

GALAXIS

浙江凱樂士科技集團股份有限公司 Zhejiang Galaxis Technology Group Co., Ltd.

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

Stock Code : 2729



2025

ANNUAL REPORT

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Dr. GU Chunguang (谷春光) (*Chairman and Chief Executive Officer*)

Dr. YANG Yan (楊艷)

Mr. SHEN Lu (沈鷺)

Dr. BAI Hongxing (白紅星)

Non-executive Directors

Mr. SHEN Qi (沈奇)

Mr. LI Qiuyu (李秋雨)

Independent Non-executive Directors

Dr. HU Jianqiang (胡建強)

Mr. MO Rong (莫融)

Mr. LAU Hak Lap (劉克立)

AUDIT COMMITTEE

Mr. LAU Hak Lap (劉克立) (*Chairperson*)

Mr. SHEN Qi (沈奇)

Mr. MO Rong (莫融)

REMUNERATION AND APPRAISAL COMMITTEE

Dr. HU Jianqiang (胡建強) (*Chairperson*)

Dr. BAI Hongxing (白紅星)

Mr. MO Rong (莫融)

NOMINATION COMMITTEE

Dr. HU Jianqiang (胡建強) (*Chairperson*)

Dr. YANG Yan (楊艷)

Mr. LAU Hak Lap (劉克立)

STRATEGY COMMITTEE

Dr. GU Chunguang (谷春光) (*Chairperson*)

Dr. HU Jianqiang (胡建強)

Mr. MO Rong (莫融)

AUTHORIZED REPRESENTATIVES

Dr. GU Chunguang (谷春光)

Mr. WONG Chun Wing Samuel (黃俊穎)

JOINT COMPANY SECRETARIES

Mr. SONG Yao (宋堯)

Mr. WONG Chun Wing Samuel (黃俊穎)

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

COMPLIANCE ADVISOR

Guotai Junan Capital Limited
27/F, Low Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

HONG KONG LEGAL ADVISER

Jia Yuan Law Office
Suites 3502-3503, 35/F, One Exchange Square
8 Connaught Place
Hong Kong

PRC LEGAL ADVISER

Lifeng Partners
39/F, Tower 2, Jing An Kerry Centre
1539 West Nanjing Road
Shanghai, PRC



CORPORATE INFORMATION

HEAD OFFICE, REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 1118, Chicheng Road
Daqiao Town, Nanhu District
Jiaxing, Zhejiang, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two, Times Square
1 Matheson Street, Causeway Bay
Hong Kong

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

PRINCIPAL BANK

Bank of Ningbo Jiaxing Branch
No. 1485 Qingfeng Road &
No. 883 Guangyi Road
Nanhu District, Jiaxing City
Zhejiang Province
PRC

COMPANY WEBSITE

www.galaxis-tech.com

STOCK CODE

2729

LISTING DATE

March 24, 2026



DEFINITIONS

| | |
|---|---|
| “Anhui Galaxis” | Anhui Galaxis Technology Co., Ltd. (安徽凱樂仕科技有限公司), a limited liability company established under the laws of the PRC on March 1, 2022, and a wholly-owned subsidiary of our Company |
| “Articles” or “Articles of Association” | the articles of association of our Company adopted on June 4, 2025 with effect from the Listing Date, as amended from time to time |
| “ASM” | the forthcoming annual Shareholders’ meeting of the Company to be convened for the purposes of, amongst other things, considering, and if thought fit, approving report of the Board |
| “Audit Committee” | the audit committee of the Board |
| “Auditor” | KPMG, the external auditor of the Company |
| “Board” or “Board of Directors” | board of directors of the Company |
| “CG Code” | the Corporate Governance Code as set out in Appendix C1 to the Listing Rules |
| “Chairman” | chairman of the Board |
| “Chief Executive Officer” | chief executive officer of the Company |
| “China” or “PRC” | the People’s Republic of China, unless otherwise stated, excludes Hong Kong, the Macau Special Administrative Region and Taiwan of China herein |
| “Company”, “our Company” or “the Company” | Zhejiang Galaxis Technology Group Co., Ltd. (浙江凱樂士科技集團股份有限公司), a limited liability company established in the PRC on October 20, 2016, and converted into a joint stock company with limited liability on July 13, 2021, whose H Shares are listed on the Stock Exchange (stock code: 2729) |
| “Controlling Shareholder(s)” | has the meaning ascribed to it under the Listing Rules |
| “CSRC” | China Securities Regulatory Commission (中國證券監督管理委員會) |
| “Director(s)” | director(s) of the Company |
| “Dr. GU” | Dr. GU Chunguang (谷春光), our founder, Chairman, executive Director and Chief Executive Officer, the spouse of Dr. YANG and a member of our Single Largest Group of Shareholders |
| “Dr. YANG” | Dr. YANG Yan (楊艷), our executive Director, the spouse of Dr. GU and a member of our Single Largest Group of Shareholders |



DEFINITIONS

| | |
|---|--|
| “Employee Incentive Platforms” | Jiaxing Rongming, Jiaxing Yuxi, Jiaxing Hexi and Jiaxing Yuuxi |
| “Galaxis Wuxi” | Wuxi Galaxis Technology Co., Ltd (無錫凱樂士科技有限公司), a limited liability company established under the laws of the PRC on June 23, 2014, our predecessor and currently a wholly-owned subsidiary of our Company |
| “Global Offering” | an offering of 36,798,000 H Shares, comprising a final Hong Kong public offering of 3,679,800 H Shares and a final international public offering of 33,118,200 H Shares |
| “Group”, “our Group”, “the Group”, “we”, “us” or “our” | our Company and our subsidiaries |
| “Guangdong Galaxis Jiadi” | Guangdong Galaxis Jiadi Technology Co., Ltd. (廣東凱樂仕佳的科技有限公司), a limited liability company established under the laws of the PRC on December 31, 2021, and a subsidiary of the Company |
| “H Share(s)” or “Share(s)” | the ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Hong Kong dollars”, “HK dollars”, “HK\$” or “HK cents” | Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong |
| “Hubei Galaxis Tongda Technology” | Hubei Galaxis Tongda Technology Co., Ltd. (湖北凱樂仕通達科技有限公司), formerly known as Hubei Jiuzhou Tongda Technology Development Co., Ltd. (湖北九州通達科技開發有限公司), a limited liability company established under the laws of the PRC on January 16, 2009, and a wholly-owned subsidiary of our Company |
| “IFRS” | IFRS Accounting Standards issued by the International Accounting Standards Board |
| “Jiaxing Gaile” | Jiaxing Gaile Investment Co., Ltd. (嘉興蓋勒投資有限公司), a limited liability company established under the laws of the PRC on August 31, 2020, a member of our Single Largest Group of Shareholders |
| “Jiaxing Hexi” | Jiaxing Hexi Investment Partnership Enterprise (L.P.) (嘉興翮璽投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on June 22, 2020, a member of our Single Largest Group of Shareholders and one of our Employee Incentive Platforms |



DEFINITIONS

| | |
|---------------------------|--|
| “Jiaxing Huige” | Jiaxing Huige Investment Partnership Enterprise (L.P.) (嘉興匯戈投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on August 22, 2018, a member of our Single Largest Group of Shareholders |
| “Jiaxing Jiumai” | Jiaxing Jiumai Investment Co., Ltd. (嘉興九麥投資有限公司), a limited liability company established under the laws of the PRC on September 9, 2014, a member of our Single Largest Group of Shareholders |
| “Jiaxing Rongming” | Jiaxing Rongming Investment Partnership Enterprise (L.P.) (嘉興融銘投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on July 24, 2018, a member of our Single Largest Group of Shareholders and one of our Employee Incentive Platforms |
| “Jiaxing Yuuxi” | Jiaxing Yuxi Investment Partnership Enterprise (L.P.) (嘉興羽璽投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on June 22, 2020, a member of our Single Largest Group of Shareholders and one of our Employee Incentive Platforms |
| “Jiaxing Yuxi” | Jiaxing Yuxi Investment Partnership Enterprise (L.P.) (嘉興昱璽投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on June 22, 2020, a member of our Single Largest Group of Shareholders and one of our Employee Incentive Platforms |
| “Latest Practicable Date” | April 22, 2026, being the latest practicable date prior to the publication of this annual report for ascertaining certain information contained herein |
| “Listing” | listing of the H Shares on the Main Board of the Stock Exchange |
| “Listing Date” | March 24, 2026, the date on which the H Shares were listed on the Main Board of the Stock Exchange |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Main Board” | the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange |
| “Model Code” | the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules |
| “Nomination Committee” | the nomination committee of the Board |



DEFINITIONS

| | |
|--|--|
| “Prospectus” | the prospectus of the Company dated March 16, 2026 |
| “Remuneration Committee” | the remuneration and appraisal committee of the Board |
| “Reporting Period” | the year ended December 31, 2025 |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “R&D” | research and development |
| “SFO” | Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) |
| “Shareholder(s)” | holder(s) of the Shares |
| “Single Largest Group of Shareholders” | Dr. GU, Dr. YANG, Mr. SHEN Lu, Ms. MA Lan, Jiaying Jiumai, Jiaying Huige, Jiaying Rongming, Jiaying Gaile, Jiaying Yuxi, Jiaying Hexi and Jiaying Yuuxi |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Zhejiang Galaxis International Trade” | Zhejiang Galaxis International Trade Co., Ltd. (浙江凱樂士國際貿易有限公司), a limited liability company established under the laws of the PRC on July 20, 2022, and a wholly-owned subsidiary of our Company |
| “%” | per cent |

FINANCIAL HIGHLIGHTS

| | Year ended December 31, | | Change |
|---|-------------------------|------------------|---------|
| | 2024 | 2025 | |
| | RMB'000 | RMB'000 | |
| Revenue | 721,417 | 908,699 | 26.0% |
| Gross profit | 113,562 | 154,413 | 36.0% |
| Gross profit margin (in percentage) | 15.7% | 17.0% | 1.3% |
| Loss for the year | (178,058) | (170,897) | (4.02%) |
| Loss attributable to equity shareholders of the Company | (168,958) | (172,448) | 2.07% |
| Adjusted net loss (non-IFRS measure) | (50,451) | (12,618) | (75.0%) |
| Loss per Share (Basis and diluted) (RMB) ⁽¹⁾ | (0.43) | (0.44) | |

Note:

1. The calculation is based on the loss for the year attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary Shares in issue during the Reporting Period. Please refer to Note 10 to the consolidated financial statements in this annual report.

