee which consists of two executive Directors and one independent non-executive Director, being Mr. Wu Bo, Dr. Tang Wencheng and Mr. He Lingjun, with Mr. Wu Bo being the chairperson of the committee.

The principal duties of the ESG Committee include:

- paying attention to the ESG laws, regulations and policies related to the Company, researching and recommending on the Company's ESG work direction;
- researching and developing the Company's ESG strategic planning, management structure, system and implementing rules;
- identifying and monitoring the ESG risks and opportunities with great influence on the Company's operation, and guiding the management team to take appropriate countermeasures against the ESG risks and opportunities;
- instructing, supervising and checking the Company's ESG implementation, evaluating the Company's overall ESG performance and giving suggestions; and
- considering the Company's ESG reports and other ESG related material events.

Corporate Governance Report

During the Reporting Period, the ESG Committee has held three meetings, which were attended by all members of the ESG Committee, and reviewed, among other things, the ESG report for the year ended December 31, 2024, the establishment of the Company's ESG governance structure, the amendments to the working rules of the ESG Committee and other related matters.

Attendance of each ESG Committee member is set out in the table below:

Name of Directors	Attended/Eligible to attend
Mr. Wu Bo (<i>Chairperson</i>)	3/3
Dr. Tang Wencheng	3/3
Mr. He Lingjun	3/3

BOARD MEETINGS

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other extraordinary meetings of the Board, a notice shall be given three days prior to the meeting. And for the Board committee meetings, a notice shall also be given in accordance with the terms of reference prior to the meeting. The agenda and accompanying board papers are dispatched to the Directors or Board committee members along with the notice before the meetings to ensure that they have sufficient time to review the relevant papers and are adequately prepared for the meetings. When Directors or Board committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting. Minutes of meetings are kept by the joint company secretaries of the Company with copies circulated to all Directors or Board committee members for information and records.

Minutes of the Board meetings and Board committee meetings are recorded in sufficient details about the matters considered by the Board and the Board committees and the decisions reached, including any concerns raised by the Directors/Board committee members. Draft and final versions of the minutes of each Board meeting and Board committee meeting are sent to the Directors/Board committee members for comments and records respectively within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors.

Attendance Records of Board and General Meetings

According to code provision C.5.1 of the CG Code, Board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the Directors, either in person or through electronic means of communication. According to code provision C.2.7 of the CG Code, the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors.

As the Company's H Share were listed on the Stock Exchange on March 9, 2026, the code provisions in relation to the number of Board meetings and Board committee meetings held during the Reporting Period set out in the CG Code were not applicable to the Company during the year ended December 31, 2025. Nonetheless, during the Reporting Period, the Board convened nine meetings and considered, among other things, the 2024 interim report, annual report and ESG report, the issuance and listing of H Shares, the effectiveness of the Company's internal control system, the remuneration packages of the Directors and senior management members, and the appointment of the external auditor. In addition, a Board meeting was held on March 30, 2026, which were attended by all members of the Board to consider and approve, among other things, the audited consolidated financial statements of the Group for the year ended December 31, 2025, the ESG report for the year ended December 31, 2025, the effectiveness of the Company's internal control system, the remuneration packages of the Directors and senior management members as well as appointment of external auditors.

The attendance record of each Director at the Board and general meetings of the Company held during the Reporting Period is set out in the table below:

Name of Directors	Attended/Eligible to attend	
	Board meetings	General meetings
Executive Directors		
Mr. Wu Bo (<i>Chairman</i>)	9/9	4/4
Mr. Wu Kan	9/9	1/4
Mr. Zhu Chunhua	9/9	2/4
Mr. Zhou Ailin	9/9	0/4
Mr. He Lingjun	9/9	4/4
Non-executive Director		
Ms. Chen Yinlan	9/9	0/4
Independent Non-executive Directors		
Dr. Tang Wencheng	9/9	3/4
Dr. Han Xiaofang (<i>appointed on June 20, 2025</i>)	6/6	2/2
Mr. Lin Jinjun (<i>appointed on June 20, 2025</i>)	6/6	1/2
Dr. Feng Hutian (<i>resigned on June 20, 2025</i>)	3/3	2/2
Mr. Chen Heng (<i>resigned on June 20, 2025</i>)	3/3	2/2

As the Company's H Shares were listed on the Stock Exchange on March 9, 2026, the chairman of the Board did not hold meeting with independent non-executive Directors without the presence of other Directors during the Reporting Period.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2025.

The management has provided to the Board such explanations and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with updates on the Group's performance, positions and prospects from time to time.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 78 to 84 of this annual report.

AUDITOR'S REMUNERATION

The performance and remuneration of the external auditors of the Company, KPMG ("KPMG" or the "Auditor"), have been reviewed by the Audit Committee. The remuneration paid/payable to KPMG during the Reporting Period is set out as follows:

Type of Services	Amount (RMB'000)
Audit services relating to annual audit	3,583
Non-audit services	1,242
Total	4,825

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the Group's risk management and internal control measures and reviewing their effectiveness, and is also responsible for reviewing the effectiveness of the Group's internal control and risk management systems on, at least, an annual basis so as to ensure that internal control and risk management systems in place are adequate. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, to promote effective and efficient operations, to ensure reliable financial reporting and compliance with applicable laws and regulations, as well as to safeguard the Group's assets and Shareholders' interests, and can only provide reasonable and not absolute assurance against material misstatement or loss.

To monitor and reduce the impact of risks relevant to the Group's business operations, improve its corporate governance and ensure compliance with applicable laws and regulations, the Group has established a comprehensive risk management system, improved its risk prevention mechanisms, and strengthened its risk culture. By building a proactive risk control framework featuring "pre-event prevention and early warning, in-event response and handling, and post-event review and enhancement," the Group has enhanced its operational resilience and ensured the healthy and steady development of all its businesses. The Group identifies and mitigates risks that are material to the Group's business operations and strengthening corporate governance by adopting a series of internal policies, guidelines and procedures, including internal budget management procedures and special risks management measures covering market risk, credit risk, liquidity risk, among other areas. The Group regularly assesses changes in market conditions and business operations to determine whether updates to its risk management policies and systems are required.

The Group has an internal audit function, which primarily carries out the analysis and independent appraisal of the adequacy and effectiveness of the Group's risk management and internal control measures, and reports their findings to the Board on, at least, an annual basis. The internal control evaluation is led by the Board and the Audit Committee, with the audit department playing a central role in coordinating a cross-functional evaluation team. To ensure the robustness of the internal control evaluation, the team applies a variety of assessment methods, including individual interviews, questionnaires, focused discussions, walkthrough tests, statistical sampling and comparative analysis. These methods are employed to comprehensively gather evidence concerning the design and operating effectiveness of internal controls, and to identify both design flaws and operational deficiencies where applicable.

In addition to the above, the Company has also established the Registration System for Persons with Access to Inside Information to ensure proper handling and disclosure of inside information. The Company implements and strictly enforces procedures on inside information according to the relevant procedures stated under the "Guidelines on Disclosure of Inside Information" promulgated by the SFC in June 2012. The Information Disclosure Management System and the Internal Reporting System for Material Information have been established to ensure that all material non-public information is disseminated to the market through designated channels in a timely and orderly manner. Pursuant to the system, upon becoming aware of any inside information, or any information that is likely to create a false market in the Company's securities, the Company is required to disclose such information to the public as soon as reasonably practicable. Since the Listing Date and up to the date of this report, the Company has made all disclosures in strict accordance with applicable laws and regulations, including the Listing Rules, and has ensured that no false or misleading statements or material omissions were made, so that investors are able to receive disclosed information on a fair, timely and effective basis.

Corporate Governance Report

Furthermore, the Group upholds strong business ethics by continuously optimizing its anti-corruption framework, ensuring accessible reporting channels, and enforcing whistleblower protection. Meanwhile, it firmly opposes unfair competition and monopolistic practices, working to maintain a fair, transparent, and trustworthy business environment. Its multiple-level business ethics governance system includes: management by the supervision headquarters, and execution by several functional departments such as human resources headquarters, finance headquarters, legal affairs headquarters and audit headquarters. The Group has issued the Business Partner Integrity Cooperation Management Measures, outlining integrity standards for suppliers, distributors, service providers, agents, and consulting firms to ensure ethical and compliant business development.

The Board has reviewed the effectiveness of the risk management and internal control measures of the Group for the year ended December 31, 2025 to ensure that a sound system is maintained and operated by the management in compliance with the agreed procedures and standards, and to resolve material internal control defects. The review covered all material controls, including financial, operational and compliance controls and risk management functions. In particular, the Board considered the resources, staff qualifications and experience, training programs, intellectual property protection system and budget of the Company's accounting, internal audit and financial reporting functions and the Company's ESG performance and reporting to be adequate. The review was conducted through discussions with the management of the Company, its external auditors and the assessment performed by the Audit Committee.

The Board considers that the current risk management and internal control measures are appropriate and effectively and adequately cover the existing businesses of the Group, and will continue to be optimized in line with the business development of the Group.

JOINT COMPANY SECRETARIES

Ms. Xiao Tingting (肖婷婷), the joint company secretary of the Company, is responsible for the information disclosure and investor relations affairs of the Company.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engaged Ms. Poon Pui Man Hera (潘霏民), an associate of Zhong Lun Law Firm LLP, an external service provider, who is a solicitor qualified to practice in Hong Kong, as the other joint company secretary to assist Ms. Xiao to discharge her duties as company secretary of the Company since the Listing Date. Her primary corporate contact person at the Company is Ms. Xiao.

The Company's H Shares were not listed on the Stock Exchange for the year ended December 31, 2025. The joint company secretaries of the Company will receive no less than 15 hours of relevant professional training annually pursuant to the requirements of Rule 3.29 of the Listing Rules from the Listing Date.

DIVIDEND POLICY

In accordance with the relevant provisions of the Articles of Association, the Company may distribute dividends in cash, Shares or a combination of both cash and Shares. In principle, the Company shall actively distribute dividends in the form of cash. Subject to relevant laws and regulations as well as the conditions as stipulated in the Articles, the profit distributed by the Company in the form of cash every year shall be not less than 20% of the distributable profit realized in the respective year. The Company shall primarily adopt a cash dividend distribution policy, which stipulates that, provided that the Company maintains sustainable operations and long-term development, if (i) the Company realizes a profit for the year and its cumulative undistributed profit is positive, (ii) the auditing firm has issued an audit report with standard unqualified opinions on the annual financial report of the Company for that year (half-yearly profit distribution shall be made in accordance with the relevant regulations), and (iii) there are no major investment plans or other significant cash expenditure events, representing any investments or asset acquisitions with cumulative expenditures reaching or exceeding RMB50.0 million or 30% of the Group's net assets based on the audited financial statements from the latest financial year, the Company pays cash dividends after appropriation to the statutory reserve fund and surplus reserve fund in accordance with the laws. If the operating income of the Company is growing rapidly, and the Board believes the Share prices of the Company do not match the scale of its share capital, the Board may propose and implement Share dividend distribution proposals subject to the fulfillment of the above cash dividend distribution.

In the formulation of its annual profit distribution plan, the Company shall duly consider various factors including its actual profits, cash flow status, future business plans and long-term development, ability to repay debts and investor returns. Any declaration and payment as well as the amount of dividends will be subject to the constitutional documents, applicable PRC laws and approval by the Board and Shareholders.

The Board confirms that, during the Reporting Period, the Company has considered all profit distribution plans in accordance with the profit distribution policy set out in the Articles of Association. The standards are clear and specific, and the relevant decision-making procedures and mechanisms are complete. During the Reporting Period, the Company did not change its dividend policy. The Company will review the dividend policy periodically to ensure it remains consistent with the Company's objectives and market practices, and there can be no assurance that dividends will be paid in any particular amount, if at all, for any given period.

BOARD INDEPENDENCE EVALUATION MECHANISM

Under code provision B.1.4 of the CG Code, the Board is required to establish mechanism(s) to ensure independent views and input are available to the Board and the Board should review the implementation and effectiveness of such mechanism(s) on an annual basis.

The Board has adopted the board independence evaluation mechanism which sets out the principles and guidelines for the Company to ensure independent view and input to be available to the Board.

The following mechanisms have been established by the Board:

- To facilitate more objective and effective decision-making by the Board, the Company has also adopted systems including the Rules of Procedure for Board Meetings and the Working Rules for Special Meetings of Independent Directors to ensure that the independent views and opinions of all Directors can be communicated to the Board. The Rules of Procedure for Board Meetings, the Working Rules for Special Meetings of Independent Directors and other such systems provide guidance for the performance of duties by each Director, ensure the standardized operation and scientific decision-making of the Board, and prescribe the actions that Directors are required to take to avoid any conflict of interest.
- The Board comprises nine members, including four non-executive Directors, among whom three are independent non-executive Directors who satisfy the requirements of the listing rules of the Shenzhen Stock Exchange and the Listing Rules, and the composition remains balanced so that the Board maintains a strong independent element.
- The Nomination Committee is established with clear terms of reference to identify suitable candidates, including independent non-executive Directors, for appointment as Directors.
- The nomination policy is in place with details of the process and criteria of identifying, selecting, recommending, cultivating and integrating new directorship.
- Before nominating a new candidate for independent non-executive Director, the Nomination Committee will comprehensively assess his/her independence, work experience, professional skills and other relevant qualifications.
- The Nomination Committee will also assess annually the continuing independence of the incumbent independent non-executive Directors and the time devoted by them to the performance of their duties. Pursuant to Article 6 of the Administrative Measures for Independent Directors of Listed Companies formulated by the China Securities Regulatory Commission and Rule 3.13 of the Listing Rules, all independent non-executive Directors are required to confirm in writing on an annual basis that they satisfy the independence requirements.
- Each independent non-executive Director has to declare his/her past or present financial or other interests in the Group' business as soon as practicable, or his/her connection with any of the Company' connected persons (as defined in the Listing Rules), if any.
- Each independent non-executive Director is required to inform the Company as soon as practicable if there is any change in his/her own personal particulars that may affect his/her independence.

- The Chairman of the Board meets annually with the independent non-executive Directors without the presence of the other Directors
- The Company convenes meetings attended by all independent non-executive Directors from time to time to consider the relevant matters prescribed under the Administrative Measures for Independent Directors of Listed Companies or to discuss other matters of the Company, if necessary.
- Each specialized committee of the Board may engage intermediary institutions to provide professional advice in the course of performing its duties, and the relevant costs shall be borne by the Company.