Having due regard to the long-term interests of the Shareholders and our Company, the Board did not recommend any payment of dividends for the Reporting Period.



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Zhejiang Galaxis Technology Group Co., Ltd., I am pleased to present the audited consolidated financial results of the Company and its subsidiaries for the year ended December 31, 2025.

This past year has been a strategically significant year for our Group, particularly marked by our successful listing on the Main Board of the Stock Exchange on March 24, 2026. Our Listing was made possible by the collective effort of our “Galaxians” and their determination in overcoming challenges along the journey. The moment of striking the gong represents the recognition of the capital markets of our perseverance and professionalism, and marks the commencement of the Company’s journey as a listed company and the starting line of our “second-stage entrepreneurship”.

As a listed company, in addition to striving for our own development, we also take our social responsibility seriously. This responsibility is fundamentally rooted in our commitment to three partners: for our customers, we reciprocate their trust with the best products and services, uphold our commitment to quality and live up to the trust and selection of our customers; for our employees, we continuously build broader platforms for growth and development, allowing every hard-working individual to share the success of our Group, honoring every sincere contribution, and supporting nearly a thousand families; for our Shareholders, we must deliver satisfactory results through professional operation, stable development, and outstanding performance, fulfilling our fiduciary duties and effectively protecting their legitimate rights and interests. These three commitments are the foundation of our Group and the guiding principles for our conduct in the capital market. Only by consistently adhering to them can we develop steadfastly and successfully.

Our deepest and most fundamental confidence in facing all challenges stems from the “second-stage entrepreneurship” that we are about to fully embark on. The capital boost and brand enhancement brought by our Listing provide a solid foundation for our “second-stage entrepreneurship”, yet our deepest and most fundamental confidence always comes from every “Galaxian” who stands and moves forward with us. We must rediscover our pure passion, fearless drive, and pioneering spirit in our early days, set aside past achievements and temporarily leave behind the glory of the Listing, and dedicate ourselves to this new journey and battle with a renewed fighting spirit. We will continue to deepen our R&D activities, boldly explore new horizons in the market, strive for excellence and efficiency in management, and pursue every detail in our service. Every department and every position must remain vigilant and diligently perform every task, without the slightest complacency or slackness. Only through daily progress and continuous improvement can we gain a foothold in the increasingly fierce market competition, achieve sustainable development, and create new successes.

The road ahead is long and arduous, but perseverance will lead us to our destination. So long as we keep moving forward without pause, the future will be promising, and no matter how difficult the task, success will come if we are determined to see it through.

Dr. GU Chunguang
Chairman

Hong Kong, April 24, 2026



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

We are an intelligent intralogistics robotics provider offering a diverse range of robots centered on three core product lines: multi-directional shuttle robots (MSRs), autonomous mobile robots (AMRs), and conveying and sorting robots (CSRs). Our robotics portfolio covers the entire spectrum of intralogistics operations, addressing the core functions of storage, sorting and transport. We are among the established players in the intelligent intralogistics robotics industry with broad robotics capabilities and a diverse portfolio of self-developed robots that cover core intralogistics functions across widely adopted height and payload specifications. With over a decade of long-standing commitment to innovation in intralogistics intelligence, we ranked among the top five comprehensive intelligent intralogistics robotics companies in China by revenue in 2024.

As of December 31, 2025, we have achieved an aggregate backlog value of robots and systems of approximately RMB2.2 billion, which we expect to fulfill within the next three years, out of which 46 were ongoing overseas projects with an aggregate backlog of RMB685.0 million. We remain focused on enriching our robot portfolio, expanding our market presence and deepening customer relationships to drive sustainable growth in both domestic and international markets.

Our Strategies

Looking forward, we will adopt the following strategies, which we believe, will further strengthen our core competitive strengths and enable us to capture rising business opportunities: (i) maintaining product innovation leadership through continued investment in R&D; (ii) strengthening overseas operations through selective market focus and localized execution; (iii) expanding into new industries and application scenarios while deepening penetration in core verticals; (iv) enhancing industry-chain collaboration to build a scalable intelligent intralogistics ecosystem; (v) continuing revenue growth; and (vi) enhancing our management and operating efficiency.

Global Market Development

In 2025, through our comprehensive robotics portfolio, we have further expanded our partnership network in overseas markets, including a leading intelligent warehousing solution provider, with a total of 16 overseas partners and across 19 countries and regions.

In 2025, in the basis of consolidating existing advantageous markets, we successfully achieved major breakthroughs in the three major regions of Europe, Japan and South America, and made substantial progress in our globalization strategy. We won our first bid for a project in Europe to implement the construction of intelligent intralogistics for a Polish facility for an Austrian medical device distribution company, which is a landmark project for our Company's entry in the European market. We also achieved the first delivery of an intelligent intralogistics facility to a Japanese client in Indonesia in collaboration with our Japanese business partner, which served as a benchmark and laid an important foundation for our Company to enter into the Japanese market. We seized the opportunities for Chinese enterprises expanding overseas and won the bid for a factory construction project of a Chinese manufacturer in Brazil, which is our first project in the South American market and serves as our strategic anchorage.



MANAGEMENT DISCUSSION AND ANALYSIS

Looking ahead, it is expected that the revenue contribution from markets outside Chinese mainland will continue to increase, supported by an increasing demand for intelligent logistics solutions in developed markets and rapid industrialization in emerging economies. We continue to expand our international reach and accelerate global market development through a partner-led and project-based approach. For markets where we already have business activities and market presence, especially in Asia Pacific, Southeast Asia and the Middle East, we leverage local partners and existing customer relationships to deepen market penetration, accumulate execution experience and gradually expand sales coverage, while maintaining strict cost control and operational flexibility. We are also continuing to actively pursue emerging business opportunities in various new regions in North America, Europe and Australia, leveraging our existing projects, established local business branches or partnerships in these regions to identify development potential.

MARKET AND INDUSTRY OVERVIEW

Driven by the rising operational costs and complexity, and growing demand for efficiency, the global intelligent intralogistics market is projected to reach RMB522.8 billion in 2025, and RMB991.9 billion by 2030, growing at a compounded annual growth rate (“**CAGR**”) of 13.7%, according to Frost & Sullivan. China is a major player in the intelligent intralogistics market, with its market size increasing from RMB96.0 billion in 2020 to RMB175.9 billion in 2024, representing a CAGR of 16.3%. By 2030, the market is expected to reach RMB413.7 billion, with a projected CAGR of 15.1% from 2025 to 2030.

In addition, Southeast Asia and the Middle East are key growth regions in the global intelligent intralogistics robotics industry. In 2024, the market size in Southeast Asia was approximately RMB3.0 billion and is projected to reach RMB11.9 billion by 2030, representing a CAGR of 25.1% from 2025 to 2030. Meanwhile, the Middle East market is expected to grow from RMB5.3 billion in 2024 to RMB19.6 billion in 2030, with a CAGR of 23.7% from 2025 to 2030. This strong growth in both regions is primarily driven by the rapid expansion of e-commerce and the active implementation of advanced manufacturing development plans.

Results of Operations

Revenue

During the Reporting Period, we generated revenue from (i) sales of our robots and systems, including (a) single-function robot deployment, referring to projects centered on the delivery and deployment of our expanding portfolio of proprietary robots, typically for further system integration; and (b) multi-function comprehensive systems, mainly referring to projects where we design and deploy solutions using multiple robots and components, both proprietary and non-proprietary, typically as integrated turn-key systems; and (ii) after-sales service and others, mainly representing a range of post-warranty service packages we offered to our customers that complement our sales of robots and systems. Scale of our projects exhibits considerable variation commensurate with the diverse operational demands of our customers.

Sales of Robots and Systems

Our revenue increased by 26.0% from RMB721.4 million for the year ended December 31, 2024 to RMB908.7 million for the Reporting Period, which was primarily attributable to higher revenue contribution from multi-function comprehensive systems projects, reflecting the recognition of 25 projects with contract value exceeding RMB10 million during the Reporting Period, compared to 18 of such projects in 2024. Our revenue generated from sales of robots and systems increased by 26.5% from RMB702.7 million for the year ended December 31, 2024 to RMB888.9 million for the Reporting Period.