The Board will review the implementation and effectiveness of the board independence evaluation mechanism annually. The Board has reviewed the implementation of the above measures and policies for the period from the Listing Date to the date of this report, and considers that they have been effectively implemented. The Company will also conduct review on Board performance for at least every two years in accordance with the Corporate Governance Code.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Convening of extraordinary general meetings

In accordance with article 56 of the Articles of Association, any Shareholder(s) holding, individually or jointly, 10% or more of Shares in the Company may submit a written requisition to the Board to convene an extraordinary general meeting. The Board shall, in accordance with the provisions of laws, administrative regulations and the Articles, provide written feedback on whether it agrees or disagrees to convene an extraordinary general meeting within 10 days upon receipt of the request. If the Board agrees to convene an extraordinary general meeting, a notice of such meeting shall be issued within five days after the resolution is passed by the Board. Any changes to the original request in the notice shall be subject to the consent of the relevant Shareholders. If the Board does not agree to convene an extraordinary general meeting or fails to provide feedback within 10 days upon receipt of the request, the Shareholder(s) individually or jointly holding 10% or more of the Shares in the Company shall have the right to propose to the Audit Committee to convene an extraordinary general meeting. Requests shall be submitted to the Audit Committee in writing. If the Audit Committee agrees to convene an extraordinary general meeting, a notice of such meeting shall be issued within five days upon receipt of the request. Any changes to the original request in the notice shall be subject to the consent of the relevant Shareholders. If the Audit Committee fails to issue a notice of the general meeting within the prescribed time limit, the Audit Committee shall be deemed not to convene and preside over the general meeting, and any Shareholder(s) individually or jointly holding 10% or more of the Shares of the Company for more than 90 consecutive days may convene and preside over the meeting on their own.

Putting forward proposals at general meetings

Any Shareholder(s) holding, individually or jointly, more than 1% Shares of the Company have the right to raise extraordinary proposals to the convener of a general meeting in writing 10 days prior to the convening of the meeting. The convener shall issue an additional notice of general meeting within two days upon receipt of the proposals, with the content of such extraordinary proposals stated therein, and submit the proposals to general meeting for consideration, unless such proposals break relevant laws, administrative regulations or the Articles or fall out of the function scope of the general meeting.

Enquiries to the Board

Shareholders and investors who intend to put forward their enquiries about the Company to the Board could send their enquiries to the headquarters of the Company at No. 1888 Jiyin Avenue, Jiangning, Nanjing, Jiangsu Province, PRC (email address: zqb@estun.com).

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Changes to the contact details above will be communicated through the Company's website (www.estun.com), which also contains information and updates on the Group's business developments and operations, as well as press releases and financial information.

COMMUNICATION WITH SHAREHOLDERS

To ensure the Shareholders and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company, the Company has adopted a Shareholder's communication policy (the "**Policy**"). According to the Policy, information shall be communicated to Shareholders and the investment community mainly through the Company's financial reports (interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to the Stock Exchange and Shenzhen Stock Exchange and its corporate communications and other corporate publications on the Company's website. The policy has been reviewed regularly by the Board to ensure its effectiveness. A summary of the Policy is set out below and the full text of which has been published on the Company's website (www.estun.com) for public information.

Shareholders' Enquiries

Shareholders should direct their questions about their shareholdings to the Company's registrar.

Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available.

Shareholders and the investment community shall be provided with designated contacts, email addresses and enquiry lines of the Company in order to enable them to make any query in respect of the Company.

Corporate Communication

Corporate communication will be provided to Shareholders in plain language and in both English and Chinese versions to facilitate Shareholders' understanding. Shareholders have the right to choose the language (either English or Chinese) or means of receipt of the corporate communications (in hard copy or through electronic means).

Shareholders are encouraged to provide, amongst other things, in particular, their email addresses to the Company in order to facilitate timely and effective communications.

Corporate Website

A dedicated investor relations section is available on the Company's website (www.estun.com). Information on the Company's website is updated on a regular basis.

Information released by the Company to the Stock Exchange and Shenzhen Stock Exchange is also posted on the Company's website immediately thereafter. Such information includes financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents, etc.

All presentation materials provided in conjunction with the Company's annual general meeting and results announcement each year will be made available on the Company's website as soon as practicable after their release.

Shareholders' Meetings

Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings.

Appropriate arrangements for the annual general meetings shall be in place to encourage Shareholders' participation.

The process of the Company's general meeting will be monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that Shareholders' needs are best served.

Board members, in particular, either the chairmen of Board committees or their delegates, appropriate management executives and external auditors will attend annual general meetings to answer Shareholders' questions.

Shareholders are encouraged to attend Shareholders' activities organised by the Company, where information about the Company, including its latest strategic plan, products and services, etc., will be communicated.

Investment Market Communications

Investor/analysts briefings and one-on-one meetings, roadshows (both domestic and international), media interviews, marketing activities for investors and specialist industry forums, etc., will be available on a regular basis in order to facilitate communication between the Company, Shareholders and the investment community.

Having considered the various existing channels of communication and the feedbacks from the Shareholders, investors and analysts, the Board considers that the Policy has been properly implemented and effective during the year ended December 31, 2025.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Company has not made any amendments to its Articles of Association since the Listing Date. The latest version of the Articles of Association is also available on the Company's website and the website of the Stock Exchange.



Independent Auditor's Report



**Independent auditor's report to the shareholders of
ESTUN AUTOMATION CO., LTD**

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

OPINION

We have audited the consolidated financial statements of ESTUN AUTOMATION CO., LTD 南京埃斯頓自動化股份有限公司 ("the Company") and its subsidiaries ("the Group") set out on pages 85 to 166, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independent auditor's report to the shareholders of
ESTUN AUTOMATION CO., LTD (continued)**

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Refer to Note 4 to the consolidated financial statements and the accounting policies on page 106.

The Key Audit Matter

How the matter was addressed in our audit

The principal activities of the Group are mainly engaged in the manufacturing and sale of industrial robots, intelligent manufacturing systems, core automation components and motion control systems.

Revenue from the sale of products is recognised when the customer takes possession of and accepts the products, which is mainly at the point of time.

We identified the recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and therefore there is an inherent risk of manipulation of the timing and amount of recognition of revenue by management to meet specific targets or expectations.

Our audit procedures to assess the revenue recognition included the following:

- obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition;
- inspecting customer contracts, on a sample basis, to identify performance obligations and understand the terms and conditions relating to good acceptance and the right of return and assessing the appropriateness of the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards;
- comparing, on a sample basis, sales transactions recorded during the year with underlying documentation, such as customer contracts, goods delivery and acceptance notes to assess whether the related revenue was recognised in accordance with the Group's accounting policies;
- comparing, on a sample basis, sales transactions recorded before and after the financial reporting period end with underlying documentation, such as customer contracts, goods delivery and acceptance notes to assess whether the related revenue had been recognised in the appropriate financial reporting period; and
- inspecting underlying documentation for journal entries relating to revenue recognised during the year that met specific risk-based criteria.

Independent auditor's report to the shareholders of ESTUN AUTOMATION CO., LTD (continued)

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

KEY AUDIT MATTERS (CONTINUED)

Assessing potential impairment of goodwill

Refer to Note 15 to the consolidated financial statements and the accounting policies on pages 94 and 101.

The Key Audit Matter

How the matter was addressed in our audit

As at 31 December 2025, the net carrying amount of the goodwill derived from acquisition of Carl Cloos Schweißtechnik GmbH ("Carl Cloos") amounted to RMB839,845,000.

Management performs annual impairment assessments of goodwill, or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

In performing goodwill impairment assessment, management determines the recoverable amount of the cash generating unit ("CGU") with reference to a valuation report prepared by an external valuer appointed by management.

Management compared the carrying amount of the CGU with its recoverable amount, which is based on value-in-use calculation using discounted cash flow forecast.

The preparation of discounted cash flow forecast involves the exercise of significant management judgment, particularly in estimating key assumptions including revenue growth rate and discount rates applied.

Our audit procedures to assess impairment of goodwill arising from acquisitions of Carl Cloos included the following:

- obtaining an understanding of and assessing the design and implementation of management's key internal controls in relation to goodwill impairment assessment;
- evaluating the appropriateness of management's identification of the CGU and the allocation of goodwill to the CGU with reference to the requirements of the prevailing accounting standards;
- assessing the qualifications, experience and expertise of the external valuer appointed by management in assessing the impairment of goodwill and considering their objectivity and independence;
- with the assistance of our internal valuation specialists, evaluating the appropriateness of the methodology adopted in the impairment assessment with reference to the requirements of the prevailing accounting standards and the reasonableness of the discount rate applied in the discounted cash flow forecast with reference to available financial information of other companies in the relevant industry and considering country and company specific premiums;

**Independent auditor's report to the shareholders of
ESTUN AUTOMATION CO., LTD (continued)**

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

KEY AUDIT MATTERS (CONTINUED)

Assessing potential impairment of goodwill (continued)

Refer to Note 15 to the consolidated financial statements and the accounting policies on pages 94 and 101.

The Key Audit Matter

We identified the impairment assessment of goodwill arising from the acquisition of Carl Cloos as a key audit matter because the impairment assessment prepared by management is complex and involve management judgements and assumptions which are inherently subjective and could be subject to management bias.

How the matter was addressed in our audit

- comparing key financial inputs in the discounted cash flow forecast prepared in the prior year with the current year's performance to assess how accurate the prior year's cash flow forecast was and making enquiries of management as to the reasons of any significant variations identified;
- evaluating the reasonableness of forecast revenue growth rate adopted by management in the preparation of the discounted cash flow forecast by referring to industry information, the recent financial performance of the CGU's operation and management's budgets and plans for the operations in 2026 and beyond;
- performing sensitivity analyses on the key assumptions adopted in the discounted cash flow forecast and assessing the impact of changes in the key assumptions to the conclusion reached in the impairment assessment and whether there was any indication of management bias in the selection of assumptions; and
- assessing the reasonableness of the disclosures in the consolidated financial statements in respect of impairment assessment of goodwill with reference to the requirements of the prevailing accounting standards.

Independent Auditor's Report

Independent auditor's report to the shareholders of ESTUN AUTOMATION CO., LTD (continued)

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

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

**Independent auditor's report to the shareholders of
ESTUN AUTOMATION CO., LTD (continued)**

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

Independent auditor's report to the shareholders of ESTUN AUTOMATION CO., LTD (continued)

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Ting Yuen (practising certificate number: P06379).

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

30 March 2026

Consolidated Statement of Profit or Loss

For the year ended 31 December 2025
(Expressed in Renminbi Yuan)

	Note	2025 RMB'000	2024 RMB'000
Revenue	4	4,888,011	4,008,772
Cost of sales		(3,472,806)	(2,874,742)
Gross profit		1,415,205	1,134,030
Other net income	5	125,571	123,035
Selling expenses		(449,282)	(445,689)
Administrative expenses		(427,479)	(550,149)
Research and development expenses		(418,658)	(442,233)
Impairment loss on trade receivables and contract assets	6(c)	(2,295)	(62,689)
Impairment loss on intangible assets and goodwill	6(c)	(106)	(360,467)
Profit/(loss) from operations		242,956	(604,162)
Finance costs	6(a)	(165,677)	(154,193)
Share of profits less losses of associates		(3,475)	(17,169)
Profit/(loss) before taxation	6	73,804	(775,524)
Income tax	7	(32,119)	(42,161)
Profit/(loss) for the year		41,685	(817,685)
Attributable to:			
Equity shareholders of the Company		41,341	(810,929)
Non-controlling interests		344	(6,756)
Profit/(loss) for the year		41,685	(817,685)
Earnings/(loss) per share			
Basic and diluted (RMB)	10	0.05	(0.94)

The notes on pages 92 to 166 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in Note 32(b).

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025
(Expressed in Renminbi Yuan)

	2025 RMB'000	2024 RMB'000
Profit/(loss) for the year	41,685	(817,685)
Other comprehensive income for the year (after tax and reclassification adjustments)		
Item that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income ("FVOCI") – net movement in fair value reserves (non-recycling)	(16,201)	21,297
Items that are or may be reclassified subsequently to profit or loss:		
Remeasurement of net defined benefit plan obligations of overseas entities	840	(8,403)
Exchange differences on translation of financial statements of overseas entities	123,148	(70,476)
Other comprehensive income for the year	107,787	(57,582)
Total comprehensive income for the year	149,472	(875,267)
Attributable to:		
Equity shareholders of the Company	149,128	(868,511)
Non-controlling interests	344	(6,756)
Total comprehensive income for the year	149,472	(875,267)

The notes on pages 92 to 166 form part of these financial statements.

Consolidated Statement of Financial Position

(Expressed in Renminbi Yuan)

	Note	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	11	1,594,866	1,513,277
Investment property	12	52,525	–
Right-of-use assets	13	256,298	267,756
Intangible assets	14	498,395	560,502
Goodwill	15	1,030,155	1,104,079
Interests in associates	16	41,187	46,308
Financial assets measured at FVOCI	18	172,571	180,208
Financial assets measured at fair value through profit or loss ("FVPL")	19	241,984	213,732
Trade and other receivables	22	37,812	18,652
Deferred tax assets	29(b)	165,479	172,630
		4,091,272	4,077,144
Current assets			
Inventories	20	1,477,632	1,721,045
Contract assets	21(a)	206,879	168,646
Trade and other receivables	22	2,623,364	2,557,475
Income tax recoverable	29(a)	40,083	30,740
Financial assets measured at FVPL	19	82,129	388,913
Restricted bank deposits	23(a)	19,211	15,832
Cash and cash equivalents	23(a)	876,390	1,181,104
		5,325,688	6,063,755
Current liabilities			
Trade and other payables	24	2,544,941	2,555,557
Contract liabilities	21(b)	586,305	505,014
Bank loans and other borrowings	25	2,044,440	2,929,370
Lease liabilities	26	17,129	20,120
Income tax payable	29(a)	14,603	2,271
		5,207,418	6,012,332
Net current assets		118,270	51,423
Total assets less current liabilities		4,209,542	4,128,567

Consolidated Statement of Financial Position

(Expressed in Renminbi Yuan)

	Note	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Bank loans and other borrowings	25	1,680,011	1,792,601
Lease liabilities	26	72,457	67,300
Defined benefit plan obligations	27	219,605	201,582
Deferred income	30	100,573	68,055
Provisions	31	40,170	37,144
Deferred tax liabilities	29(b)	75,577	66,795
Other non-current liabilities		2,271	2,388
		2,190,664	2,235,865
Net assets			
		2,018,878	1,892,702
Capital and reserves			
Share capital	32(c)	871,018	869,531
Reserves		1,090,315	919,001
Total equity attributable to equity shareholders of the Company			
		1,961,333	1,788,532
Non-controlling interests			
		57,545	104,170
Total equity			
		2,018,878	1,892,702

Approved and authorised for issue by the board of directors on 30 March 2026.

)	
)	
WU Bo (吳波))	
)	Directors
)	
WU Kan (吳侃))	
)	

The notes on pages 92 to 166 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025
(Expressed in Renminbi Yuan)

	Attributable to equity shareholders of the Company										
	Note	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	PRC statutory reserves RMB'000	Share-based payment reserve RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2025		869,531	(60,091)	945,321	77,599	63,718	27,271	(134,817)	1,788,532	104,170	1,892,702
Changes in equity for 2025:											
Profit for the year		-	-	-	-	-	-	41,341	41,341	344	41,685
Other comprehensive income		-	-	-	-	-	107,787	-	107,787	-	107,787
Total comprehensive income		-	-	-	-	-	107,787	41,341	149,128	344	149,472
Equity-settled share-based transactions	28	4,000	(41,080)	37,080	-	23,673	-	-	23,673	-	23,673
Cancellation of shares	32(d)	(2,513)	60,091	(57,578)	-	-	-	-	-	-	-
Disposal of subsidiaries	17	-	-	-	-	-	-	-	-	(71,559)	(71,559)
Appropriation of dividends to non-controlling shareholders of subsidiaries		-	-	-	-	-	-	-	-	(3,360)	(3,360)
Capital contribution from non-controlling shareholders of subsidiaries		-	-	-	-	-	-	-	-	27,950	27,950
Balance at 31 December 2025		871,018	(41,080)	924,823	77,599	87,391	135,058	(93,476)	1,961,333	57,545	2,018,878

The notes on pages 92 to 166 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024
(Expressed in Renminbi Yuan)

Attributable to equity shareholders of the Company											
	Note	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	PRC statutory reserves RMB'000	Share-based payment reserve RMB'000	Other reserve RMB'000	Retained earnings/ (accumulated losses) RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2024		869,531	(60,091)	945,321	77,599	53,267	83,253	729,732	2,698,612	123,402	2,822,014
Changes in equity for 2024:											
Loss for the year		-	-	-	-	-	-	(810,929)	(810,929)	(6,756)	(817,685)
Other comprehensive income		-	-	-	-	-	(57,582)	-	(57,582)	-	(57,582)
Total comprehensive income		-	-	-	-	-	(57,582)	(810,929)	(868,511)	(6,756)	(875,267)
Equity-settled share-based transactions	28	-	-	-	-	10,451	-	-	10,451	-	10,451
Disposal of financial assets measured at FVOCI		-	-	-	-	-	1,600	(1,600)	-	-	-
Acquisition of a subsidiary		-	-	-	-	-	-	-	-	2,878	2,878
Capital contribution from non-controlling shareholders of subsidiaries		-	-	-	-	-	-	-	-	6,246	6,246
Appropriation of dividends to non-controlling shareholders of subsidiaries		-	-	-	-	-	-	-	-	(21,600)	(21,600)
Dividends approved in respect of the previous year	32(b)	-	-	-	-	-	-	(52,020)	(52,020)	-	(52,020)
Balance at 31 December 2024		869,531	(60,091)	945,321	77,599	63,718	27,271	(134,817)	1,788,532	104,170	1,892,702

The notes on pages 92 to 166 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2025
(Expressed in Renminbi Yuan)

	Note	2025 RMB'000	2024 RMB'000
Operating activities			
Cash generated from/(used in) operations	23(b)	536,853	(53,932)
Income tax paid	29(a)	(31,633)	(50,103)
Net cash generated from/(used in) operating activities		505,220	(104,035)
Investing activities			
Payment for purchase of property, plant and equipment, intangible assets and right-of-use assets		(261,782)	(281,881)
Payment for development costs		(45,689)	(60,684)
Proceeds from disposal of property, plant and equipment		2,971	13,281
Net proceeds from disposal of interests in subsidiaries		11,701	–
Net proceeds from disposal of interests in associates		208,954	24,000
Proceeds from disposal of financial assets measured at FVPL		–	75,000
Payment for acquisition of a subsidiary, net of cash acquired		–	(4,991)
Payment for purchase of financial assets measured at FVOCI		(16,500)	–
Payment for purchase of wealth management products		(1,858,980)	(1,773,172)
Proceeds from redemption of wealth management products		2,106,898	1,803,679
Interest received		7,276	11,602
Dividends received from financial assets measured at FVPL		5,428	52
Dividends received from associates		926	620
Net cash generated from/(used in) investing activities		161,203	(192,494)
Financing activities			
Proceeds from bank loans	23(c)	2,853,858	3,515,466
Repayment of bank loans	23(c)	(3,744,910)	(3,046,284)
Interest paid for bank loans	23(c)	(126,056)	(124,406)
Proceeds from other borrowings	23(c)	–	35,000
Payment for capital element of lease liabilities	23(c)	(20,357)	(16,188)
Payment for interest element of lease liabilities	23(c)	(4,526)	(1,866)
Repayments of borrowings from the controlling shareholder	23(c)	–	(11,112)
Contribution from non-controlling shareholders of subsidiaries		27,950	6,246
Proceeds from issuance of restricted shares units		41,080	–
Payment for listing expenses		(23,145)	–
Dividends paid to equity shareholders of the Company		–	(52,020)
Dividends paid to non-controlling shareholders of subsidiaries		–	(21,600)
Net changes in restricted bank deposits		2,992	5,493
Net cash (used in)/generated from financing activities		(993,114)	288,729
Net decrease in cash and cash equivalents		(326,691)	(7,800)
Cash and cash equivalents at the beginning of the year		1,181,104	1,196,253
Effect of foreign exchange rate changes		21,977	(7,349)
Cash and cash equivalents at the end of the year	23(a)	876,390	1,181,104

The notes on pages 92 to 166 form part of these financial statements.

Notes to the Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

1 GENERAL INFORMATION

ESTUN AUTOMATION CO., LTD (the “Company”) was established in Nanjing, Jiangsu Province, the People’s Republic of China (the “PRC”) on 26 February 2002 as a limited liability company. The Company was converted from a limited liability company Nanjing Estun Digital Technology Co., Ltd. (南京埃斯頓數字技術有限公司) into a joint stock limited liability company ESTUN AUTOMATION CO., LTD (南京埃斯頓自動化股份有限公司) under the PRC Company Law on 5 July 2011. The Company’s A shares have been listed on the Shenzhen Stock Exchange under the stock code 002747 since 20 March 2015, and the Company’s H shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited under the stock code 2715 since 9 March 2026.

The principal activities of the Company and its subsidiaries (together referred to as the “Group”) are the manufacturing and sale of industrial robots, intelligent manufacturing systems, core automation components and motion control systems.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (“IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new or amended IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries and the Group’s interests in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- investments in debt and equity securities (see Note 2(g));

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

(c) Changes in accounting policies

The Group has applied amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the IASB to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests (“NCI”) either at fair value or at the NCI’s proportionate share of the subsidiary’s net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company.

Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company’s statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(l)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies.

An investment in an associate is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). It is initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and OCI of those investees, until the date on which significant influence ceases.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate, after applying the ECL model to such other long-term interests where applicable (see Note 2(l)(i)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statements of financial position, an investment in an associate is stated at cost less impairment losses (see Note 2(l)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(f) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see Note 2(l)(ii)).

(g) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries and associates, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 33(e). These investments are subsequently accounted for as follows, depending on their classification.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Other investments in securities (continued)

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(w)(ii)(c)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income (see Note 2(w)(ii)(b)).

(h) Investment property

Investment property is stated at cost less accumulated depreciation and impairment losses (see Note 2(l)(ii)). Depreciation is calculated to write off the cost of investment property, less their estimated residual value, using the straight-line method over their estimated useful lives as follows:

Plant and buildings	40 years
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Any gain or loss on disposal of investment property is recognised in profit or loss. Rental income from investment properties is recognised in accordance with Note 2(w)(ii)(a).

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses (see Note 2(l)(iii)). The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition and location for its intended use. Subsequent expenditure relating to an item of property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the original assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in profit or loss in the period in which it is incurred.

Construction in progress represents buildings and various machinery, plant and equipment under construction and pending installation, and is stated at cost less impairment losses (see Note 2(l)(ii)). Cost comprises direct costs of construction as well as interest charges during the periods of construction.

Construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use. No depreciation is provided in respect of construction in progress.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property (freehold land excluded), plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Freehold land	not depreciated
Plant and buildings	20 – 40 years
Machinery and equipment	5 – 10 years
Motor vehicles	5 – 10 years
Office equipment and others	3 – 10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(j) Intangible assets (other than goodwill)

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Intangible assets (other than goodwill) (continued)

Other intangible assets, including software, non-patented technologies, concessions and patented technologies, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any impairment losses (see Note 2(l)(ii)).

Expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

Software	2 – 10 years
Non-patented technologies	5 – 10 years
Concessions	3 – 10 years
Patented technologies	10 years

Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

Intangible assets, including trademarks that are acquired by the Group, are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

(k) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Leased assets (continued)

(i) As a lessee (continued)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(l)(ii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see Notes 2(g)(i), 2(l)(i) and 2(w)(ii)(c)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Leased assets (continued)

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2(w)(ii)(a).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(k)(i), then the Group classifies the sub-lease as an operating lease.

(l) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

The Group recognises a loss allowance for expected credit losses ("ECL"s) on:

- financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables, including those loans to associates that are held for the collection of contractual cash flows which represent solely payments of principal and interest);
- contract assets (see Note 2(n)); and
- lease receivables.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;
- lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(I) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

Measurement of ECLs (continued)

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group considers a financial asset to be in default when:

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition: the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(I) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and other contract costs, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Credit losses and impairment of assets (continued)

(ii) Impairment of other non-current assets (continued)

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Inventories and other contract costs

(i) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see Note 2(m)(i)), property, plant and equipment (see Note 2(i)) or intangible assets (see Note 2(j)).

Incremental costs of obtaining a contract, e.g. sales commissions, are capitalised if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Otherwise, costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Amortisation of capitalised contract costs is recognised in profit or loss when the revenue to which the asset relates is recognised (see Note 2(w)(i)).

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(w)(i)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs (see Note 2(l)(i)) and are reclassified to receivables when the right to the consideration becomes unconditional (see Note 2(o)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(w)(i)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 2(o)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(w)(ii)).

(o) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transactions costs. All receivables are subsequently stated at amortised cost (see Note 2(l)(i)).

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see Note 2(l)(i)).

(q) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(r) Redemption liabilities

The Group's contractual obligations to purchase its own shares for cash upon the occurrence of events that are beyond the control of the Group and the holders give rise to financial liabilities. The redemption liability is initially measured at the present value of the redemption amount and subsequently measured at amortised cost with interest included in profit or loss.

The Group derecognises the redemption liabilities when, and only when, the Group's redemption obligations are discharged, cancelled, or have expired. When the redemption liabilities expire without exercise, the carrying amount of redemption liabilities are reclassified to equity.

At the end of the reporting period, redemption liabilities are presented under "Bank loans and other borrowings".

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 2(y).

(t) Employee benefits

(i) *Short-term employee benefits and contributions to defined contribution retirement plans*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) *Defined benefit plan obligations*

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount.

The calculation of defined benefit obligation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements arising from defined benefit retirement plans, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of any asset ceiling (excluding interest), are recognised immediately in OCI. Net interest expense for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

(iii) *Share-based payments*

The grant-date fair value of equity-settled share-based payments granted to employees is measured using the binomial lattice model for share options, or by reference to the market price or the valuer's valuation of the underlying shares for restricted share units. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(iv) *Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(u) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(v) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see Note 2(l)(ii)).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(w) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

The Group is the principal for its revenue transactions and recognises revenue on a gross basis, including the sale of electronic products that are sourced externally. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

(a) Sale of products

Generally, revenue from the sale of products is recognised when the customer takes possession of and accepts the products. Revenue arising from the sale of certain intelligent manufacturing systems, and a corresponding contract asset (see Note 2(n)), are recognised progressively over time during the process using the cost-to-cost method. Under the cost-to-cost method, revenue is recognised based on the proportion of the actual costs incurred relative to the estimated total costs to provide a faithful depiction of the transfer of those products.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(w) Revenue and other income (continued)

(i) Revenue from contracts with customers (continued)

(b) Product related technical services

Revenue from technical services is recognised at a point in time when the service is provided and accepted by the customer.

(ii) Revenue from other sources and other income

(a) Rental income from operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(b) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(c) Interest income

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(d) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are presented in the consolidated statement of financial position by setting up the grants as deferred income and consequently are effectively recognised as income in profit or loss on a systematic basis over the useful life of the asset.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(x) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of an investment in equity securities designated as at FVOCI are recognised in OCI.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Renminbi at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Renminbi at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(y) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(z) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(z) Related parties (continued)

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(aa) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Notes 15, 28 and 33(e) contain information about the assumptions and their risk factors relating to goodwill impairment, fair value of equity-settled share-based transactions and financial instruments. Other significant sources of estimation uncertainty are as follows:

(a) Impairment of non-financial assets

If circumstances indicate that the carrying value of an asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in profit or loss. The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount.

The recoverable amount is the greater of the fair value less costs to sell and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections.

(b) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Special consideration is given to estimate the selling price of those technically obsolete and/or slow-moving inventory items.

Management reassesses these estimations at the end of reporting period to ensure inventory is shown at the lower of cost and net realisable value.

(c) Deferred tax assets

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.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are mainly engaged in the manufacturing and sale of industrial robots, intelligent manufacturing systems, core automation components and motion control systems.

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(a) Revenue (continued)

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
– Industrial robots and intelligent manufacturing systems	3,995,630	3,029,103
– Core automation components and motion control systems	888,506	976,276
Revenue from other sources		
– Rental income from operating leases	3,875	3,393
	4,888,011	4,008,772

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	2025 RMB'000	2024 RMB'000
Over time	575,159	690,255
Point in time	4,308,977	3,315,124
	4,884,136	4,005,379

Disaggregation of revenue from contracts with customers by geographic markets is disclosed in Note 4(b).

The Group's customer base is diversified and includes two customers with whom transactions have exceeded 10% of the Group's revenues (2024: nil). In 2025 revenue from sales of products to each of these two customers, including sales to entities which are known to the Group to be under common control with these customers, amounted to approximately RMB743,190,000 and RMB626,078,000, respectively. Details of concentrations of credit risk arising from the customers are set out in Note 33(a).

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The Group has applied the practical expedient in paragraph 121(a) of IFRS 15 to its sales contracts for goods such that information about revenue expected to be recognised in the future is not disclosed in respect of revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of goods that had an expected duration of one year or less.

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting

Operating segments are identified on the basis of internal reports that the Group's most senior executive management reviews regularly in allocating resources to segments and in assessing their performances.

The Group's most senior executive management makes resources allocation decisions based on internal management functions and assess the Group's business performance as one integrated business instead of by separate business lines or geographical regions. Accordingly, the Group has only one operating segment and therefore, no segment information is presented.

(i) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment, investment property, right-of-use assets, intangible assets, goodwill and interests in associates ("specified non-current assets"). The revenue is generated from Chinese Mainland and overseas markets, such as Europe, North America, and Asia, and the geographic location of revenue is based on the geographic location of customers. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment, investment property and right-of-use assets, the location of the operations to which they are allocated, in the case of intangible assets and goodwill, and the location of operations, in the case of interests in associates.

	2025 RMB'000	2024 RMB'000
Revenue by geographical region		
Chinese Mainland	3,425,340	2,639,208
Overseas	1,462,671	1,369,564
	4,888,011	4,008,772

	2025 RMB'000	2024 RMB'000
Specified non-current assets		
Chinese Mainland	1,758,090	1,948,199
Overseas	1,715,336	1,543,723
	3,473,426	3,491,922

5 OTHER NET INCOME

	2025 RMB'000	2024 RMB'000
Interest income from bank deposits	13,124	15,493
Government grants (<i>Note</i>)	23,452	38,850
Value-added tax super deduction and refund	46,464	47,628
Realised and unrealised gains on wealth management products	11,354	15,602
Realised and unrealised gains/(losses) on other financial assets measured at FVPL	23,679	(22,787)
Net losses on disposal of property, plant and equipment and Intangible assets	(12,900)	(501)
Net gains on disposal of interests in associates	11,993	15,948
Net losses on disposal of subsidiaries	(1,533)	–
Net foreign exchange gains	1,154	7,971
Others	8,784	4,831
	125,571	123,035

Note:

Government grants mainly represent operating subsidies and amortisation of government grants for capital expenditure including development and construction of property, plant and equipment.