MANAGEMENT DISCUSSION AND ANALYSIS

After-sales Service and Others

Our revenue generated from after-sales service and others increased by 5.9% from RMB18.7 million for the year ended December 31, 2024 to RMB19.8 million for the Reporting Period. The increase in revenue contribution from after-sales service and others from 2024 to 2025 was consistent with the increase in number of projects which continuously generated new after-sales service opportunities during the Reporting Period.

Cost of Sales

During the Reporting Period, our cost of sales consisted of (i) material costs, representing the costs of components and equipment required for system integration and raw materials procured for the production of our intelligent intralogistics robots and systems; (ii) implementation costs, representing costs incurred to deploy and implement our robots and systems for our customers; (iii) manufacturing costs, primarily consisting of production overhead costs, and depreciation of manufacturing equipment and facilities; (iv) direct labor costs, primarily representing salaries and benefits for production staff; and (v) others, primarily including inventory provisions and taxes and surcharges.

Our cost of sales increased by 24.1% from RMB607.9 million for the year ended December 31, 2024 to RMB754.3 million for the Reporting Period, primarily reflecting the corresponding increase in project costs in line with the increased project deliveries.

Gross Profit and Gross Profit Margin

Our gross profit increased by 36.0% from RMB113.6 million for the year ended December 31, 2024 to RMB154.4 million for the Reporting Period, and the gross profit margin increased from 15.7% in 2024 to 17.0% in the Reporting Period. The increase in gross profit margin was primarily attributable to the increase in gross profit margin of both multi-function comprehensive systems and single-function robot deployment as a result of improved project cost control. Specifically, we strengthened the management of planning proposals to prevent repetitive revisions, ensuring smooth project delivery and acceptance. We also optimized our supply chain management through strategic procurement practices.

Other Income

During the Reporting Period, our other income primarily consisted of (i) government grants, mainly representing subsidies received from local governmental authorities to encourage our R&D activities; (ii) value-added tax credits; (iii) tax refund, which mainly comprised the software-related tax refunds under the immediate levy and refund policy; (iv) insurance claims payment; and (v) others, mainly from contractual quality variance charges.

Our other income decreased by 28.1% from RMB17.4 million for the year ended December 31, 2024 to RMB12.5 million for the Reporting Period, mainly reflecting a decrease in government grants.

Other Net Loss/Gain

During the Reporting Period, our other net loss/gain consisted of (i) net realized and unrealized gains from financial assets measured at amortized cost; (ii) net realized and unrealized gains from financial assets measured at fair value through profit or loss (“**FVTPL**”); (iii) net loss/gain on disposal of property, plant and equipment; (iv) net foreign exchange gain/loss; (v) contractual liquidated damages from the early termination of lease contracts; and (vi) others, mainly representing incidental expenses and liabilities incurred during project execution.

We recorded other net gain of RMB0.1 million and other net loss of RMB2.7 million for the years ended December 31, 2024 and 2025, respectively. Such change was primarily attributable to losses arising from the disposal of certain equipment during the Reporting Period.



MANAGEMENT DISCUSSION AND ANALYSIS

Selling and Marketing Expenses

During the Reporting Period, our selling and marketing expenses consisted of (i) employee benefit expenses, primarily representing the salary and benefits for our sales and marketing personnel; (ii) business development and traveling expenses; (iii) warranty-related service expenses; (iv) advertising and promotion expenses; and (v) others, primarily related to rental expenses and depreciation and amortization of our property, plant and equipment and intangible assets used by our sales and marketing activities.

Our selling and marketing expenses increased by 20.3% from RMB40.9 million for the year ended December 31, 2024 to RMB49.1 million for the Reporting Period, primarily attributable to an increase in staff costs and service fees in connection with our business expansion and development.

Administrative Expenses

During the Reporting Period, our administrative expenses consisted of (i) employee benefit expenses, primarily representing the salary and benefits for our administrative personnel; (ii) depreciation and amortization of our property, plant and equipment and intangible assets used by administrative personnel; (iii) rental expenses, primarily related to office premises, property management fees and utilities incurred by administrative personnel; (iv) professional service fees, primarily representing intermediary fees and consulting service fees in relation to our business operations; (v) conference and traveling expenses; (vi) office expenses, primarily related to procurement of office supplies and other consumable materials; (vii) Listing expenses; and (viii) others, primarily representing other expenses associated with daily business operations and management activities.

Our administrative expenses increased by 19.1% from RMB60.9 million for the year ended December 31, 2024 to RMB72.6 million for the Reporting Period, primarily attributable to our Listing expenses.

R&D Expenses

R&D is core to our corporate culture. During the Reporting Period, our R&D expenses consisted of (i) employee benefit expenses, primarily representing the salary and benefits for our R&D personnel; (ii) traveling expenses relating to our R&D activities; (iii) depreciation and amortization of our property, plant and equipment and intangible assets used in R&D activities; (iv) R&D materials and consumables; (v) commissioned development and design expenses in relation to outsourced R&D activities to improve efficiency; and (vi) others, primarily representing other expenses associated with our daily R&D activities.

Our R&D expenses increased by 18.8% from RMB62.0 million for the year ended December 31, 2024 to RMB73.7 million for the Reporting Period, primarily attributable to the increased staff costs to support ongoing product and technology development.

Net Finance Income

During the Reporting Period, our finance income primarily consisted of interest income, and our finance costs primarily consisted of (i) interest on bank loans; (ii) interest on lease liabilities; and (iii) other interest, representing interest on letters of credit.

Our net finance income decreased by 51.8% from RMB4.2 million for the year ended December 31, 2024 to RMB2.0 million for the Reporting Period, primarily attributable to the lower interest income from time deposits.

MANAGEMENT DISCUSSION AND ANALYSIS

Income Tax

Our income tax expenses decreased from RMB1.1 million for the year ended December 31, 2024 to RMB0.3 million for the Reporting Period, in line with our assessable taxable income for the Reporting Period.

Under the PRC Income Tax Laws, an enterprise which qualifies as a High and New Technology Enterprise (“HNTTE”) is entitled to a preferential tax rate of 15%, provided it continues to meet HNTTE qualification standards on an annual basis. We and several of our subsidiaries in mainland China are qualified as HNTTEs, and consequently enjoyed a preferential income tax rate of 15% for the Reporting Period.

For the Hong Kong subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong profits tax for the Hong Kong subsidiary was calculated at the same basis for the Reporting Period.

Loss for the Year

For the forgoing reasons, our loss for the year decreased from RMB178.1 million for the year ended December 31, 2024 to RMB170.9 million for the Reporting Period.

NON-IFRS MEASURES

We define adjusted net loss (non-IFRS measure) as loss for the year adjusted by adding back equity settled share-based payment expenses, changes in the carrying amount of the redemption liability and Listing expenses.

To supplement our consolidated financial statements, we also use adjusted net loss (non-IFRS measure) as additional financial measure, which is not required by, or presented in accordance with the IFRS. We believe this non-IFRS measure facilitates comparisons of operating performance from year to year and company to company by eliminating potential impacts of certain items. We believe this measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net loss (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure as an analytical tool has limitations, and it should not be considered in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under the IFRS. The following table reconciles our adjusted net loss (non-IFRS measure) for the years presented in accordance with the IFRS, which is net loss for the year:

| | For the year ended December 31, | |
|---|---------------------------------|-----------|
| | 2024 | 2025 |
| | RMB'000 | RMB'000 |
| Loss for the year | (178,058) | (170,897) |
| Add: | | |
| Equity settled share-based payment expenses ⁽¹⁾ | 1,441 | 6,162 |
| Changes in the carrying amount of the redemption liability ⁽²⁾ | 126,166 | 135,902 |
| Listing expenses | – | 16,215 |
| Adjusted net loss (non-IFRS measure) | (50,451) | (12,618) |

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- (1) Equity settled share-based payment expenses are non-cash in nature.
- (2) Changes in the carrying amount of the redemption liability represents the changes in the carrying amount of the redeemable special rights that we granted to certain Shareholders. Such changes are non-cash in nature. Upon completion of the Global Offering, the financial liabilities will be re-designated from liabilities to equity as a result of the termination of such redeemable special rights of the investors.

While we have incurred losses during our growth phase, we believe we are well-positioned to achieve profitability through a combination of initiatives, including maintaining the momentum in the growth of our revenue, improving our gross margin and enhancing our operation leverage.

Description of Selected Items of Consolidated Statement of Financial Position

Current Assets and Current Liabilities

The following table sets forth our current assets and current liabilities as at December 31, 2024 and 2025:

| | As at December 31, | |
|---|---------------------------|--------------------|
| | 2024 | 2025 |
| | RMB'000 | RMB'000 |
| Current assets | | |
| Inventories | 1,023,469 | 793,018 |
| Trade and other receivables | 299,747 | 384,877 |
| Contract assets | 93,013 | 108,460 |
| Prepayments | 34,661 | 36,551 |
| Financial assets measured at amortized cost | 3,419 | – |
| Financial assets measured at FVTPL | 46,189 | 62,504 |
| Income tax recoverable | 7,112 | 13,040 |
| Time deposits | 141,343 | 49,424 |
| Restricted cash | 79,342 | 72,899 |
| Cash and cash equivalents | 111,191 | 89,549 |
| | 1,839,486 | 1,610,322 |
| Current liabilities | | |
| Trade and other payables | 631,978 | 598,025 |
| Contract liabilities | 652,999 | 496,063 |
| Bank loans | 17,225 | 34,247 |
| Lease liabilities | 2,394 | 3,499 |
| Redemption liabilities | 1,698,768 | 1,834,670 |
| Income tax payable | 832 | 462 |
| Provision | 15,179 | 15,093 |
| | 3,019,375 | 2,982,059 |
| Net current liabilities | (1,179,889) | (1,371,737) |



MANAGEMENT DISCUSSION AND ANALYSIS

Our net current liabilities increased from RMB1,179.9 million as of December 31, 2024 to RMB1,371.7 million as of December 31, 2025, primarily due to a decrease of RMB229.2 million in our current assets, partially offset by a decrease of RMB37.3 million in our current liabilities. The decrease of our current assets was primarily due to a decrease of RMB230.5 million in inventories and a decrease of RMB91.9 million in time deposits, partially offset by an increase of RMB85.1 million in trade and other receivables. The decrease of our current liabilities was primarily due to a decrease of RMB156.9 million in contract liabilities, partially offset by an increase of RMB135.9 million in redemption liabilities.

Inventories

Our inventories decreased from RMB1,023.5 million as of December 31, 2024 to RMB793.0 million as of December 31, 2025, primarily due to the increased project completion and revenue recognition during the Reporting Period, which led to a reduction in work-in-progress and finished goods as inventories.

Trade and Other Receivables

Our trade and other receivables increased from RMB299.7 million as of December 31, 2024 to RMB384.9 million as of December 31, 2025, primarily due to an increase in trade receivables arising from higher project deliveries, which was in line with the expansion of our operations.

We continuously strengthen our cash flow management, placing strong emphasis on maintaining healthy cash flow and minimizing credit risk. To that end, we take a proactive approach to collections, with relevant departments regularly monitoring the receivables and engaging with customers through multiple channels to remind them of upcoming payments. During the Reporting Period and up to the Latest Practicable Date, we had not encountered any significant difficulties in collecting overdue trade receivables from customers.

Contract Assets

Our contract assets increased from RMB93.0 million as of December 31, 2024 to RMB108.5 million as of December 31, 2025, primarily reflecting the growth in revenue recognized for projects pending billing milestones at the end of the Reporting Period.

Prepayments

Our prepayments remained relatively stable at RMB34.7 million as of December 31, 2024 and at RMB36.6 million as of December 31, 2025.

Financial Assets Measured at FVTPL

Our financial assets measured at FVTPL increased from RMB46.2 million as of December 31, 2024 to RMB62.5 million as of December 31, 2025, primarily due to the increased investments in short-term wealth management products.

Time Deposits

Our time deposits decreased significantly from RMB141.3 million as of December 31, 2024 to RMB49.4 million as of December 31, 2025, primarily due to the maturity of short-term time deposits and investment in long-term time deposit.



MANAGEMENT DISCUSSION AND ANALYSIS

Restricted Cash

Our restricted cash decreased from RMB79.3 million as of December 31, 2024 to RMB72.9 million as of December 31, 2025, primarily due to a reduction in bank acceptance bills following an increase in available credit facilities.

Cash and Cash Equivalents

Our cash and cash equivalents decreased from RMB111.2 million as of December 31, 2024 to RMB89.5 million as of December 31, 2025, primarily due to the increased use of funds for wealth management investments and operating activities.

Trade and Other Payables

Our trade and other payables decreased from RMB632.0 million as of December 31, 2024 to RMB598.0 million as of December 31, 2025, primarily due to the increased settlement of trade payables in connection with project fulfillment.

Contract Liabilities

Our contract liabilities decreased from RMB653.0 million as of December 31, 2024 to RMB496.1 million as of December 31, 2025, primarily due to the increased revenue recognition upon fulfillment of certain major projects.

Non-Current Assets

Property, Plant and Equipment

During the Reporting Period, our property, plant and equipment primarily consisted of (i) plant and buildings; (ii) furniture; (iii) machinery and equipment; (iv) electronic equipment; (v) motor vehicles; and (vi) construction in progress. The changes in the carrying amount of our property, plant and equipment over time primarily reflect our management's strategic decisions regarding our production facilities, including both capacity expansion and facility optimization initiatives. As of December 31, 2025, our property, plant and equipment amounted to RMB106.9 million.

Right-of-use Assets

During the Reporting Period, our right-of-use assets primarily consisted of (i) land use rights; and (ii) plant and buildings. Our right-of-use assets decreased from RMB20.6 million as of December 31, 2024 to RMB20.3 million as of December 31, 2025, primarily due to the early termination of leases for certain office premises, and depreciation of existing leases.

Intangible Assets

During the Reporting Period, our intangible assets primarily consisted of software and patents. The changes in our intangible assets were generally driven by the procurement and amortization of our software and patents. As of December 31, 2025, our intangible assets amounted to RMB7.4 million.

Prepayments

During the Reporting Period, our prepayments consisted of prepayments for property, plant and equipment and intangible assets. Our prepayments remained relatively stable at RMB0.2 million as of December 31, 2024 and at RMB0.1 million as of December 31, 2025.



MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Capital Resources

We primarily financed our operations by cash generated from operating activities and bank loans and other borrowings. As at December 31, 2025, we had cash and cash equivalents of approximately RMB89.5 million. Going forward, we intend to finance our operations by cash generated from operating activities, bank loans and other borrowings and proceeds from the Global Offering.

We monitor our cash flows and cash balance on a regular basis and strive to maintain an optimum liquidity that can meet our working capital needs while supporting a viable business scale and future plans.

As at December 31, 2025, the sum of long-term bank loans amounted to RMB36.7 million, and the sum of short-term bank loans (repayable within one year or on demand) amounted to RMB34.2 million, and the interest rates of such bank loans ranged from 2.50% to 3.60% per annum. As at December 31, 2025, we had unutilized banking facilities of approximately RMB38.0 million. The bank loans and other borrowings are denominated in RMB. Our Group has complied with the financial covenants of its borrowing for the year ended December 31, 2025. Our Company did not utilize any financial instrument for hedging during the Reporting Period. Our Group has maintained sufficient liquidity to satisfy its day-to-day management and capital expenditure requirements and is able to control its internal operating cash flows.

We have adopted a treasury and investment policy which sets out overall principles as well as detailed approval processes of our investment activities. Such activities include, among other things, wealth management product, short or long-term loans, investments in subsidiaries, and other equity investments.

Our Shareholders' meeting, Board and general manager are responsible for our treasury and investment management. Within their respective responsibilities, each of them can make or veto investment decisions. Our plans of investments, detailing the time, amount, method, and responsible personnel, are required to be reviewed and approved by the general manager, the Board, or Shareholders' meeting. Our investments are also audited by our internal audit department which reports to the Board in the annual internal audit report.

The H Shares have been listed on the Stock Exchange since the Listing Date. There has been no change in the capital structure of our Company since the Listing Date and up to the Latest Practicable Date. The capital of our Company comprises ordinary Shares.

Capital Expenditures

During the Reporting Period, the Group's capital expenditures amounted to RMB6.1 million, which primarily consist of purchase of property, plant and equipment and intangible assets. We funded our capital expenditure requirements during the Reporting Period mainly from cash generated from operating activities and bank loans and other borrowings. We intend to fund our future capital expenditures and long-term investments with our existing cash balance, bank and other borrowings and the proceeds from the Global Offering. We may reallocate the funds to be utilized on capital expenditures and long-term investments based on our ongoing business needs.

MANAGEMENT DISCUSSION AND ANALYSIS

Indebtedness

Our indebtedness comprised bank loans and other borrowings and lease liabilities.

| | As at December 31, | |
|------------------------|--------------------|------------------|
| | 2024 RMB'000 | 2025 RMB'000 |
| Current | | |
| Bank loans | 17,225 | 34,247 |
| Lease liabilities | 2,394 | 3,499 |
| Redemption liabilities | 1,698,768 | 1,834,670 |
| Subtotal | 1,718,387 | 1,872,416 |
| Non-current | | |
| Bank loans | 44,303 | 36,667 |
| Lease liabilities | 2,899 | 1,694 |
| Subtotal | 47,202 | 38,361 |
| Total | 1,765,589 | 1,910,777 |

Bank Loans

Our bank loans were primarily used for supporting our working capital requirements during our daily operations.

| | As at December 31, | |
|--------------|--------------------|-----------------|
| | 2024 RMB'000 | 2025 RMB'000 |
| Current | 17,225 | 34,247 |
| Non-current | 44,303 | 36,667 |
| Total | 61,528 | 70,914 |
| Secured | 51,019 | 47,294 |
| Unsecured | 10,509 | 23,620 |
| Total | 61,528 | 70,914 |

MANAGEMENT DISCUSSION AND ANALYSIS

Lease liabilities

Our lease liabilities remained stable at RMB5.3 million as of December 31, 2024 and RMB5.2 million as of December 31, 2025.

Redemption Liabilities

Our redemption liabilities increased by 8.0% from RMB1,698.8 million as of December 31, 2024 to RMB1,834.7 million as of December 31, 2025, primarily due to the changes in the carrying amount of the redemption liabilities. Upon the Listing, all of the redemption liabilities of the Company have been automatically terminated and have been re-designated from liabilities to equity.