6 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2025 RMB'000	2024 RMB'000
Interest on bank loans and other borrowings	151,654	125,983
Interest on discounted bills	2,660	19,281
Interest on lease liabilities	4,526	1,866
Interest on defined benefit plans	6,837	7,063
	165,677	154,193

(b) Staff costs

	2025 RMB'000	2024 RMB'000
Contributions to defined contribution retirement plans (<i>Note</i>)	88,263	92,090
Expenses recognised in respect of defined benefit plans (<i>Note 27</i>)	9,002	9,440
Equity-settled share-based payment expenses	23,673	10,451
Salaries, wages and other benefits	1,097,033	1,169,929
	1,217,971	1,281,910

Note:

Employees of the Group are required to participate in a defined contribution retirement plan administered and operated by the local municipal government. The Group contributes funds which are calculated on certain percentages of the employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

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(Expressed in Renminbi Yuan unless otherwise indicated)

6 PROFIT/(LOSS) BEFORE TAXATION (CONTINUED)

(c) Other items

	2025 RMB'000	2024 RMB'000
Amortisation cost		
– intangible assets (Note 14)	61,315	63,961
– long-term deferred expenses	5,764	17,727
	67,079	81,688
Depreciation charge		
– property, plant and equipment (Note 11)	102,568	93,469
– right-of-use assets (Note 13)	25,924	23,897
– investment property (Note 12)	803	–
	129,295	117,366
Impairment loss on financial assets		
– trade receivables and contract assets	2,295	62,689
– bills receivable and other receivables	(1,277)	1,848
	1,018	64,537
Impairment loss on non-financial assets		
– intangible assets (Note 14)	106	15,603
– goodwill (Note 15)	–	344,864
	106	360,467
Auditor's remuneration (i)		
– audit services	3,583	N/A
– other services	1,242	891
	4,825	891
Research and development expenses (ii)	418,658	442,233
Cost of inventories (iii)	3,472,806	2,874,742

Notes:

- (i) Auditor's remuneration includes the fees in relation to audit services and other services provided by the statutory auditor of the Company's H shares.
- (ii) Research and development expenses include staff costs, depreciation and amortisation expenses, which amounts are also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.
- (iii) Cost of inventories includes staff costs, depreciation and amortisation expenses, which amounts are also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2025 RMB'000	2024 RMB'000
Current tax:		
Provision for the year	16,584	35,686
Deferred tax:		
Origination and reversal of temporary differences (Note 29(b))	15,535	6,475
	32,119	42,161

(b) Reconciliation between tax expense and accounting profit/(loss) at applicable tax rates:

	2025 RMB'000	2024 RMB'000
Profit/(loss) before taxation	73,804	(775,524)
National tax on profit/(loss) before taxation, calculated at the rates applicable to profits/(losses) in the countries or jurisdictions concerned (Note)	17,032	(63,988)
Effect of adjustment to income tax of prior periods	(930)	11,268
Tax effect of non-taxable income or loss	648	2,731
Tax effect of non-deductible expenses	11,167	3,309
Tax effect of tax losses and temporary differences not recognised and effect of using deductible losses for which deferred tax assets were previously not recognised	44,772	135,301
Tax effect of super deduction for research and development expenses	(40,849)	(46,058)
Others	279	(402)
Actual tax expense	32,119	42,161

Notes:

- (i) According to the Corporate Income Tax Law of China, the Group's subsidiaries in Chinese Mainland are subject to statutory income tax rate of 25%, except for those which are entitled to a preferential tax rate applicable to High and New Technology Enterprise ("HNTE") of 15%.
- (ii) Pursuant to the rules and regulations of Germany, Cloos Holding GmbH and Carl Cloos Schweißtechnik GmbH ("Carl Cloos") are subject to the German Income Tax at a rate of 28.25% at an average (15.00% for corporate income tax, 0.825% for solidarity surcharge and 12.425% for trade income tax), while M.A.i GmbH & Co. KG ("M.A.i") is subject to the German Income Tax at a rate of 27.90% at an average (15.00% for corporate income tax, 0.825% for solidarity surcharge and 12.075% for trade income tax).
- (iii) Taxation of other subsidiaries are charged at the prevailing rates of respectively in the relevant countries or jurisdictions and are calculated on a stand-alone basis.

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8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' and supervisors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees RMB'000	Salaries, allowances and other benefits RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Sub-Total RMB'000	Share-based payment (iii) RMB'000	2025 Total RMB'000
Executive directors							
Mr. Wu Bo	-	-	-	-	-	-	-
Mr. Wu Kan	-	921	-	47	968	-	968
Mr. Zhu Chunhua	-	851	-	47	898	295	1,193
Mr. Zhou Ailin	-	765	-	47	812	295	1,107
Mr. He Lingjun	-	1,164	-	47	1,211	373	1,584
Non-executive directors							
Ms. Chen Yinlan (i)	-	466	-	38	504	238	742
Independent non-executive directors							
Mr. Feng Hutian (resigned on 20 June 2025)	50	-	-	-	50	-	50
Mr. Tang Wencheng	125	-	-	-	125	-	125
Mr. Chen Heng (resigned on 20 June 2025)	50	-	-	-	50	-	50
Ms. Han Xiaofang (appointed on 20 June 2025)	75	-	-	-	75	-	75
Mr. Lin Jinjun (appointed on 20 June 2025)	75	-	-	-	75	-	75
Supervisors							
Ms. Gu Xiaoxia (ii)	-	128	31	14	173	-	173
Ms. Cheng Xiujuan (ii)	-	85	2	10	97	-	97
Mr. Sang Zhimin (ii)	-	93	8	12	113	-	113
	375	4,473	41	262	5,151	1,201	6,352

8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payment (iii)	2024 Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors							
Mr. Wu Bo	–	–	–	–	–	–	–
Mr. Wu Kan	–	922	228	47	1,197	–	1,197
Mr. Zhu Chunhua	–	768	124	47	939	155	1,094
Mr. Zhou Ailin	–	766	186	47	999	155	1,154
Mr. He Lingjun	–	1,163	293	47	1,503	233	1,736
Ms. Chen Yinlan	–	457	106	38	601	98	699
Independent non-executive directors							
Mr. Feng Hutian	100	–	–	–	100	–	100
Mr. Tang Wencheng	100	–	–	–	100	–	100
Mr. Chen Heng	100	–	–	–	100	–	100
Supervisors							
Ms. Gu Xiaoxia	–	267	101	28	396	–	396
Ms. Cheng Xiujuan	–	173	14	19	206	–	206
Mr. Sang Zhimin	–	194	31	25	250	–	250
	300	4,710	1,083	298	6,391	641	7,032

Notes:

- (i) Ms. Chen Yinlan became a non-executive director of the Company on 20 June 2025.
- (ii) The board of directors of the Company set up the audit committee on 20 June 2025 to exercise the duties of supervisors under the Company Law of the PRC. Accordingly, Ms. Gu Xiaoxia, Ms. Cheng Xiujuan and Mr. Sang Zhimin resigned as supervisors of the Company on 20 June 2025.
- (iii) These represent the estimated value of share-based payment granted to the directors under the Company's share-based payment scheme as set out in Note 28. The value of these share-based payment is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 2(t)(iii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting. The details of these benefits in kind, including the principal terms and number of share-based payment granted, are disclosed in Note 28.

No director or chief executive has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors and the chief executive as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

Notes to the Financial Statements

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9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, nil (2024: one) are directors whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the other five (2024: four) individuals are as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other emoluments	10,636	7,891
Discretionary bonuses	670	854
Share-based payments	373	233
Retirement scheme contributions	589	259
	12,268	9,237

The emoluments of the five (2024: four) individuals with the highest emoluments are within the following bands:

	2025 Number of individuals	2024 Number of individuals
Hong Kong Dollar ("HKD")		
HKD2,000,001 – HKD2,500,000	2	2
HKD2,500,001 – HKD3,000,000	2	2
HKD3,000,001 – HKD3,500,000	1	–

10 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to the ordinary equity shareholders of the Company of RMB41,341,000 (2024: loss of RMB810,929,000). The weighted average number of ordinary shares of 867,018,000 shares (2024: 867,018,000 shares) in issue during the year, calculated as follow:

	2025 '000	2024 '000
Issued ordinary shares at the beginning of the year	869,531	869,531
Effect of shares issued (Note 32(c))	1,667	–
Effect of treasury shares (Note 32(d))	(4,180)	(2,513)
Weighted average number of ordinary shares at the end of the year	867,018	867,018

10 EARNINGS/(LOSS) PER SHARE (CONTINUED)

(b) Diluted earnings/(loss) per share

The calculation of diluted earnings/(loss) per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB41,341,000 (2024: loss of RMB810,929,000) and the weighted average number of ordinary shares of 867,525,000 (2024: 867,018,000 shares) in issue during the year, calculated as follows:

	2025 '000	2024 '000
Weighted average number of ordinary shares at the end of the year	867,018	867,018
Effect of deemed issue of shares under the Company's share reward schemes (Note 28)	500	–
Effect of deemed issue of shares under the Company's share option scheme (Note 28)	7	–
Weighted average number of ordinary shares at the end of the year (diluted)	867,525	867,018

For the year ended 31 December 2024, the restricted shares and share options (Note 28) were not included in the calculation of diluted loss per share because their inclusion would have been anti-dilutive. The Company does not have other potential ordinary shares and therefore the amount of diluted loss per share is the same as basic loss per share.

11 PROPERTY, PLANT AND EQUIPMENT

	Freehold land RMB'000	Plant and buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Office equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:							
At 1 January 2024	37,478	990,170	500,757	20,142	182,572	177,034	1,908,153
Additions	–	58,563	63,224	1,284	22,107	169,691	314,869
Transferred from construction in progress	–	271,249	24,232	–	794	(296,275)	–
Transferred to intangible assets	–	–	–	–	–	(5,317)	(5,317)
Acquisition of a subsidiary	–	–	62	296	60	–	418
Disposals	–	(15,045)	(12,050)	(1,002)	(12,149)	(1,234)	(41,480)
Exchange adjustments	(1,120)	(11,381)	(4,137)	(483)	(5,646)	(1,718)	(24,485)
At 31 December 2024 and 1 January 2025	36,358	1,293,556	572,088	20,237	187,738	42,181	2,152,158
Additions	–	25,713	21,752	1,880	14,251	192,649	256,245
Transferred from construction in progress	–	126,866	18,576	–	3,152	(148,594)	–
Disposals	–	(269)	(24,171)	(2,072)	(6,882)	–	(33,394)
Disposal of subsidiaries	–	(37,964)	(6,392)	(893)	(7,031)	(166)	(52,446)

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11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RMB'000	Plant and buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Office equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
Transferred to investment property	–	(53,640)	–	–	–	–	(53,640)
Exchange adjustments	2,449	28,145	6,079	585	13,255	(1,036)	49,477
At 31 December 2025	38,807	1,382,407	587,932	19,737	204,483	85,034	2,318,400
Accumulated depreciation:							
At 1 January 2024	–	(204,307)	(234,245)	(16,271)	(131,484)	–	(586,307)
Charge for the year	–	(28,546)	(45,262)	(925)	(18,736)	–	(93,469)
Written back on disposals	–	7,348	7,318	1,005	10,793	–	26,464
Acquisition of a subsidiary	–	–	(58)	(196)	(48)	–	(302)
Exchange adjustments	–	4,768	3,289	415	6,261	–	14,733
At 31 December 2024 and 1 January 2025	–	(220,737)	(268,958)	(15,972)	(133,214)	–	(638,881)
Charge for the year	–	(34,266)	(51,273)	(2,130)	(14,899)	–	(102,568)
Written back on disposals	–	202	12,136	1,653	5,975	–	19,966
Disposal of subsidiaries	–	11,369	4,309	585	4,889	–	21,152
Transferred to investment property	–	312	–	–	–	–	312
Exchange adjustments	–	(6,745)	(3,135)	(612)	(13,023)	–	(23,515)
At 31 December 2025	–	(249,865)	(306,921)	(16,476)	(150,272)	–	(723,534)
Net book value:							
At 31 December 2024	36,358	1,072,819	303,130	4,265	54,524	42,181	1,513,277
At 31 December 2025	38,807	1,132,542	281,011	3,261	54,211	85,034	1,594,866

The Group was in the process of applying for the ownership certificates for certain buildings with an aggregate carrying value of RMB236,391,000 (2024: RMB284,147,000). The directors of the Company are of the opinion that the Group is entitled to legally and validly occupy and use of these buildings.

12 INVESTMENT PROPERTY

	Plant and buildings RMB'000
Cost:	
At 1 January 2024, 31 December 2024 and 1 January 2025	–
Transferred from property, plant and equipment	53,640
At 31 December 2025	53,640
Accumulated depreciation:	
At 1 January 2024, 31 December 2024 and 1 January 2025	–
Charge for the year	(803)
Transferred from property, plant and equipment	(312)
At 31 December 2025	(1,115)
Net book value:	
At 31 December 2024	–
At 31 December 2025	52,525

As at 31 December 2025, the fair value of investment property amounting to RMB56,693,000 is valued by an independent third-party valuer.

The fair value was determined based on the market comparison approach by reference to recent sales price of comparable properties on a price per square meter basis, adjusted for a premium or a discount specific to the quality of the Group's buildings compared to the recent sales.

The Group was in the process of applying for the ownership certificates for certain buildings with an aggregate carrying value of RMB52,525,000 (2024: nil). The directors of the Company are of the opinion that the Group is entitled to legally and validly occupy and use of these buildings.

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13 RIGHT-OF-USE ASSETS

	Leasehold land RMB'000	Plant and buildings RMB'000	Machinery and equipment RMB'000	Total RMB'000
Cost:				
At 1 January 2024	225,096	67,244	36,373	328,713
Additions	–	39,995	11,476	51,471
Acquisition of a subsidiary	–	953	–	953
Exchange adjustments	–	(3,694)	(1,523)	(5,217)
At 31 December 2024 and 1 January 2025	225,096	104,498	46,326	375,920
Additions	27	10,537	4,679	15,243
Disposals	–	(24,755)	–	(24,755)
Disposal of subsidiaries	(10,775)	–	–	(10,775)
Exchange adjustments	–	9,824	2,670	12,494
At 31 December 2025	214,348	100,104	53,675	368,127
Accumulated depreciation:				
At 1 January 2024	(37,446)	(25,381)	(24,418)	(87,245)
Charge for the year	(4,912)	(11,485)	(7,500)	(23,897)
Exchange adjustments	–	1,548	1,430	2,978
At 31 December 2024 and 1 January 2025	(42,358)	(35,318)	(30,488)	(108,164)
Charge for the year	(4,767)	(12,836)	(8,321)	(25,924)
Written back on disposals	–	23,733	–	23,733
Disposal of subsidiaries	3,006	–	–	3,006
Exchange adjustments	–	(1,822)	(2,658)	(4,480)
At 31 December 2025	(44,119)	(26,243)	(41,467)	(111,829)
Net book value:				
At 31 December 2024	182,738	69,180	15,838	267,756
At 31 December 2025	170,229	73,861	12,208	256,298

13 RIGHT-OF-USE ASSETS (CONTINUED)

The analysis of expense items in relation to leases recognised in profit or loss of the Group is as follows:

	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Leasehold land	4,767	4,912
Plant and buildings	12,836	11,485
Machinery and equipment	8,321	7,500
	25,924	23,897
Interest on lease liabilities	4,526	1,866
Expense relating to short-term leases	8,609	15,966

Details of total cash outflows for leases and the maturity analysis of lease liabilities are set out in Notes 23(d) and 26, respectively.

14 INTANGIBLE ASSETS

	Software RMB'000	Non- patented technologies RMB'000	Concessions RMB'000	Patented technologies RMB'000	Trademarks RMB'000	Development costs RMB'000	Total RMB'000
Cost:							
At 1 January 2024	112,796	482,041	4,604	29,960	63,728	58,974	752,103
Additions	24,261	-	115	-	-	60,684	85,060
Addition through internal development	-	70,934	-	-	-	(70,934)	-
Transferred from construction in progress	5,317	-	-	-	-	-	5,317
Disposals	(1,217)	-	-	-	-	-	(1,217)
Exchange adjustments	(2,614)	(3,217)	(198)	-	-	-	(6,029)
At 31 December 2024 and 1 January 2025	138,543	549,758	4,521	29,960	63,728	48,724	835,234
Additions	11,912	-	365	-	-	45,689	57,966
Addition through internal development	-	53,083	-	-	-	(53,083)	-
Disposals	(25,766)	(9,830)	-	-	-	-	(35,596)
Disposal of subsidiaries	(1,500)	(1,825)	-	(29,630)	-	-	(32,955)
Transfer	(18,631)	(32,337)	-	-	-	8,947	(42,021)
Exchange adjustments	5,249	546	443	-	-	2,291	8,529
At 31 December 2025	109,807	559,395	5,329	330	63,728	52,568	791,157

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14 INTANGIBLE ASSETS (CONTINUED)

	Software RMB'000	Non- patented technologies RMB'000	Concessions RMB'000	Patented technologies RMB'000	Trademarks RMB'000	Development costs RMB'000	Total RMB'000
Accumulated amortisation and impairment:							
At 1 January 2024	(72,311)	(108,481)	(4,414)	(13,539)	–	–	(198,745)
Charge for the year	(11,566)	(49,135)	(203)	(3,057)	–	–	(63,961)
Impairment loss	–	(15,603)	–	–	–	–	(15,603)
Written back on disposals	1,217	–	–	–	–	–	1,217
Exchange adjustments	1,420	748	192	–	–	–	2,360
At 31 December 2024 and 1 January 2025	(81,240)	(172,471)	(4,425)	(16,596)	–	–	(274,732)
Charge for the year	(6,862)	(51,734)	(184)	(2,535)	–	–	(61,315)
Impairment loss	(106)	–	–	–	–	–	(106)
Written back on disposals	22,773	3,242	–	–	–	–	26,015
Disposal of subsidiaries	607	1,034	–	19,041	–	–	20,682
Exchange adjustments	(2,213)	(667)	(426)	–	–	–	(3,306)
At 31 December 2025	(67,041)	(220,596)	(5,035)	(90)	–	–	(292,762)
Net book value:							
At 31 December 2024	57,303	377,287	96	13,364	63,728	48,724	560,502
At 31 December 2025	42,766	338,799	294	240	63,728	52,568	498,395

Impairment tests for development costs

At 31 December 2025, development costs related to certain Carl Cloos robotic R&D projects of RMB29,039,000 (2024: RMB22,072,000), form part of the CGU of Carl Cloos. The impairment tests for such development costs are disclosed in Note 15.

At 31 December 2025, the remaining development costs of RMB23,529,000 (2024: RMB26,652,000) are related to other certain robotic R&D projects, and the impairment tests of which are disclosed below.

The recoverable amounts of those development costs not related to CGU of Carl Cloos are determined based on excess earnings method. The key assumption used in the impairment tests is pre-tax discount rate. As at 31 December 2025, the pre-tax discount rate is 28.19% (2024: 26.02%), and the recoverable amount of development costs is estimated to exceed its carrying amount by approximately RMB8,632,000 (2024: RMB13,421,000).

14 INTANGIBLE ASSETS (CONTINUED)

Impairment tests for development costs (continued)

If the pre-tax discount rate increased by 6.59% (2024: 9.69%), the estimated recoverable amount will be equal to the carrying amount. Based on the sensitivity analysis above, the Group concluded that a reasonably possible change in key parameters would not cause the carrying amount of development costs to exceed its recoverable amount.

Impairment tests for trademarks with indefinite useful lives

At 31 December 2025, trademarks with indefinite useful lives are related to Carl Cloos and accordingly form part of the CGU of Carl Cloos. The impairment tests for such trademarks are disclosed in Note 15.

15 GOODWILL

	2025 RMB'000	2024 RMB'000
Cost	1,337,691	1,448,943
Accumulated impairment loss	(307,536)	(344,864)
	1,030,155	1,104,079

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's CGUs identified by unit as follows:

	2025 RMB'000	2024 RMB'000
Carl Cloos	839,845	767,461
Yangzhou Shuguang Optoelectronics Automation Co., Ltd. ("Yangzhou Shuguang") (Note 17)	–	157,625
Trio Motion Ltd ("Trio Motion")	74,330	66,381
M.A.i	67,277	63,909
Nanjing Estun Intelligent System Engineering Co., Ltd. ("Estun Intelligent")	41,324	41,324
Unit without significant goodwill	7,379	7,379
	1,030,155	1,104,079

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15 GOODWILL (CONTINUED)

Impairment tests

The recoverable amounts of the respective CGUs are determined based on value-in-use ("VIU") calculation. The Group engaged independent professional valuers to assist with the calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated terminal growth rate of 0%. The discount rates used are pre-tax and reflect specific risks relating to the relevant industry, the CGUs themselves and macro-environment. The key assumptions used in estimating the recoverable amount are as follows:

	2025	2024
Annual revenue growth rate during the forecast period		
Carl Cloos	3.00% – 14.92%	4.95% – 27.14%
Trio Motion	3.46%-11.27%	3.00% – 9.79%
M.A.i	1.63% – 2.00%	3.00%
Estun Intelligent	2.00%	2.00%
Pre-tax discount rate		
Carl Cloos	11.41%	11.25%
Trio Motion	14.90%	16.94%
M.A.i	13.93%	12.82%
Estun Intelligent	15.23%	13.08%

At 31 December 2025, the recoverable amount of Carl Cloos was estimated to exceed its carrying amount by approximately RMB227,393,000.

At 31 December 2025, the recoverable amount of Trio Motion was estimated to exceed its carrying amount by approximately RMB6,830,000.

At 31 December 2025, the recoverable amount of M.A.i was estimated to exceed its carrying amount by approximately RMB36,660,000.

At 31 December 2025, the recoverable amount of Estun Intelligent was estimated to exceed its carrying amount by approximately RMB4,840,000.

Management has identified that a reasonably possible change in key assumptions could not cause the carrying amount to exceed the recoverable amount for CGUs with significant goodwill. The following table shows the amount that these three assumptions would need to be individually for the estimated recoverable amount to be equal to the carrying amount:

15 GOODWILL (CONTINUED)

Impairment tests (continued)

Change required for carrying amount to equal recoverable amount (in percentage point).

	2025	2024
Decrease percentage in annual revenue growth rate during forecast period		
Carl Cloos	4.37%	Nil
Trio Motion	3.00%	Nil
M.A.i	13.00%	1.00%
Estun Intelligent	5.20%	8.00%
Increase in pre-tax discount rate		
Carl Cloos	1.14%	Nil
Trio Motion	0.64%	Nil
M.A.i	2.87%	0.19%
Estun Intelligent	0.90%	1.46%

The recoverable amount of Carl Cloos, Trio Motion, M.A.i and Estun Intelligent based on the value-in-use calculations was higher than the carrying amount as at 31 December 2025. Accordingly, no impairment loss for goodwill was recognised in the consolidated statement of profit or loss and other comprehensive income. Also, based on the sensitivity analysis above, the Group concluded that a reasonably possible change in key parameters would not cause the carrying amount of Carl Cloos, Trio Motion, M.A.i and Estun Intelligent to exceed its recoverable amount as at 31 December 2025.

16 INTERESTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Associates		
– immaterial associates	41,187	46,308

All the associates are accounted for using the equity method in the consolidated financial statements.

Aggregate information of associates that are not individually material:

	2025 RMB'000	2024 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	41,187	46,308
Aggregate amounts of the Group's share of those associates		
Loss for the year	(3,475)	(17,169)
Other comprehensive income for the year	–	–
Total comprehensive income for the year	(3,475)	(17,169)

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17 INVESTMENTS IN SUBSIDIARIES

	2025 RMB'000	2024 RMB'000
Investments in subsidiaries	3,040,058	2,700,959

The following list contains only the particulars of subsidiaries which principally and significantly affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Company name	Place and date of incorporation/ acquisition	Particulars of registered and paid-in capital	Effective interest held by the Group As at 31 December		Principal activities
			2025	2024	
Carl Cloos Schweißtechnik GmbH	Germany 31 October 2019	EUR10,800,000	100%	100%	Manufacturing and sales of machinery, electrical appliances, equipment, and related consumable materials and spare parts
Shanghai Prex Mfg. Co., Ltd. (上海普萊克斯自動設備製造有限公司) (Note)	Chinese Mainland 20 July 2016	RMB5,330,000	97%	97%	Design, manufacturing, and sales of peripheral automation equipment for the casting machines
Nanjing Estun Intelligent System Engineering Co., Ltd. (南京埃斯頓智能系統工程有限公司) (Note)	Chinese Mainland 8 August 2016	RMB100,000,000	97%	97%	Design of intelligent system engineering
Cloos Welding Technology (Beijing) Co., Ltd. (卡爾克魯斯焊接技術(北京)有限公司) (Note)	Chinese Mainland 31 October 2019	RMB64,865,030	100%	100%	Manufacturing and sales of welding machines and related products
Nanjing Estun Robot Engineering Co., Ltd. (南京埃斯頓機器人工程有限公司) (Note)	Chinese Mainland 5 September 2011	RMB450,000,000	100%	100%	Manufacturing of robots and industrial robot turnkey systems related products
Trio Motion Ltd	United Kingdom 23 March 2017	RMB921,500	100%	100%	Design of automation control equipment
Nanjing Estun Software Technology Co., Ltd. (南京埃斯頓軟件技術有限公司) (Note)	Chinese Mainland 27 November 2013	RMB5,000,000	100%	100%	Development and sale of software

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Company name	Place and date of incorporation/acquisition	Particulars of registered and paid-in capital	Effective interest held by the Group As at 31 December		Principal activities
			2025	2024	
Estun Guangdong Robotics Co., Ltd. (埃斯頓(廣東)機器人有限公司) (Note)	Chinese Mainland 29 June 2018	RMB50,000,000	100%	100%	Sales and manufacturing of industrial robots
Carl Cloos Robotics Technology (China) Co., Ltd. (卡爾克魯斯機器人科技(中國)有限公司) (Note)	Chinese Mainland 10 June 2020	USD14,350,000	100%	100%	Import and export of goods
Nanjing Cloos Robotics Intelligent Technology Co., Ltd. (南京克魯斯機器人智能科技有限公司) (Note)	Chinese Mainland 24 December 2020	RMB1,000,000	100%	100%	Development and sale of artificial intelligence application software
Estun Intelligent Technology (Jiangsu) Co., Ltd. (埃斯頓智能科技(江蘇)有限公司) ("Estun Intelligent (Jiangsu)") (Note)	Chinese Mainland 19 July 2022	RMB362,713,194	97%	97%	Sales and manufacturing of industrial automation control system devices
M.A.i GmbH & Co. KG	Germany 17 October 2017	EUR27,000	100%	100%	Provision of automated assembly and testing production lines based on robotic applications
Cloos Kaynak Teknik Sanayi Limited Sirteki	Turkey 31 October 2019	TRY556,750	100%	100%	Production, marketing, and trade of machinery, mechanisms and tools, and services primarily in the area of welding techniques

Note:

These entities are limited liability companies established in the PRC. The official names of these entities are in Chinese. The English translation of these names is for identification purpose only.

All companies now comprising the Group have adopted 31 December as their financial year end date.

In June 2025, the Group entered into a share transfer agreement with a third party, pursuant to which the Group agreed to transfer its 20% equity interest in Yangzhou Shuguang Optoelectronics Automation Co., Ltd. (揚州曙光光電自控有限責任公司) ("Yangzhou Shuguang"). Upon completion of the transfer, the Group held 48% equity interest in Yangzhou Shuguang.

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Aggregate of assets and liabilities at the date of disposal over which control was lost:

	RMB'000
Property, plant and equipment (Note 11)	29,686
Right-of-use assets (Note 13)	7,769
Intangible assets (Note 14)	3,887
Trade and other receivables, non-current	298
Deferred tax assets	208
Inventories	34,178
Trade and other receivables, current	136,289
Financial assets measured at FVPL	70,220
Cash and cash equivalents	22,883
Trade and other payables	(66,378)
Contract liabilities	(354)
Income tax payable	(251)
Deferred income	(879)
Deferred tax liabilities	(1,985)
Net assets	235,571
Less: non-controlling interests	(62,631)
Net assets	172,940

Losses on disposal of interests in subsidiaries:

	RMB'000
Cash consideration	94,000
The fair value of 48% equity interest in Yangzhou Shuguang the Group held	232,800
Less: net assets disposed	(172,940)
Less: goodwill	(157,625)
Net loss on disposal of interests in subsidiaries	(3,765)

Analysis of net cash in respect of the disposal of interests in subsidiaries is as follows:

	RMB'000
Cash consideration	94,000
Less: cash and cash equivalents disposed of	(22,883)
Less: receivables arising from disposal of interests in subsidiaries	(46,060)
Proceeds received for disposal of interests in subsidiaries	25,057

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

In October 2025, the Group further entered into a share transfer agreement, pursuant to which the Group agreed to transfer the remaining 48% equity interest in Yangzhou Shuguang, to Wuxi Xinhongye Wire & Cable Technology Co., Ltd. (無錫鑫宏業線纜科技股份有限公司), at a consideration of RMB244,800,000. The transfer was completed in November 2025. Accordingly, the Group recognised a gain on disposal of RMB11,453,000.

In December 2025, the Group entered into a share transfer agreement with third parties, pursuant to which the Group agreed to transfer its 12.4591% equity interest in Jiangsu Hangding Intelligent Equipment Co., Ltd. (江蘇航鼎智能裝備有限公司) (“Hangding”), at a consideration of RMB3,738,000. Upon completion of the transfer, the Group held 38.5409% equity interest in Hangding.