Selected Financial Ratios

The following table sets forth certain key financial ratios as of the dates or for the years indicated.

| | As at/For the Year Ended | |
|------------------------------------|--------------------------|--------------|
| | December 31, | |
| | 2024 | 2025 |
| Gross profit margin ⁽¹⁾ | 15.7% | 17.0% |
| Current ratio ⁽²⁾ | 0.6 | 0.5 |
| Quick ratio ⁽³⁾ | 0.3 | 0.3 |
| Gearing ratio ⁽⁴⁾ | N/A | N/A |

Notes:

- (1) Gross profit margin is calculated by dividing gross profit by our revenue for the year indicated.
- (2) Current ratio represents current assets divided by current liabilities as of the same date.
- (3) Quick ratio equals current assets, excluding inventories, divided by current liabilities as of the same date.
- (4) Gearing ratio represents total bank loans and other borrowings and lease liabilities, less cash and cash equivalents, divided by total equity as at the relevant year end.

Gross profit margin

Our gross profit margin increased steadily from 15.7% for the year ended 31 December, 2024 to 17.0% for the year ended December 31, 2025.

Current ratio

Our current ratio remained stable at approximately 0.6 and 0.5 for the years ended December 31, 2024 and 2025, respectively.

Quick ratio

Our quick ratio remained stable at approximately 0.3 and 0.3 for the years ended December 31, 2024 and 2025, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Quantitative and Qualitative Disclosure about Market Risk

The major risks that we face include: (i) we operate in a highly competitive and fast-evolving industry. Failing to maintain competitiveness could materially harm our business; (ii) developments in alternative technologies may adversely affect the competitiveness of our products and systems, and our failure to anticipate or respond effectively to technological evolution could harm our business; (iii) the growth of our business depends on our ability to successfully integrate and improve technologies; (iv) the commercialization of our intelligent intralogistics robots and systems may not meet expectations, as the standards of and applications for robotic and artificial intelligence technologies are constantly evolving, which may lead to unsatisfactory market development and negatively affect our business operation; and (v) we cannot guarantee the successful implementation of our expansion into new industries and the development of new robots and systems. Any such failure could materially and adversely affect our business, future prospects and growth momentum.

Please also refer to Note 31 to the consolidated financial statements in this annual report for the details of the credit, liquidity and interest rate risks to which we are exposed to.

Employees and Remuneration Policies

As at December 31, 2025, we had a total of 876 employees, substantially all of whom were based in China.

The following table sets forth the number of our employees by function as of December 31, 2025.

| Function | Number of Employees | Percentage |
|--|----------------------------|-------------------|
| Implementation | 263 | 30.02% |
| R&D | 250 | 28.54% |
| Production and Supply Chain Management | 211 | 24.09% |
| General Administration | 84 | 9.59% |
| Sales and Marketing | 68 | 7.76% |
| Total | 876 | 100.00% |



MANAGEMENT DISCUSSION AND ANALYSIS

The remuneration of our employees consists of basic salary and bonuses. Bonuses are generally discretionary and based in part on the overall performance of our business and in part on employee performance.

Our Company has also adopted certain share incentive and share option schemes to improve our incentive mechanism, attract and retain talents and to motivate employees to ensure the achievement of our Company's development goals. For further details, please refer to the subsection headed "Pre-IPO Share Option Schemes" below.

Recruitment policies

We generally recruit our employees from the open market through placing recruitment advertisements. We endeavour to attract and retain appropriate and suitable personnel to serve our Group. We assess the available human resources on a continuous basis and will determine whether additional personnel are required to cope with the business development of our Group.

Training

We offer new employee orientation training, regular on-the-job training and access to online learning platforms to enhance the skills and knowledge of our employees.

Our employees have set up a labor union in China according to the relevant PRC labor law. We believe that we maintain a good working relationship with our employees, and we did not experience any material labor disputes or work stoppages or any difficulty in recruiting staff for our operations during the Reporting Period and up to the Latest Practicable Date. No collective bargaining agreement has been put in place.

Pledge of Assets

As at December 31, 2025, bank loans of approximately RMB47.3 million were secured by property, plant and equipment and land used rights of the Group with carrying amount of approximately RMB84.6 million. As at December 31, 2025, certain of the Group's time deposits with an aggregate value of RMB10.2 million were pledged to the banks to secure the issuance of bank acceptance bills and guarantee letters.

Contingent Liabilities

As at December 31, 2025, we did not have any contingent liabilities.

Share Pledge

During the Reporting Period, there was no pledge by our then Controlling Shareholders of their interests in the Shares to secure our debts or to secure guarantees or other support of its obligation.

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

As disclosed in the Prospectus, we sought to dispose of a Russian subsidiary of the Group. We had entered into a sale and purchase agreement with an individual third party buyer for the disposal of the entire interest in our Russian subsidiary prior to the Listing Date for approximately 2.4 million Russian ruble, taking into account the net asset value of the Russian Subsidiary, and we have filed the necessary documents for the transfer of interest in the Russian subsidiary with the local authority. We do not expect the disposal will have any material adverse effect on the operations and financial position of the Group.



MANAGEMENT DISCUSSION AND ANALYSIS

Future Plans for Material Investments and Capital Assets

Save as disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, we did not have plans for material investments and capital assets as of the Latest Practicable Date.

Exposure to Fluctuations in Foreign Exchange Rates

The Group mainly operates in the PRC with most of its transactions settled in RMB. The assets, liabilities and transactions arising from the operations are mainly denominated in RMB, while the net proceeds from the Global Offering were in HK\$. Fluctuations in the exchange rate between RMB and HK\$ will affect the relative purchasing power in RMB in terms of the proceeds from our Global Offering. Although the Group may be exposed to foreign currency exchange risks, the Board believes that the future currency fluctuations will not have a material impact on the Group’s operations and the Group did not enter into in any derivative contracts to hedge its exposure to foreign exchange risks for the year ended December 31, 2025. The Group has not adopted any formal hedging policies and would consider adopting such policies if the need arises.

Significant Investment and Material Event During the Reporting Period

Our Group did not make any significant investments (including any investment in an investee company with a value of 5% or more of the Group’s total assets as at December 31, 2025) during the Reporting Period.

Pre-IPO Share Option Schemes

Our Company adopted a share incentive scheme in August 2019 which was further amended and approved in June 2025 (the “**2019 Share Incentive Scheme**”). This comprised a restricted share incentive scheme (the “**Restricted Share Incentive Scheme**”) and a share option scheme (the “**2019 Pre-IPO Share Option Scheme**”).

In May 2021, our Company adopted a share option scheme (the “**2021 Pre-IPO Share Option Scheme**”, together with the 2019 Pre-IPO Share Option Scheme, the “**Pre-IPO Share Option Schemes**”, and together with the Restricted Share Incentive Scheme, the “**Share Incentive Schemes**”) which was further amended and approved in June 2025.

The following is a summary of the principal terms of the Share Incentive Schemes.

a. Purpose

The purpose of the Share Incentive Schemes is to: (i) establish long-term incentives; (ii) attract and retain key staffs; (iii) enhance corporate governance; and (iv) align stakeholders interests.

b. Administration

The Share Incentive Schemes’ approval, alteration and termination are subject to the approval of the Board, which was authorized by Shareholders’ meeting of our Company to implement the Share Incentive Schemes. The administration team designated by the Board for the Share Incentive Schemes is responsible for the formulation and amendment of the Share Incentive Schemes and the list of Participants (as defined below).

c. Participants and Eligibility

The Participants under the Share Incentive Schemes include management and key employees of the Group, and other employees within the Group deemed appropriate by the Board (the “**Participants**”).

MANAGEMENT DISCUSSION AND ANALYSIS

d. Contents of the Share Incentive Schemes

| | Restricted Share | Share Option |
|--|--|---|
| (i) Model | The Participants, as partners of Jiaying Yuxi, Jiaying Hexi and Jiaying Yuuxi (collectively, the “ Restricted Share Incentive Platforms ”), which are in the form of partnership interests, are entitled to subscribe for the limited partnership interests of the Restricted Share Incentive Platforms, thereby indirectly holding the Shares. | The underlying Shares of the Share options are the H Shares to be issued to Participants upon the Listing or after the Listing. Each Share option entitles the eligible Participants to purchase one H Share. |
| (ii) Maximum number of Shares/Share options | The restricted Shares corresponded to the 16,334,438 Shares | (A) 2019 Pre-IPO Share Option Scheme: No more than 3,416,512 Share options (B) 2021 Pre-IPO Share Option Scheme: No more than 5,815,832 Share options |
| (iii) Grant Price/ Exercise Price ^{Note} | (A) If the Participant joined our Company before January 1, 2019: RMB0.64 per Share (B) If the Participant joined our Company after January 1, 2019: RMB1.13 per Share | (A) 2019 Pre-IPO Share Option Scheme: RMB2.2672 per Share (B) 2021 Pre-IPO Share Option Scheme: RMB3.2375 per Share |

Note: Determined with reference to, amongst others, the prevailing financial position and the development plan of our Company.