Aggregate of assets and liabilities at the date of disposal over which control was lost:

	RMB'000
Property, plant and equipment	1,608
Intangible assets	8,386
Deferred tax assets	710
Inventories	8,748
Contract asset	2,846
Trade and other receivables	23,289
Cash and cash equivalents	13,356
Trade and other payables	(18,600)
Contract liabilities	(2,442)
Income tax payable	(72)
Bank loans and other borrowings	(15,010)
Provisions	(823)
Net assets	21,996
Less: non-controlling interests	(8,928)
Net assets	13,068

Gains on disposal of interests in subsidiaries:

	RMB'000
Cash consideration	3,738
The fair value of 38.5409% equity interest in Hangding the Group held	11,562
Less: net assets disposed	(13,068)
Net gain on disposal of interests in a subsidiary	2,232

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Analysis of net cash in respect of the disposal of interests in subsidiaries is as follows:

	RMB'000
Cash consideration	3,738
Less: cash and cash equivalents disposed of	(13,356)
Less: receivables arising from disposal of interests in a subsidiary	(3,738)
Net cash for disposal of interests in a subsidiary	(13,356)

18 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Investment in unlisted equity securities	172,571	180,208

The unlisted equity securities are shares in the enterprises, which mainly engaged in relevant industries of the Group. The Group designated these investments at FVOCI (non-recycling), as these investments are held for strategic purposes. No dividends were received on these investments during the year (2024: nil).

19 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Non-current assets		
Investments not held for trading:		
– Unlisted equity securities	179,586	146,762
– Unlisted units in investment funds	62,398	66,970
	241,984	213,732
Current assets		
– Wealth management products	82,129	388,913

20 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	2025 RMB'000	2024 RMB'000
Raw materials	418,130	416,411
Work in progress	389,416	474,491
Finished goods	398,495	575,067
Goods in transit	5,370	2,929
Goods delivered to customers	52,558	133,434
	1,263,969	1,602,332
Contract costs	339,744	231,259
Write-down of inventories	(126,081)	(112,546)
	1,477,632	1,721,045

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount of inventories sold	3,455,616	2,833,279
Write-down of inventories	17,190	41,463
	3,472,806	2,874,742

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions.

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21 CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2025 RMB'000	2024 RMB'000
Gross carrying amount		
Outstanding warranties	119,058	98,834
Completed and unbilled contract	93,258	73,821
Less: loss allowance	(5,437)	(4,009)
	206,879	168,646

(b) Contract liabilities

	2025 RMB'000	2024 RMB'000
Prepayments received from customers	586,305	505,014

Movements in contract liabilities

	2025 RMB'000	2024 RMB'000
Balance at the beginning of the year	505,014	297,507
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(497,598)	(272,933)
Increase in contract liabilities as a result of receiving advance payments during the year	578,889	480,440
Balance at the end of the year	586,305	505,014

22 TRADE AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Current assets		
Trade receivables		
– Third parties	1,953,551	1,825,407
– Related parties	83,149	96,078
Bills receivable	26,631	146,969
Less: loss allowance	(131,188)	(144,928)
Net trade and bill receivables measured at amortised cost	1,932,143	1,923,526
Bills receivable, measured at FVOCI	453,991	483,536
Amounts due from related parties	1,825	825
Value-added tax recoverable	47,138	65,256
Prepayments	45,774	44,387
Listing expenses to be capitalised	23,145	–
Receivables arising from disposal of interests in subsidiaries and associates	74,278	–
Other receivables	45,070	39,945
	2,623,364	2,557,475
Non-current assets		
Receivables arising from disposal of interests in an associate	24,480	–
Long-term deferred expenses	3,885	9,048
Prepayments for purchase of property, plant and equipment and intangible assets	9,447	9,604
	37,812	18,652

All of the current portion of trade and other receivables are expected to be recovered or recognised as expense within one year.

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22 TRADE AND OTHER RECEIVABLES (CONTINUED)

Ageing analysis:

As at the end of the reporting period, the ageing analysis of the Group's trade receivables and bills receivable, based on the revenue recognition date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	2,194,725	2,039,229
1 to 2 years	173,214	420,725
2 to 3 years	113,818	58,158
Over 3 years	35,565	33,878
Less: loss allowance	(131,188)	(144,928)
	2,386,134	2,407,062

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2025 RMB'000	2024 RMB'000
Cash at bank	895,601	1,196,936
Less: restricted bank deposits (<i>Note</i>)	(19,211)	(15,832)
Cash and cash equivalents in the consolidated statement of financial position and the consolidated cash flow statement	876,390	1,181,104

Note:

Restricted bank deposits of RMB19,211,000 (2024: RMB15,832,000) were mainly pledged for bills payable and issuance of letters of credits and guarantee.

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of profit/(loss) before taxation to cash generated from operations:

	Note	2025 RMB'000	2024 RMB'000
Profit/(loss) before taxation		73,804	(775,524)
Adjustments for:			
Depreciation of property, plant and equipment	6(c)	102,568	93,469
Depreciation of investment property	6(c)	803	–
Depreciation of right-of-use assets	6(c)	25,924	23,897
Amortisation of intangible assets	6(c)	61,315	63,961
Amortisation of long-term deferred expenses	6(c)	5,764	17,727
Impairment loss on trade and other receivables and contract assets	6(c)	1,018	64,537
Provision for write-down of inventories	20(b)	17,190	41,463
Impairment loss on intangible assets and goodwill	6(c)	106	360,467
Finance costs	6(a)	165,677	154,193
Interest income from bank deposits	5	(13,124)	(15,493)
Share of profits less losses of associates	16	3,475	17,169
Realised and unrealised gains on wealth management products	5	(11,354)	(15,602)
Realised and unrealised (gains)/losses on other financial assets measured at FVPL	5	(23,679)	22,787
Net losses on disposal of property, plant and equipment and intangible assets	5	12,900	501
Net gains on disposal of interests in associates	5	(11,993)	(15,948)
Net losses on disposal of subsidiaries	5	1,533	–
Equity-settled share-based payment expenses	6(b)	23,673	10,451
Net foreign exchange gains		(2,396)	(2,992)
Others		18,637	3,960
Changes in working capital:			
Decrease/(increase) in inventories		183,297	(395,183)
Increase in trade and other receivables		(218,027)	(173,259)
(Increase)/decrease in contract assets		(45,557)	40,261
Decrease in restricted bank deposits		387	9,771
Increase in trade and other payables		43,579	200,068
Increase in contract liabilities		84,087	197,679
Increase/(decrease) in provisions		3,849	(572)
Increase in deferred income		33,397	18,280
Cash generated from/(used in) operations		536,853	(53,932)

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(Expressed in Renminbi Yuan unless otherwise indicated)

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Bank loans and other borrowings RMB'000 (Note 25)	Lease liabilities RMB'000 (Note 26)	Total RMB'000
At 1 January 2025	4,721,971	87,420	4,809,391
Changes from financing cash flows:			
Proceeds from new bank loans	2,853,858	–	2,853,858
Repayment of bank loans	(3,744,910)	–	(3,744,910)
Capital element and interest element of lease rentals paid	–	(20,357)	(20,357)
Interest paid	(126,056)	(4,526)	(130,582)
Total changes from financing cash flows	(1,017,108)	(24,883)	(1,041,991)
Other changes:			
Increase in lease liabilities from entering into new leases during the period	–	25,660	25,660
Decrease in lease liabilities from termination of lease agreements during the period	–	(12,602)	(12,602)
Others	(130,169)	–	(130,169)
Disposal of a subsidiary	(15,010)	–	(15,010)
Exchange adjustments	13,113	9,465	22,578
Interest expenses (Note 6(a))	151,654	4,526	156,180
Total other changes	19,588	27,049	46,637
At 31 December 2025	3,724,451	89,586	3,814,037

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities (continued)

	Bank loans and other borrowings RMB'000 (Note 25)	Lease liabilities RMB'000 (Note 26)	Total RMB'000
At 1 January 2024	4,214,586	55,527	4,270,113
Changes from financing cash flows:			
Proceeds from new bank loans	3,515,466	–	3,515,466
Repayment of bank loans	(3,046,284)	–	(3,046,284)
Repayments of borrowings from controlling shareholder	(11,112)	–	(11,112)
Proceeds from other borrowings	35,000	–	35,000
Capital element and interest element of lease rentals paid	–	(16,188)	(16,188)
Interest paid	(124,406)	(1,866)	(126,272)
Total changes from financing cash flows	368,664	(18,054)	350,610
Other changes:			
Increase in lease liabilities from entering into new leases during the year	–	51,471	51,471
Acquisition of a subsidiary	–	1,040	1,040
Exchange adjustments	12,738	(4,430)	8,308
Interest expenses (Note 6(a))	125,983	1,866	127,849
Total other changes	138,721	49,947	188,668
At 31 December 2024	4,721,971	87,420	4,809,391

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(Expressed in Renminbi Yuan unless otherwise indicated)

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(d) Total cash out flow for leases

	2025 RMB'000	2024 RMB'000
Within operating cash flows	6,366	6,503
Within financing cash flows	24,883	18,054
	31,249	24,557

These amounts relate to the following:

	2025 RMB'000	2024 RMB'000
Lease rentals settled	31,249	24,557

24 TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	1,730,341	1,439,547
Bills payable	404,797	648,994
Accrued payrolls	86,554	79,987
Payables for property, plant and equipment	96,511	119,108
Other tax payables	50,145	36,439
Other payables and accruals	176,593	231,482
	2,544,941	2,555,557

The Group has entered into certain reverse factoring arrangements with banks. Under these arrangements, the banks pay suppliers the amounts owed by the Group in early payment terms, which are upon suppliers' demand after the invoice date. The Group then settles with the banks within 180-365 days, without interest. The interest arising from such arrangements are borne by the suppliers.

In the consolidated statement of financial position, the Group has presented the payables to the banks under these arrangements as "trade payables", in view of the nature and function of such liabilities are similar to the Group's trade payables to suppliers, and these liabilities are part of the working capital used in the Group's normal operating cycle. As at 31 December 2025, the carrying amount of financial liabilities under these arrangements included in the "trade payables" amounted to RMB549,904,000, of which, suppliers have received payments of RMB331,581,000 from the banks.

24 TRADE AND OTHER PAYABLES (CONTINUED)

In the consolidated cash flow statement, payments to the banks are included within operating cash flows based on the nature of the arrangements.

All trade and other payables are expected to be settled within one year or are repayable on demand.

As at the end of the reporting period, the ageing analysis of the Group's trade payables and bills payable based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	2,061,550	2,016,275
1 to 2 years	64,044	58,975
2 to 3 years	7,320	4,385
Over 3 years	2,224	8,906
	2,135,138	2,088,541

25 BANK LOANS AND OTHER BORROWINGS

(a) The analysis of the carrying amount of bank loans and other borrowings is as follows:

	2025 RMB'000	2024 RMB'000
Current liabilities:		
– Short-term bank loans	946,073	1,838,959
– Current portion of long-term bank loans	1,098,367	1,090,411
	2,044,440	2,929,370
Non-current liabilities		
– Non-current portion of long-term bank loans	1,215,952	1,353,442
– Redemption liabilities (<i>Note</i>)	464,059	439,159
	1,680,011	1,792,601

Note:

On 28 December 2023 and 19 April 2024, the Company's subsidiary Estun Intelligent (Jiangsu) entered into share purchase agreements with external investors and the Company, pursuant to which Estun Intelligent (Jiangsu) issued shares with redemption rights, liquidity preference and anti-dilution rights to the external investors for a total cash consideration of RMB380,000,000 and RMB35,000,000 respectively. The issued shares shall be redeemable by the Company if the trigger event stipulated in the agreements does not occur before 30 September 2027, at a price equal to the higher amount of 1) the original consideration plus a simple interest of 6% per annum or 2) the fair value of relevant equity interests in Estun Intelligent (Jiangsu).

In accordance with the Group's accounting policy set out in Note 2(r), the issued shares are initially recognised at fair value and subsequently measured at amortised cost, bearing an interest of 6% per annum.

Notes to the Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

25 BANK LOANS AND OTHER BORROWINGS (CONTINUED)

(b) The analysis of the repayment schedule of the Group's bank loans and other borrowings is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year or on demand	2,044,440	2,929,370
After 1 year but within 2 years	1,350,165	1,053,234
After 2 years but within 5 years	329,846	739,367
	1,680,011	1,792,601
	3,724,451	4,721,971

Certain of the Group's banking facilities are subject to the fulfilment of covenants. Some of those relating to the Group's financial metrics which are tested periodically, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the related loans would become payable on demand. The Group did not identify material difficulties complying with the covenants.

The bank loans and other borrowings were secured by certain assets of the Group. An analysis of the carrying value of these assets is as follows:

	2025 RMB'000	2024 RMB'000
Property, plant and equipment	142,317	141,442
Right-of-use assets	–	9,751
Trade receivables	22,575	83,901
Inventories	280,483	–

The Company issued guarantees to certain subsidiaries in respect of bank loans of RMB100,000,000 (2024: RMB521,120,000).

26 LEASE LIABILITIES

At the end of the reporting period, the lease liabilities were repayable as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	17,129	20,120
After 1 year but within 2 years	13,599	9,709
After 2 years but within 5 years	28,375	28,863
After 5 years	30,483	28,728
	72,457	67,300
	89,586	87,420

27 DEFINED BENEFIT PLANS

	2025 RMB'000	2024 RMB'000
Defined benefit plans	219,605	201,582

The Group contributes to defined benefit retirement plans for its employees in certain overseas subsidiaries. Certain retired employees were entitled to receive an annual pension payment upon retirement, which are in-line with market practice and do not constitute any unusual or company-specific risks or require any specific regulatory framework to be taken into account. The pension benefit obligations vary from different regions due to the different future salary increase rate, discount rate, mortality rate etc. Besides, the pension benefit obligations are also influenced by retirement age and plan assets the Group purchased.

The Group engaged an independent actuarial firm, DVA Kasper GmbH, to assist management to perform the actuarial valuations as at 31 December 2025. The actuarial valuations of the defined benefit retirement obligation were performed in accordance with IAS 19 "Employee Benefits" by actuaries using the projected unit credit method.

The plans expose the Group to actuarial risks, such as interest rate risk, investment risk and longevity risk. Information about the plans is disclosed below.

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(Expressed in Renminbi Yuan unless otherwise indicated)

27 DEFINED BENEFIT PLANS (CONTINUED)

(a) The amounts recognised in the consolidated statement of financial position are as follows:

	2025 RMB'000	2024 RMB'000
Present value of defined benefit obligations	219,605	201,582

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions.

(b) Movements in the present value of the defined benefit obligations

	2025 RMB'000	2024 RMB'000
At the beginning of the year	201,582	198,964
Remeasurements effect recognised in other comprehensive income		
– Actuarial (losses)/gains	(799)	10,843
– Exchange adjustments	18,969	(8,688)
	18,170	2,155
Benefits paid by the plans	(9,149)	(8,977)
Current service cost	2,165	2,377
Interest cost	6,837	7,063
At the end of the year	219,605	201,582

The weighted average duration of the defined benefit obligations is 14 years (2024: 14 years).

(c) Significant actuarial assumptions are as follows:

	2025	2024
Discount rate	4.40%	3.30%
Future salary increases	2.00%	2.00%
Retirement benefits increases	1.00% – 2.00%	1.00%
Mortality rate	2018 G Heubeck	2018 G Heubeck

28 EQUITY SETTLED SHARE-BASED TRANSACTIONS

(a) Share options

The Company adopted an employee share option scheme on 8 July 2025, pursuant to which, the Company granted 3,320,000 share options to employees at an exercise price of RMB20.53 per share. Share options will be vested in three batches in a 36-month period subject to fulfilment of the performance of the Company and the individuals.

28 EQUITY SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(a) Share options (continued)

(i) *The movement of the number of share options are as follows:*

	2025 '000	2024 '000
At the beginning of the year	–	9,039
Granted	3,320	–
Forfeited	–	(9,039)
At the end of the year	3,320	–

The weighted average share price at the date of exercise for shares options exercised during the year was RMB20.53 (2024: nil).

The options outstanding as at 31 December 2025 had an exercise price of RMB20.53 and a weighted average remaining contractual life of 1.68 years.

(ii) *Fair value of share options*

The fair value of services received in return for share options granted is measured by reference to the fair value of such equity instruments on the grant date, of which the estimation is measured based on the Black-Scholes model with the following assumptions:

	Granted during the year ended 31 December 2025
Risk-free interest rate	1.50%/2.10%/2.75%
Expected volatility	29.29%/25.16%/22.58%
Expected dividend yield	0%

Total expenses recognised in the consolidated statement of profit or loss for share options for the year were RMB3,899,000 (2024: nil).

(b) Restricted share units ("RSUs")

The Company adopted an employee restricted share units scheme on 8 July 2025, pursuant to which, the Company granted 4,000,000 RSUs to employees at a price of RMB10.27 per share. Restricted share units will be vested in three batches in a 36-month period subject to fulfilment of the performance of the Company and the individuals.

Notes to the Financial Statements

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28 EQUITY SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(b) Restricted share units (“RSUs”) (continued)

The fair value of services received in return for RSUs granted is measured by reference to the fair value of such equity instruments on the grant date, of which the estimation is measured based on the Black-Scholes model.

(i) The movement of the number of RSUs are as follows:

	2025 '000	2024 '000
At the beginning of the year	–	–
Granted	4,000	–
At the end of the year	4,000	–

Total expenses recognised in the consolidated statement of profit or loss for the RSUs for the year were RMB9,324,000 (2024: nil).

(c) 2022 Employee Share Purchase Plan (“2022 ESPP”)

On 25 August 2022, the Company adopted 2022 ESPP, pursuant to which, the Company has set up a special securities account under China Securities Depository and Clearing Corporation Limited and transferred 6,727,400 ordinary shares to the account. Qualified employees under 2022 ESPP purchased the shares at a price of RMB1.00 per share. Each share unit will be vested in two batches in a 56-month period subject to fulfilment of the performance of the Company and the individuals.

On 28 April 2024, the Company further purchased 4,139,000 own shares and transferred to the account under 2022 ESPP.

(i) The movement of the number of shares are as follows:

	2025 '000	2024 '000
At the beginning of the year	6,727	6,727
Granted	–	4,139
Forfeited	(3,773)	(4,139)
At the end of the year	2,954	6,727

28 EQUITY SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(c) 2022 Employee Share Purchase Plan ("2022 ESPP") (continued)

(ii) Fair value of shares granted

The fair value of services received in return for the shares granted is measured by reference to the fair value of such equity instruments on the grant date, of which the estimation is measured based on the Black-Scholes model with the following assumptions:

	Granted during the year ended 31 December	
	2024	2022
Risk-free interest rate	1.50%/2.10%	1.50%/2.10%
Expected volatility	58.41%/59.30%	58.41%/59.30%
Expected dividend yield	0.29%	0.29%

Total expenses recognised in the consolidated statement of profit or loss for 2022 ESPP were RMB10,451,000 (2024: RMB10,451,000).

29 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2025 RMB'000	2024 RMB'000
At the beginning of the year	(28,469)	(20,183)
Provisions for income tax for the year	34,873	41,817
Income tax paid	(31,633)	(50,103)
Disposal of subsidiaries	(251)	–
At the end of the year	(25,480)	(28,469)

Reconciliation to the consolidated statement of financial position

	2025 RMB'000	2024 RMB'000
Income tax payable	14,603	2,271
Income tax recoverable	(40,083)	(30,740)
	(25,480)	(28,469)

Notes to the Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

29 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(b) Deferred tax assets and liabilities recognised

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Impairment loss RMB'000	Unrealised profits RMB'000	Deductible tax losses RMB'000	Expected credit loss allowance RMB'000	Defined benefit plan obligations RMB'000	Depreciation of property, plant and equipment RMB'000	Government grants RMB'000	Fair value change of financial assets RMB'000	Tax impact of revenue recognised over time RMB'000	Fair value adjustment in relation to acquisition of subsidiaries RMB'000	Others RMB'000	Total RMB'000
At 1 January 2024	1,408	11,559	131,310	11,878	18,407	162	6,310	(20,123)	(22,339)	(36,142)	11,103	113,533
Credited/(charged) to profit or loss	3,829	436	(46,664)	3,761	(1,325)	10,688	3,189	4,196	11,828	1,780	1,807	(6,475)
Credited/(charged) to reserves	-	-	-	-	3,313	(239)	-	(4,041)	(256)	-	-	(1,223)
At 31 December 2024 and 1 January 2025	5,237	11,995	84,646	15,639	20,395	10,611	9,499	(19,968)	(10,767)	(34,362)	12,910	105,835
Credited/(charged) to profit or loss	1,117	18,016	2,835	(3,531)	(472)	(21,480)	5,035	(1,985)	(6,105)	1,804	(10,769)	(15,555)
Credited/(charged) to reserves	-	(738)	1,053	74	1,548	(1,771)	-	(2,196)	(1,290)	631	1,224	(1,465)
Disposal of subsidiaries	(220)	-	(655)	(55)	-	110	(132)	34	-	1,985	-	1,067
At 31 December 2025	6,134	29,273	87,879	12,127	21,471	(12,530)	14,402	(24,115)	(18,162)	(29,942)	3,365	89,902

29 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(b) Deferred tax assets and liabilities recognised (continued)

(ii) Reconciliation to the consolidated statement of financial position

	2025 RMB'000	2024 RMB'000
Net deferred tax asset in the consolidated statement of financial position	165,479	172,630
Net deferred tax liability in the consolidated statement of financial position	(75,577)	(66,795)
	89,902	105,835

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(u), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB1,067,659,000 (2024: RMB812,564,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses mainly arising from operations in Chinese Mainland can be carried forward to offset against taxable profits of subsequent years for up to 5 years (10 years for entities qualified as HNTE) from the year in which they arose.

The Group has not recognised deferred tax assets in respect of temporary difference of RMB162,557,000 (2024: RMB149,679,000) for the same reason mentioned above.

30 DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
At the beginning of the year	68,055	49,775
Additions	46,170	34,280
Disposal of subsidiaries	(1,549)	–
Credited to profit or loss	(12,103)	(16,000)
At the end of the year	100,573	68,055

Deferred income mainly represents government grants relating to property, plant and equipment, which are recognised as income on a straight-line basis over the expected useful life of relevant assets.

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31 PROVISIONS

	Product warranties and claims RMB'000	Unfavourable customer contracts RMB'000	Total RMB'000
At 1 January 2024	33,433	4,283	37,716
Additional provisions made	11,554	–	11,554
Provisions utilised	(12,133)	(4,283)	(16,416)
Others	4,290	–	4,290
At 31 December 2024 and 1 January 2025	37,144	–	37,144
Additional provisions made	37,258	8,777	46,035
Provisions utilised	(41,538)	–	(41,538)
Others	(1,471)	–	(1,471)
At 31 December 2025	31,393	8,777	40,170

32 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	PRC statutory reserves RMB'000	Share-based payment reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2025	869,531	(60,091)	1,177,719	76,239	63,718	51,303	215,755	2,394,174
Changes in equity for 2025:								
Loss for the year	–	–	–	–	–	–	(69,229)	(69,229)
Other comprehensive income	–	–	–	–	–	8,862	–	8,862
Total comprehensive income	–	–	–	–	–	8,862	(69,229)	(60,367)
Equity-settled share-based transactions	4,000	(41,080)	37,080	–	23,673	–	–	23,673
Cancellation of shares (Note 32(c))	(2,513)	60,091	(57,578)	–	–	–	–	–
Balance at 31 December 2025	871,018	(41,080)	1,157,221	76,239	87,391	60,165	146,526	2,357,480

32 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(a) Movements in components of equity (continued)

	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	PRC statutory reserves RMB'000	Share-based payment reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2024	869,531	(60,091)	1,177,719	76,239	53,267	28,408	338,154	2,483,227
Changes in equity for 2024:								
Loss for the year	-	-	-	-	-	-	(68,779)	(68,779)
Other comprehensive income	-	-	-	-	-	21,295	-	21,295
Total comprehensive income	-	-	-	-	-	21,295	(68,779)	(47,484)
Equity-settled share-based transactions	-	-	-	-	10,451	-	-	10,451
Transfer of other comprehensive income to retained earnings	-	-	-	-	-	1,600	(1,600)	-
Dividends approved in respect of the previous year	-	-	-	-	-	-	(52,020)	(52,020)
Balance at 31 December 2024	869,531	(60,091)	1,177,719	76,239	63,718	51,303	215,755	2,394,174

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year:

No dividends were proposed after the end of the reporting period (2024: nil).

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2025 RMB'000	2024 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB0 (2024: RMB0.06) per ordinary share	-	52,020

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32 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Issued share capital

	2025 RMB'000	2024 RMB'000
Ordinary shares of RMB1 each, issued and fully paid:		
At the beginning of the year	869,531	869,531
Issue of RSUs	4,000	–
Cancellation of shares (Note)	(2,513)	–
At the end of the year	871,018	869,531

Note:

As approved by the resolution of shareholders on 15 January 2025, the Company decided to cancel the remaining 2,513,000 repurchased shares for the purpose of equity settled share-based transactions. Such cancellation was completed on 6 March 2025.

(d) Treasury shares

	No. of Treasury Shares '000	Treasury shares RMB'000
At 1 January 2024 and 31 December 2024	2,513	(60,091)
Cancellation of shares (Note 32(c))	(2,513)	60,091
Issue of RSUs	4,000	(41,080)
At 31 December 2025	4,000	(41,080)

The treasury shares are used for restricted share incentive plans or equity excitation.

(e) Nature and purposes of reserves

(i) Share premium

The share premium represents the excess of capital injections made by the equity shareholders over the par value of the shares issued.

In 2025, the Company cancelled its certain share capital. The cancellation of share capital resulted in a decrease in share premium of RMB57,578,000, being the difference between share capital and treasury shares.

32 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(e) Nature and purposes of reserves (continued)

(ii) PRC statutory reserve

According to the PRC Company Law, the Company's PRC subsidiaries are required to transfer 10% of their profit after taxation, as determined under the PRC accounting regulations, to statutory reserve until the reserve balance reaches 50% of the registered capital. For the purpose of calculating the transfer to reserve, the profit after taxation shall be the amount determined based on the statutory financial statements prepared in accordance with PRC accounting standards. The transfer to this reserve must be made before distribution of dividend to shareholders.

Statutory reserve fund can be used to cover previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

(iii) Share-based payment reserve

The share-based payment reserve represents the portion of the grant date fair value of the restricted shares of the Company, granted to the employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in Note 2(t)(iii).

(iv) Other reserve

Other reserve mainly includes:

- (a) fair value reserve (non-recycling) comprises the cumulative net change in the fair value of financial assets measured at FVOCI that are held at the end of the reporting.
- (b) fair value reserve which comprises remeasurements arising from defined benefit retirement plans obligations including comprise actuarial gains and losses and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).
- (c) The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

During 2025, the Group's strategy remains unchanged from 2024. The Group monitors its capital structure with reference to its debt position. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations. The Group's debt to asset ratio, being the Group's total liabilities over its total assets was 78.6% (2024: 81.3%).

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to accounts trade receivables, contract assets or other financial assets including the risk that receivables will be collected late or not at all if a customer or another contractual party does not fulfill its contractual obligations. The Group's exposure to credit risk arising from cash and cash equivalents, restricted bank deposits and bills receivable is limited because the counterparties are banks and financial institutions with high credit standing, which the Group considers to represent low credit risk.

The Group does not provide any guarantees which would expose the Group to credit risk.

Trade receivables and contract assets

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers.

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 December 2025, 26.20% (2024: 18.8%) of the total trade receivables was due from the Group's largest customer, and 43.65% (2024: 35.6%) of the total trade receivables, respectively, was due from the Group's five largest customers.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is assessed for impairment both on an individual basis and on a collective group basis based on different credit risk characteristics. Trade receivables and contract assets are categorised as follows for assessment purpose:

- Group 1 – individual: receivables from the counterparties with special consideration
- Group 2 – collective: other trade receivables and contract assets

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (continued)

Trade receivables and contract assets (continued)

As at 31 December 2025 and 2024, the gross carrying amount of trade receivables and contract assets in these categories are as follows:

	2025 RMB'000	2024 RMB'000
Group 1	48,418	63,113
Group 2	2,200,598	2,031,027
	2,249,016	2,094,140

The loss allowance of Group 1 as at 31 December 2025 and 2024 was as follows:

	2025 RMB'000	2024 RMB'000
Trade receivables	48,418	63,113
Less: loss allowance	(33,262)	(52,299)
	15,156	10,814

The directors of the Company estimate that the credit risk of trade receivables from certain customers are high. The measurement of ECL on those trade receivables with high credit risk is assessed on an individual basis. The loss allowance of receivables from the counterparties in Group 1 are based on the expected recoverable amount.

The loss allowance of Group 2 as at 31 December 2025 and 2024 was determined as follows:

	As at 31 December 2025		
	Average expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within 1 year	2.00%	1,886,713	37,734
More than 1 year but within 2 years	10.00%	187,138	18,714
More than 2 years but within 3 years	30.00%	99,559	29,868
More than 3 years	60.74%	27,188	16,515
		2,200,598	102,831

Notes to the Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (continued)

Trade receivables and contract assets (continued)

	As at 31 December 2024		
	Average expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within 1 year	1.97%	1,547,268	30,518
More than 1 year but within 2 years	9.42%	409,651	38,601
More than 2 years but within 3 years	26.34%	56,386	14,850
More than 3 years	71.49%	17,722	12,669
		2,031,027	96,638

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the expected credit loss allowance account in respect of trade debtors during the year is as follows:

	2025 RMB'000	2024 RMB'000
Balance at the beginning of the year	148,937	113,940
Impairment losses recognised	2,295	62,689
Amounts written off	(15,007)	(27,109)
Others	(132)	(583)
Balance at the end of the year	136,093	148,937

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk (continued)

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contracted rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

	As at 31 December 2025					Carrying amount RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	
Bank loans and other borrowings	2,106,120	1,414,010	336,585	–	3,856,715	3,724,451
Trade and other payables	2,544,941	–	–	–	2,544,941	2,544,941
Lease liabilities	21,275	17,099	33,980	40,442	112,796	89,586
	4,672,336	1,431,109	370,565	40,442	6,514,452	6,358,978

	As at 31 December 2024					Carrying amount RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	
Bank loans and other borrowings	2,973,556	1,100,445	763,211	–	4,837,212	4,721,971
Trade and other payables	2,555,557	–	–	–	2,555,557	2,555,557
Lease liabilities	21,056	10,160	30,205	30,064	91,485	87,420
	5,550,169	1,110,605	793,416	30,064	7,484,254	7,364,948

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to fair value interest risk and cash flow interest rate risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. The fair value interest rate risk and cash flow interest rate risk that the Group exposed to are not significant.