MANAGEMENT DISCUSSION AND ANALYSIS

| | Restricted Share | Share Option |
|---|---|---|
| (iv) Date of Grant | Date of individual incentive agreement signed with each Participant under each scheme. | |
| (v) Validity Period/ Life of the Share Incentive Schemes | 15 years commencing on the date of grant. | |
| (vi) Lock-up Period | The lock-up period shall extend from the date of grant to the Listing Date and the restricted Shares would be unlocked upon Listing. | After Participants meet the exercise conditions, they may exercise their vested Share options during the exercise period following the expiration of the waiting period. |
| (vii) Selling Restriction | One-year statutory selling restriction period after Listing pursuant to applicable PRC laws. After the expiration, the Participants may submit share reduction applications, and the general partner of Jiaxing Rongming shall uniformly arrange the divestment according to the situation of the secondary market. | N/A |
| (viii) Transferability | Before the expiration of the lock-up period, if a Participant resigns or applies to exit, he/she may transfer the restricted Shares held by him/her to the eligible Participants who meet the conditions as designated by the general partner of the corresponding Employee Incentive Platform. | During the period from the grant date of the Share options to the expiration of the waiting period, the Share options granted to Participants under Pre-IPO Share Option Schemes shall not be exercised, transferred, used for guarantee, or used to repay debts. |
| (ix) Adjustment | The grant price/exercise price and quantity of the restricted Shares and Share options will be adjusted accordingly if our Company implements capitalization of the capital reserves, distribution of stock dividends, allotment of shares or dividends. | |



MANAGEMENT DISCUSSION AND ANALYSIS

e. Vesting, Secondary Allocation and Exercise of Share Options

(A) Vesting of Share Options

(a) Vesting Period

- (i) Share options granted under the Pre-IPO Share Option Schemes in 2019 were vested in three equivalent tranches in 2020, 2022 and 2023, respectively, subject to the performance assessment requirements as set out in the Pre-IPO Share Option Schemes.
- (ii) Share options granted under the Pre-IPO Share Option Schemes on in 2021 were vested in three equivalent tranches in 2022, 2023 and 2024, respectively, subject to the performance assessment requirements as set out in the Pre-IPO Share Option Schemes.
- (iii) Share options granted under the Pre-IPO Share Option Schemes in 2025 shall be vested in three tranches, with 30% vesting in 2026, 30% vesting in 2027, and 40% vesting in 2028, respectively, subject to the performance assessment requirements as set out in the Pre-IPO Share Option Schemes.

(b) Performance Assessment Requirements and the Actual Vesting Amount

In accordance with the Pre-IPO Share Option Schemes, the performance assessment requirements in relation to the vesting of the Share options granted under the Pre-IPO Share Option Schemes include two levels: the Company level, measured by the Company-level vesting coefficient with reference to the Group's financial performance at the year before the corresponding vesting tranche, and the individual level, measured by the individual-level vesting rate with reference to the annual assessment result of each Participant.

The actual vesting amount of Share options for Participants in each vesting tranche = the planned vesting amount for the Participant in the assessment year × the Company-level vesting coefficient × the individual-level vesting rate.

(B) Secondary Allocation of Share Options

Prior to the exercise of Share options by Participants, if any Participant withdraws from the Pre-IPO Share Option Schemes for any reason, or any of the Share options are cancelled by our Company, the Board shall have the right to reallocate such forfeited Share options among other eligible Participants or grant them to new qualified Participants. The Board shall also determine the exercise price, vesting period, and performance criteria for such reallocated granted Share options, as specified in the corresponding agreements. Notwithstanding the foregoing, no further options are expected to be granted under the Pre-IPO Share Option Schemes.

MANAGEMENT DISCUSSION AND ANALYSIS

(C) *Exercise of Share Options*

(a) Conditions

The vested Share options granted to Participants may only be exercised after the following conditions are simultaneously met:

| None of the following occurs from the perspective of our Company | None of the following occurs from the perspective of the Participant |
|--|--|
| (i) The financial statements for the most recent fiscal year are audited with a qualified or disclaimer of opinion by a certified public accountant. | (i) The Participant is deemed an unsuitable candidate by regulatory authorities within the most recent 12 months. |
| (ii) The internal controls over financial report for the most recent fiscal year are audited with a qualified or disclaimer of opinion by a certified public accountant. | (ii) The Participant is subject to administrative or criminal penalties, or market bans, for material violations of laws or regulations within the most recent five years. |
| (iii) Our Company is subject to administrative penalties by the CSRC and/or the regulatory authority of the listing venue of our Company for material violations of laws or regulations within the most recent year. | (iii) The Participant is disqualified to serve as a director or senior executive under the Company Law. |
| (iv) Our Company fails to distribute profits in accordance with laws, regulations, or the Articles of Association within the most recent 36 months. | (iv) Other circumstances where participation in share incentives is restricted as determined by the CSRC or the Stock Exchange. |
| (v) Implementation of share incentives is prohibited by laws or regulations. | (v) The Participant is engaged in conduct deemed by our Company to seriously violate its internal regulations, damage our Company's interests or reputation, or cause direct or indirect economic losses to our Company. |
| (vi) Other circumstances where implementation of share incentives is restricted as determined by the CSRC or the Stock Exchange. | |

(b) Waiting Period and Exercise Period

The waiting period for the Share options shall be from the grant date until the date following 12 months upon the Listing Date. Starting from the expiration of the waiting period, each 12-month period shall be regarded as an exercise tranche, and different exercise arrangements shall be applicable to each Participant according to their seniority as set out in the Pre-IPO Share Option Schemes.

MANAGEMENT DISCUSSION AND ANALYSIS

During each exercise tranche, (i) if the exercise conditions are met, the Participants may apply to our Company for the exercise of Share options within the current exercisable quantity, and we will make unified arrangements, (ii) if the quantity of Share options for which the Participant applies for exercise exceeds the quantity of exercisable Share options in the current tranche, the exercise application for the excess part shall be invalid; (iii) if the quantity of Share options for which an application for exercise is made is lower than the exercisable quantity in the current tranche, we will cancel the difference after the expiration of such exercise tranche; and (iv) if an Participant fails to meet the exercise conditions, we will cancel the Share options within the exercisable quantity in such exercise tranche held by the Participant.

Exit (the “**Exit**”) Mechanism

| | Restricted Share | Share Option |
|------|--|--|
| Exit | <p>(A) Non-negative Exit^{1, 3}</p> <p>(a) Restricted Shares not yet unlocked and we are not listed: Transfer the restricted Shares at the price of “actual consideration paid – dividends received (if any)” to the eligible Participant.</p> <p>(b) Restricted Shares not yet unlocked and our Company is listed: Transfer the restricted Shares at the price of “actual consideration paid* (1 + annualized 8% rate of return × number of holding years) – dividends received (if any)” to the eligible Participant.</p> <p>(c) Restricted Shares unlocked and our Company is listed: The general partner of Jiaxing Rongming shall uniformly arrange the Exit according to the secondary market situation. Participants who serve as directors, supervisors and senior management of the Group shall comply with the regulations on share reduction in laws, regulations and regulatory documents.</p> | <p>(A) Before the Participant exercises the Share option</p> <p>The unvested Share options and vested Share options granted to the Participant shall be deemed to be forfeited, whether there is a negative Exit or a non-negative Exit, and all rights shall be automatically forfeited unconditionally. The Board shall have the right to reallocate the Share options forfeited to other Participants or grant them to new Participants.</p> |

MANAGEMENT DISCUSSION AND ANALYSIS

| Restricted Share | Share Option |
|---|--|
| <p>(B) Negative Exit^{2, 3}</p> <p>(a) Restricted Shares not yet locked and our Company is not listed: Transfer the restricted Shares at the price of “actual consideration paid × 0.8 – dividends received (if any)” to the eligible Participant.</p> <p>(b) Restricted Shares not yet locked and our Company is listed: Transfer the restricted Shares at the price of “actual consideration paid – dividends received (if any)” to the eligible Participant.</p> <p>(c) Restricted Shares unlocked and our Company is listed: Same as the non-negative Exit.</p> | <p>(B) After the Participant has exercised the Share options</p> <p>Shares from exercise of Share options by the Participants can be freely tradable on the secondary market, whether there is a negative Exit or a non-negative Exit, subject to statutory restrictions pursuant to applicable laws and regulations.</p> |

Notes:

- 1 This includes the death (including declared death) of Participants, termination of labor or employment relations with our Company due to retirement, termination or dissolution of labor relations due to reasons such as Company’s layoffs or expiration of labor/employment contracts, termination or dissolution of labor or employment contracts with our Company through mutual agreement, internal work transfers within our Company to positions outside the scope of eligible Participants, and other situations that do not have a negative impact on our Company.
- 2 This includes that the Participants causing damage to our Company by violating applicable laws, regulations or the Articles of Association, are investigated for criminal liability, are seriously derelict of duty, damage our interests through illegal and disciplinary acts such as accepting bribes, leave their positions without permission, and engage in other acts determined by the Board to be detrimental to our Company’s interests.
- 3 For the avoidance of doubt, if, upon Exit, the restricted Shares are transferred to the general partner of any of the Restricted Share Incentive Platforms or to Dr. YANG, then the said restricted Shares shall cease to be incentive Shares and shall no longer be subject to the Restricted Share Incentive Scheme.

MANAGEMENT DISCUSSION AND ANALYSIS

f. Details of the Restricted Shares Granted Under the Restricted Share Incentive Scheme

(A) Restricted Shares

As at the end of the Reporting Period and up to the Latest Practicable Date, all restricted Shares under the Restricted Share Incentive Scheme were granted and 11,439,060 restricted Shares under the Restricted Share Incentive Scheme were held through our Employee Incentive Platforms. Please refer to Note 27(a) to the consolidated financial statements in this annual report for movement in the number of restricted Shares under the Restricted Share Incentive Scheme. Details of the restricted Shares granted to Directors, senior management or connected persons under the Restricted Share Incentive Scheme are set out below:

| Name | Position | Relevant Employee Incentive Platform | Awards held by the Participant corresponding to | | |
|---|---|--------------------------------------|--|--|---|
| | | | Approximate partnership interests of the Employee Incentive Platform at the beginning and the end of the Report Period | Approximate number of Shares corresponding to the restricted Shares held by the Participants at the beginning and the end of the Report Period | Approximate shareholding percentage corresponding to the restricted Shares held by the Participant in the total number of Shares in issue as at the Latest Practicable Date |
| Directors and senior management | | | | | |
| BAI Hongxing | Executive Director and vice president | Jiaxing Yuxi | 6.97% | 1,102,633 | 0.26% |
| MA Lan | Vice president and chief human resource office | Jiaxing Yuxi | 3.49% | 551,751 | 0.13% |
| Connected persons | | | | | |
| KE Qi (Note 1) | Manager of human resource department | Jiaxing Hexi | 2.25% | 124,253 | 0.03% |
| ZHANG Lei (Note 2) | Assistant to the general manager of the business department | Jiaxing Yuuxi | 7.30% | 261,539 | 0.06% |
| XIANG Dingyu (Note 3) | General manager of Anhui Galaxis | Jiaxing Yuxi | 2.14% | 338,871 | 0.08% |
| | | Subtotal | 22.15% | 2,379,047 | 0.56% |
| Five highest paid individuals during the Reporting Period (Note 4) | | | | | |
| | | Jiaxing Yuxi | 5.49% | 868,899 | 0.20% |
| Other employees | | | | | |
| | | Jiaxing Hexi | 72.36% | 8,191,114 | 1.91% |
| | | Jiaxing Yuxi, and Jiaxing Yuuxi | | | |
| | | Total (Note 5) | 100.00% | 11,439,060 | 2.67% |

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- (1) KE Qi (柯琪) is a supervisor at Hubei Galaxis Tongda Technology and thus a connected person of our Company at the subsidiary level.
- (2) ZHANG Lei (張蕾) is a supervisor at Galaxis Wuxi, Guangdong Galaxis Jiadi and Zhejiang Galaxis International Trade and thus a connected person of our Company at the subsidiary level.
- (3) XIANG Dingyu (向定宇) is the director at Anhui Galaxis and thus a connected person of our Company at the subsidiary level.
- (4) One of the five individuals with the highest emoluments during the Reporting Period is our Director. The interest of such Director in the restricted Shares is excluded and presented separately above.
- (5) Excluding 133,810 restricted Shares forfeited upon resignation of certain employees.

(B) Outstanding Share Options Granted under the Pre-IPO Share Option Schemes

As at the Latest Practicable Date, the number of underlying Shares pursuant to the outstanding Share options granted under the Pre-IPO Share Option Schemes amounted to 8,846,696 Shares, representing approximately 2.07% of our issued Shares. No consideration is paid for grant of the outstanding Share options under the Pre-IPO Share Option Schemes.

Assuming full vesting and exercise of all outstanding Share options granted under the Pre-IPO Share Option Schemes, the shareholding of our Shareholders will be diluted by approximately 2.03%.

Below is a list of the grantees who are Directors, members of senior management and connected persons of our Company under the Pre-IPO Share Option Schemes as at the Latest Practicable Date. The number of Share options available for grant under the Pre-IPO Share Option Schemes as at January 1, 2025 and December 31, 2025 was nil and nil, respectively. No further Share options are expected to be granted under the Pre-IPO Share Option Schemes.

| Description of grantees | Position in our Group | Grant date | Number of Shares underlying the outstanding Share options as at the beginning of the Reporting Period | Vesting Period | Exercise Period | Exercise Price per Share (RMB) | Number of Shares underlying the outstanding Share options as at the end of the Reporting Period | Approximate % of issued Shares |
|--------------------------|--|-----------------------|---|----------------|-----------------|--------------------------------|---|--------------------------------|
| <i>Senior Management</i> | | | | | | | | |
| SONG Yao | Chief financial officer and secretary of the Board | June 6, 2025 (Note 1) | - | (Note 2) | (Note 3) | 3.2375 | 868,035 | 0.20% |
| <i>Connected person</i> | | | | | | | | |
| KE Qi (Note 4) | Manager of human resource department | September 30, 2019 | 26,067 | (Note 2) | (Note 3) | 2.2672 | 26,067 | 0.01% |

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- (1) As the Share options were granted prior to the Listing Date, there was no closing price of the Shares on the date before the Share options were granted.
- (2) For the vesting period of such Share options, please refer to “– e. Vesting, Secondary Allocation and Exercise of Share Options – (A) Vesting of Share Options – (a) Vesting Period” above.
- (3) 15 years commencing on the date of grant.
- (4) KE Qi (柯琪) is a supervisor at Hubei Galaxis Tongda Technology and thus a connected person of our Company at the subsidiary level.

The table below sets forth the information on the Share options granted to grantees who are our employees but not our Directors, members of senior management or connected persons of our Company (the “**Employee Participants**”) under the Pre-IPO Share Option Schemes as of the Latest Practicable Date.

| Description of grantees | Grant date | Number of Shares underlying the outstanding Share options as at the beginning of the Reporting Period | | No. of grantees and options granted on June 6, 2025 (Note 1) | Vesting Period | Exercise Period | Exercise Price per Share (RMB) | Number of Shares underlying the outstanding Share options as at the end of the Reporting Period | | Approximate Percentage of issued Shares |
|---------------------------|--|---|----|---|----------------|-----------------|--------------------------------|---|-------|---|
| | | | | | | | | | | |
| 128 Employee Participants | September 30, 2019, August 31, 2021 and June 6, 2025 | 6,331,122 | 25 | Employee Participants with an aggregate of 1,918,358 Share options granted (Note 4) | (Note 2) | (Note 3) | 2.2672 or 3.2375 | 7,952,594 | 1.86% | |



MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- (1) As the Share options were granted prior to the Listing Date, there was no closing price of the Shares on the date before the Share options were granted.
- (2) For the vesting period of such Share options, please refer to “– e. Vesting, Secondary Allocation and Exercise of Share Options – (A) Vesting of Share Options – (a) Vesting Period” above.
- (3) 15 years commencing on the date of grant.
- (4) Excluding two Employee Participants with an aggregate of 95,483 Share options granted who departed from our Company prior to the end of the Reporting Period.

Vesting of Share options was subject to, amongst other conditions, completion of Listing. No Shares could be issued upon exercise of Share options and restricted Shares granted under the Share Incentive Schemes during the Reporting Period.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Save as disclosed in Note 34 to the consolidated financial statements in this annual report (i.e. the Global Offering and redesignation of redemption liabilities), we are not aware of any significant events which could have a material impact on our operating and financial performance after the Reporting Period.



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Our Board consists of nine Directors, comprising four executive Directors, two non-executive Directors and three independent non-executive Directors.

Executive Directors

Dr. GU Chunguang (谷春光), aged 56, our founder, is the Chairman, executive Director, and Chief Executive Officer. Dr. GU also holds directorships or supervisorships across all of five major subsidiaries, namely Galaxis Wuxi, Hubei Galaxis Tongda Technology, Zhejiang Galaxis International Trade, Guangdong Galaxis Jiadi and Anhui Galaxis.

Dr. GU has over 25 years of experience in the fields of supply chain management, logistics systems, and advanced logistics equipment technology. Before founding our Group, Dr. GU started his career at i2 Technologies in the United States from August 1999. Dr. GU worked at McKinsey & Consulting Company Inc., Shanghai (麥肯錫(上海)諮詢有限公司) from March 2005 to June 2008, with his last position as engagement manager. From February 2008 to November 2017, he served as the chief technology officer at Jointown Pharmaceutical Group Co., Ltd. (九州通醫藥集團股份有限公司) ("**Jointown Pharmaceutical**"), a company listed on the Shanghai Stock Exchange (stock code: 600998).

Dr. GU obtained a bachelor's degree in engineering from Tsinghua University (清華大學) in the PRC in July 1993 and a Ph.D. in mechanical engineering from the Massachusetts Institute of Technology in the United States in February 2000. Besides, Dr. GU was qualified as a professor-level senior engineer by the Department of Human Resources and Social Security of Zhejiang Province (浙江省人力資源和社會保障廳) in June 2020. In recognition of his outstanding contributions to the logistics and modern service field, Dr. GU was honored as a National Model Worker in the logistics industry (全國物流行業勞動模範) by Ministry of Human Resources and Social Security and China Federation of Logistics & Purchasing (人力資源社會保障部、中國物流與採購聯合會), and one of China's Top Ten Contributors to the Logistics Industry (中國物流十大傑出貢獻人物) by China International Logistics Technology and Services Exhibition Committee (中國國際物流科技博覽會組委會) and Modern Logistics News (現代物流報). Dr. GU is the spouse of Dr. YANG.

Dr. YANG Yan (楊艷), aged 55, is our executive Director and vice president of the Company. Dr. YANG's retirement from the Board in 2016 was a planned adjustment to accommodate new investor representative Directors and maintain an odd-numbered Board for effective governance. Throughout 2016 to 2018, she continued to serve our Group as a deputy general manager, responsible for investment, financing and Board affairs. Following a subsequent adjustment to the Board's structure, she was reappointed as a Director in 2018, a move that maintained the Board to an odd number of members and retained her executive experience at the Board level.