(i) Interest rate profile

The following table details the interest rate profile of the Group's net cash at the end of the reporting period.

	As at 31 December 2025		As at 31 December 2024	
	Effective interest rates %	Amount RMB'000	Effective interest rates %	Amount RMB'000
Fixed rate instruments:				
Bank loans and other borrowings	0.75%-6.00%	1,712,131	0.94%-6.00%	2,822,033
Lease liabilities	0.43%-4.74%	89,586	4.25%-5.38%	87,420
Subtotal		1,801,717		2,909,453
Variable rate instruments:				
Bank loans and other borrowings	2.15%-6.43%	2,012,320	2.40%-4.19%	1,899,938
Subtotal		2,012,320		1,899,938
Total		3,814,037		4,809,391

(ii) Sensitivity analysis

As at 31 December 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variable held constant, would have decreased/increased the Group's profit/(loss) after tax and retained profits by approximately RMB17,071,000 (2024: RMB16,147,000) in response to the general increase/decrease in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax and retained profits that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax and retained profits is estimated as an annualised impact on interest expense or income of such a change in interest rates.

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Currency risk

As at 31 December 2025, the Group is not exposed to significant foreign currency risk since financial assets and liabilities denominated in currencies other than the functional currencies of the Company and its subsidiaries are not significant.

(e) Fair value measurement

(i) *Financial assets measured at fair value*

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

Analysis on fair value measurement of financial instruments are as follows:

	As at 31 December 2025			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Fair value measured on a recurring basis				
Financial assets measured at FVPL				
– Wealth management products	–	82,129	–	82,129
– Unlisted equity securities	–	13,155	166,431	179,586
– Unlisted units in investment funds	–	–	62,398	62,398
Financial assets measured at FVOCI				
– Bills receivable	–	453,991	–	453,991
– Unlisted equity securities	–	21,860	150,711	172,571

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value measurement (continued)

(i) Financial assets measured at fair value (continued)

Fair value hierarchy (continued)

	As at 31 December 2024			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Fair value measured on a recurring basis				
Financial assets measured at FVPL				
– Wealth management products	–	388,913	–	388,913
– Unlisted equity securities	–	13,155	133,607	146,762
– Unlisted units in investment funds	–	–	66,970	66,970
Financial assets measured at FVOCI				
– Bills receivable	–	483,536	–	483,536
– Unlisted equity securities	–	19,905	160,303	180,208

During the years ended December 2025 and 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair values of the bills receivable have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts.

The fair value of certain unlisted equity securities is determined using comparable transactions adjusted approach or market approach adjusted for changing trend of medium market multiples of comparable companies or medium market multiples of comparable companies. The fair value measurement is positively correlated to the changing trend of medium market multiples of comparable companies or medium market multiples of comparable companies.

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs
Unlisted equity securities	Comparable transactions adjusted approach/market approach (Note i)	Changing trend of medium market multiples of comparable companies/ medium market multiples of comparable companies
Unlisted units in investment funds	Net asset value (Note ii)	Net asset value of underlying investments

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value measurement (continued)

(i) Financial assets measured at fair value (continued)

Information about Level 3 fair value measurements (continued)

Notes:

- (i) The fair value of certain unlisted equity securities is determined using comparable transactions adjusted approach or market approach adjusted for changing trend of medium market multiples of comparable companies or medium market multiples of comparable companies. The fair value measurement is positively correlated to the changing trend of medium market multiples of comparable companies or medium market multiples of comparable companies. As at 31 December 2025, it is estimated that with all other variables held constant, an increase/decrease in change of medium market multiples of comparable companies or medium market multiples of comparable companies by 5% would have increased/decreased the Group's profit for the year by RMB7,080,000 (2024: RMB5,678,000) and increased/decreased the Group's other comprehensive income for the year by RMB6,428,000 (2024: RMB7,400,000).
- (ii) The fair value of unlisted units in investment funds is determined referencing net asset value of underlying investments. The fair value measurement is positively correlated to net asset value of underlying investments. As at 31 December 2025, it is estimated that with all other variables held constant, an increase/decrease in net asset value of underlying investments by 5% would have increased/decreased the Group's profit for the year by RMB2,616,000 (2024: RMB2,846,000).

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy:

	Financial assets measured at FVOCI RMB'000	Financial assets measured at FVPL RMB'000	Total RMB'000
At 1 January 2024	121,535	278,417	399,952
Net unrealised gains/(losses) during the year	25,338	(24,450)	888
Additions	13,430	–	13,430
Disposals	–	(53,390)	(53,390)
At 31 December 2024 and 1 January 2025	160,303	200,577	360,880
Net unrealised (losses)/gains during the year	(16,592)	23,679	7,087
Additions	7,000	10,000	17,000
Disposals	–	(5,427)	(5,427)
At 31 December 2025	150,711	228,829	379,540

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2025 and 2024.

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(Expressed in Renminbi Yuan unless otherwise indicated)

34 COMMITMENTS

Capital commitments of the Group outstanding as at 31 December not provided for in the financial statements were as follows:

	2025 RMB'000	2024 RMB'000
Contracted for acquisition of property, plant and equipment, intangible assets and other long-term assets	145,220	208,800

35 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	2025 RMB'000	2024 RMB'000
Short-term employee benefit	4,889	8,085
Share-based payment	1,201	874
Contributions to defined contribution retirement plans	262	371
	6,352	9,330

Total remuneration is included in "staff costs" (see Note 6(b)).

(b) Name and relationship with related parties

Name of related parties	Relationship
Nanjing Primest	Immediate parent company
Estun (Nanjing) Medical Technology Co., Ltd. ("Estun Nanjing Medical") (埃斯顿(南京)醫療科技有限公司)	Fellow subsidiary
Beijing Estun Medical Technology Co., Ltd. (北京埃斯顿醫療科技有限公司)	Fellow subsidiary
Changzhou Estun Medical Technology Co., Ltd. (常州埃斯顿醫療科技有限公司)	Fellow subsidiary
Nanjing Estun Future Technology Research Institute Co., Ltd. (南京埃斯顿未來技術研究院有限公司)	Fellow subsidiary

35 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Name and relationship with related parties (continued)

Name of related parties	Relationship
Nanjing Estun Codroid Technology Co., Ltd. (南京埃斯頓酷卓科技有限公司)	Fellow subsidiary
Nanjing Jianruijie Software Development Co., Ltd. (南京簡睿捷軟件發展有限公司)	Associate
Nanjing Yuanshi Control System Co., Ltd. (南京源石控制系統有限公司)	Associate
Shiyang Intelligent Technology (Guangzhou) Co., Ltd. (視研智能科技(廣州)有限公司)	Associate
Shandong Haida Robot Technology Co., Ltd. (山東海大機器人科技有限公司)	Associate
Xiamen Fengyuan Robotics Co., Ltd. (廈門鋒元機器人有限公司)	Associate
Zhejiang Qicheng Intelligent Technology Co., Ltd. (浙江啟成智能科技有限公司)	Associate
Shenzhen Meisitu Technology Co., Ltd. (深圳市美斯圖科技有限公司)	Associate
Yangzhou Shuguang Optoelectronics Automation Co., Ltd. (揚州曙光光電自控有限責任公司)	Associate
Heilongjiang Ruimak Welding Technology Co., Ltd. (黑龍江瑞馬克焊接技術有限公司)	Associate
Jiangsu Hangding Intelligent Equipment Co., Ltd. (江蘇航鼎智能裝備有限公司)	Associate
JSTN PTE. LTD.	Associate
JSTN (MALAYSIA) SDN. BHD.	Associate

(c) Guarantees issued by a related party

Certain bank facilities granted to the Group were guaranteed by the controlling shareholder Nanjing Primest. An analysis of the carrying value of bank loans under guarantee is as follows:

	2025 RMB'000	2024 RMB'000
Bank loans (Note 25)	–	354,720

The outstanding balances of above bank loans were repaid on 27 October 2025 by the Group and the guarantees were released accordingly.

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(Expressed in Renminbi Yuan unless otherwise indicated)

35 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Other significant related party transactions

Except for the above disclosure, the Group had following other material transactions with related parties:

	2025 RMB'000	2024 RMB'000
Purchase of goods		
– Associates	11,126	5,588
– Fellow subsidiaries	22,552	7,979
Sale of goods and rendering of services:		
– Associates	97,211	62,799
– Fellow subsidiaries	4,230	5,762
Rental income		
– Fellow subsidiaries	3,202	2,505
Repayments of loans		
– Controlling shareholder	–	11,112

(e) Significant related party balances

At the end of the reporting period, the Group had following material balances with related parties:

	2025 RMB'000	2024 RMB'000
Trade related		
Trade receivables	83,149	96,078
Trade payables	19,586	15,254

36 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment		639,609	738,595
Right-of-use assets		68,839	80,987
Intangible assets		238,295	245,093
Interests in associates		2,304	5,933
Interests in subsidiaries	17	3,040,058	2,700,959
Financial assets measured at FVOCI		118,881	101,955
Financial assets measured at FVPL		228,829	200,578
Trade and other receivables		2,661	3,105
Deferred tax assets		74,339	65,776
		4,413,815	4,142,981

36 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	2025 RMB'000	2024 RMB'000
Current assets			
Inventories		123,797	161,647
Contract assets		706	–
Trade and other receivables		1,595,475	2,188,073
Financial assets measured at FVPL		–	183,645
Restricted bank deposits		4,102	5,046
Cash and cash equivalents		184,616	555,138
		1,908,696	3,093,549
Current liabilities			
Trade and other payables		1,389,458	1,844,094
Contract liabilities		2,772	2,256
Bank loans and other borrowings		1,615,168	1,599,283
Lease liabilities		–	13,923
		3,007,398	3,459,556
Net current liabilities		(1,098,702)	(366,007)
Total assets less current liabilities		3,315,113	3,776,974
Non-current liabilities			
Bank loans and other borrowings		880,505	1,310,057
Deferred income		53,033	53,281
Deferred tax liabilities		24,095	19,462
		957,633	1,382,800
Net assets		2,357,480	2,394,174
Capital and reserves			
Share capital		871,018	869,531
Reserves		1,486,462	1,524,643
Total equity		2,357,480	2,394,174

37 SUBSEQUENT EVENTS

On 9 March 2026, the H Shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited, where 96,780,000 Shares of RMB1.00 each were issued and subscribed at a price of HK\$15.36 each. The proceeds will be credited to the Group's share capital and share premium accounts accordingly after deduction of underwriting fees and commissions and certain expenses in connection with the Global Offering.

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38 IMMEDIATE PARENT COMPANY AND ULTIMATE CONTROLLING PARTIES

At 31 December 2025, the directors consider the immediate parent company of the Group to be Nanjing Primest and ultimate controlling parties of the Group to be Mr. Wu Bo, Mr. Wu Kan (son of Mr. Wu Bo) and Ms. Liu Fang (spouse of Mr. Wu Bo). Nanjing Primest does not produce financial statements available for public use.

39 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 9 and IFRS 7, <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
Amendments to IFRS 9 and IFRS 7: <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to IFRS 21, <i>Translation to hyperinflationary presentation currency</i>	1 January 2027
Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

IFRS 18, *Presentation and Disclosure in Financial Statements*

IFRS 18 will replace IAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18. IFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and position of the Group.

Definition

“A Share(s)”	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which is/are subscribed for or credited as paid in Renminbi and is/are listed for trading on the Shenzhen Stock Exchange
“Articles” or “Articles of Association”	the articles of association of the Company (as amended from time to time)
“Audit Committee”	the audit committee of the Board
“Auditor”	KPMG, the external auditor of the Company
“Board” or “Board of Directors”	the board of Directors of the Company
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CG Code”	the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules
“Company”	ESTUN AUTOMATION CO., LTD (南京埃斯頓自動化股份有限公司) (formerly known as Nanjing Estun Digital Technology Co., Ltd. (南京埃斯頓數字技術有限公司)), a limited liability company incorporated in the PRC on February 26, 2002 and was converted into a joint stock company with limited liability on July 5, 2011, the A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 002747.SZ)
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Mr. Wu, Mr. Wu Kan (吳侃) (son of Mr. Wu), Ms. Liu Fang (劉芳) (spouse of Mr. Wu) and Nanjing Primest
“Director(s)”	the director(s) of the Company
“ESG Committee”	the environmental, social and governance committee of the Board
“Five Highest Paid Individuals”	the five highest paid individuals of the Company for the year ended December 31, 2025
“Group”, “we”, “our” or “us”	the Company and its subsidiaries
“H Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and to be listed on the Stock Exchange
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong SAR
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hong Kong SAR”	the Hong Kong Special Administrative Region of the PRC
“Incentive Schemes”	the 2025 Employee Incentive Schemes and the 2022 A-share Employee Share Ownership Plan
“Independent Third Party(ies)”	person(s) or company(ies), who/which, to the best of our Directors’ knowledge, information and belief, is/are not our connected person
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on March 9, 2026
“Listing Date”	the date, namely March 9, 2026, on which the Shares were listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange

Definition

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented 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 GEM of the Stock Exchange
“Mainland China” or “PRC”	the People’s Republic of China excluding, for the purpose of this annual report, Hong Kong SAR, Macau Special Administrative Region of the PRC and Taiwan
“Model Code”	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Mr. Wu”	Mr. Wu Bo (吳波), an executive Director, the chairman of the Board, the chief strategic officer of the Company, and one of our Controlling Shareholders
“Nanjing Primest”	Nanjing Primest Technology Co., Ltd. (南京派雷斯特科技有限公司), one of our Controlling Shareholders
“Nomination Committee”	the nomination committee of the Board
“Prospectus”	the prospectus of the Company published on February 27, 2026
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“Reporting Period”	the financial year ended 31 December 2025
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Shareholder(s)”	holder(s) of Shares
“Share(s)”	ordinary shares in the share capital of the Company with per value of RMB1.00 each, comprising A Shares and H Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“2025 Share Option Scheme”	the A Share option scheme adopted by the Company pursuant to resolutions passed by our Shareholders on June 20, 2025, the principal terms of which are set out in “Statutory and General Information — Employee Incentive Schemes” in Appendix VI to the Prospectus
“2025 Restricted Share Scheme”	the A Share restricted share scheme adopted by the Company pursuant to resolutions passed by our Shareholders on June 20, 2025, the principal terms of which are set out in “Statutory and General Information — Employee Incentive Schemes” in Appendix VI to the Prospectus
“2025 Employee Incentive Schemes”	the 2025 Restricted Share Scheme and the 2025 Share Option Scheme
“Latest Practicable Date”	April 20, 2026, being the latest practicable date prior to the publication of this report for the purpose of ascertaining certain information contained herein
“%”	Per cent