Dr. YANG has extensive experience in electrical and electronic engineering, as well as in managing technology-driven entrepreneurial ventures. Dr. YANG was with Aware Inc. in the United States as a digital signal processing engineer from October 1999, before she joined Infineon Technologies (China) Co., Ltd (英飛凌科技(中國)有限公司) ("**Infineon China**") in May 2006. At Infineon China, she served as a senior staff engineer until January 2010. Dr. YANG worked at Lantiq (Shanghai) Communications Technology Co., Ltd (領特(上海)通信科技有限公司) from January 2010 to November 2012, a period during which she undertook as a principal engineer.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Dr. YANG obtained a bachelor's degree in electronic engineering from Tsinghua University (清華大學) in the PRC in July 1993, and a Ph.D. in electrical engineering from Cornell University in the United States in January 2000. Dr. YANG has published multiple technical papers in leading journals of the Institute of Electrical and Electronics Engineers (IEEE) and holds over 70 patents. The research, development and application of advanced logistics equipment and robotics under her leadership was selected as a Leading Talent Entrepreneurial Project (無錫市領軍人才創業項目) by the Administrative Committee of Wuxi National High-tech Industrial Development Zone (無錫國家高新技術產業開發區管理委員會). In recognition of her pioneering work in logistics and modern service field, Dr. YANG was recognized as a Leading Entrepreneurial Talent in emerging industry of Wuxi (無錫市新興產業創業領軍人才) by Wuxi Science and Technology Bureau (無錫市科學技術局), and honored with the Technology Innovation Award (科技創新獎) by the Jiaxing Women Entrepreneurs Association (嘉興市女企業家協會). Dr. YANG is the spouse of Dr. GU.

Mr. SHEN Lu (沈鷺), aged 53, is our executive Director and vice president of the Company. Mr. SHEN also holds directorship in Galaxis Wuxi.

Mr. SHEN has extensive experience in product development and marketing management particularly in the logistics and automation industries. Before joining our Group, from August 1993 to December 1998, Mr. SHEN was with COSCO Container Lines Co., Ltd. (中遠集裝箱有限公司). He then served at ChinaStar International Economic and Technical Cooperation Co., Ltd. (中國四達國際經濟技術合作有限公司) from March 1999 to March 2000. From April 2000 to January 2005, he worked in Kesai Logistics System Equipment (Shanghai) Co., Ltd. (科賽物流系統設備(上海)有限公司). From November 2007 to June 2014, he was the general manager at Galaxy Automotion Management GmbH.

Mr. SHEN obtained a bachelor's degree in marine electrical management from Shanghai Maritime University (上海海事大學) in the PRC in July 1993.

Dr. BAI Hongxing (白紅星), aged 43, is our executive Director and vice president of the Company.

Dr. BAI has extensive experience in technology innovation, logistics intelligence, and corporate management. From 2008 to 2015, Dr. BAI was with Jointown Pharmaceutical and held several positions including (i) as a supervisor, (ii) as a deputy manager of logistic management department, and (iii) as the general manager at Jointown Chinese Herbal Medicine Electronic Commerce Co., Ltd. (九州通中藥材電子商務有限公司). Dr. BAI founded Wuhan Gooding Health Technology Co., Ltd. (武漢谷丁健康科技有限公司), where he served as an executive director and a manager from April 2015 to July 2024.

Dr. BAI obtained a bachelor's degree in automation and a Ph.D. in control science and engineering from Tsinghua University (清華大學) in the PRC in July 2003 and in July 2008, respectively. Dr. BAI has received multiple honors for his contributions to technology and logistics innovation. In 2012, he was selected for the "Hanyang Talent Plan" (漢陽英才計劃) by the CPC Hanyang District Committee (中共武漢市漢陽區委). In 2013, he was honored as one of the "Top Ten Outstanding Innovative Individuals Influencing Suining" (影響遂寧•十大傑出創新人物) by the Suining Municipal Government (四川省遂寧市人民政府). In 2014, he received the "Science and Technology Progress Award (Innovative Individuals)" (科技進步獎•科技創新人物) from the China Federation of Logistics & Purchasing (中國物流與採購聯合會). In 2017, he was selected for the "Qiaokou Talent Plan" (礪口英才計劃) by the CPC Qiaokou District Committee (中共武漢市礪口區委).



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Non-executive Directors

Mr. SHEN Qi (沈奇), aged 43, is our non-executive Director. Mr. SHEN has extensive experience in investment banking and capital operations. He currently serves as an assistant general manager and a general manager in strategy and investment division at China Merchants Innovation Technology (Group) Co., Ltd. (招商局創新科技(集團)有限公司) since August 2024. Mr. SHEN previously served as an analyst and then associate in the investment banking division at China Merchants Securities (HK) Co., Limited (招商證券(香港)有限公司) from November 2006 to April 2011. From April 2011 to April 2012, he worked as an executive director in the investment banking division at Guosen Securities (HK) Capital Company Limited (國信證券(香港)融資有限公司). From April 2012 to November 2017, he worked as an executive director in Investment Department at China Merchants China Investment Management Limited (招商局中國投資管理有限公司). He served as (i) the director of the first division of the capital operation department (capital operation management office) from November 2017 to January 2019; (ii) the director of the second division of the capital operation department from January 2019 to March 2021; and (iii) the director of the investment development division of the capital operation department from March 2021 to September 2021, at China Merchants Group Limited (招商局集團有限公司). From May 2020 to May 2021, he served as a deputy general manager (on secondment) of Sinotrans Northeast China Co., Ltd (中國外運東北有限公司). From September 2021 to August 2024, he served as a senior managing director of China Merchants Investment Development Co., Ltd. (招商局投資發展有限公司). He was also a director at Nanjing Sanhome Pharmaceutical Co., Ltd (南京聖和藥業股份有限公司) until February 2017. Since December 2023, Mr. SHEN has been serving as a director at Shenzhen Infypower Co., Ltd. (深圳英飛源技術有限公司).

Mr. SHEN obtained a bachelor's degree in economics from Shanghai University of Finance and Economics (上海財經大學) in the PRC in June 2005 and a master's degree in science from University of Reading in the United Kingdom in July 2006.

Mr. LI Qiuyu (李秋雨), aged 37, is our non-executive Director. Mr. LI has over 14 years of experience in investment. He began his career at Huatai United Securities Co., Ltd (華泰聯合證券有限責任公司) from July 2010 to May 2018. Mr. LI currently serves as the head of the investment and acquisition section at Shenzhen S.F. Taisen Holdings (Group) Inc. (深圳順豐泰森控股(集團)有限公司), a company wholly owned by S.F. Holding Co., Ltd. (順豐控股股份有限公司), whose shares are listed on the Stock Exchange (stock code: 06936) and the Shenzhen Stock Exchange (stock code: 002352). Beyond to this, Mr. LI has also been serving as a non-executive director at Hangzhou SF Intra-city Industrial Co., Ltd. (杭州順豐同城實業股份有限公司), a company listed on the Stock Exchange (stock code: 09699) since June 2019.

Mr. LI obtained a bachelor's degree and a master's degree in finance from Wuhan University (武漢大學) in the PRC, in 2008 and June 2010, respectively.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Dr. HU Jianqiang (胡建強), aged 62, is our independent non-executive Director. Dr. HU brings extensive academic and research experience in applied mathematics, simulation optimization, big data analytics, and artificial intelligence-driven business analysis. Dr. HU serves as a distinguished professor, Hongyi chair professor at the school of management, as well as a doctoral supervisor at Fudan University (復旦大學).

Dr. HU obtained a bachelor's degree in mathematics from Fudan University (復旦大學) in the PRC in 1985 and a Ph.D. in applied mathematics from Harvard University in the United States in June 1990. Dr. HU currently holds or has previously held leadership positions the Operations Research Society of China (中國運籌學會) and Operations Research Society of Shanghai (上海運籌學會). He has received multiple academic honors, including the 2020 Operations Research Award from the Chinese Society of Operations Research (2020年中國運籌學會運籌研究獎) and has twice been awarded the Best Paper Award in the simulation field by The Institute for Operations Research and the Management Sciences (INFORMS) in 1998 and 2019.

Mr. MO Rong (莫融), aged 60, is our independent non-executive Director. Mr. MO has extensive expertise in international and domestic logistics and corporate investment. From March 1996 to April 2015, he was with Kintetsu World Express (China) Co., Ltd. (近鐵國際物流(中國)有限公司), a subsidiary of Kintetsu Group Holdings Co., Ltd. which is listed on Tokyo Stock Exchange (stock code: 9041), where his last role was a director and executive deputy general manager. Mr. MO currently holds two appointments, including (i) as the chairman and general manager at Shanghai Puyi Logistics Service Center (上海浦易貨運代理服務中心) since February 2014, and (ii) as an executive director at Shanghai Xintian Industry Investment & Management Co., Ltd. (上海欣天實業投資管理有限公司) since November 2016.

Mr. MO obtained a bachelor's degree in materials science and engineering from Tongji University (同濟大學) in the PRC in July 1989 and an EMBA from China Europe International Business School (CEIBS) (中歐國際工商學院) in the PRC in November 2004.

Mr. LAU Hak Lap (劉克立), aged 57, is our independent non-executive Director. Mr. LAU has extensive experience in accounting and corporate advisory services. Currently, Mr. LAU serves as a founding partner and director at Hiller CPA Limited since December 2014, a firm of certified public accountants in Hong Kong, and as a director at H. L. Business Consultants Limited since August 2019.

Mr. LAU obtained a bachelor's degree in business administration, majoring in accounting (Honour), from The Hong Kong Polytechnic University in Hong Kong in June 1990. Mr. LAU is a fellow of the Association of Chartered Certified Accountants and the Hong Kong Society of Accountants.

Confirmation of Independence from Independent Non-executive Directors

We have received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Board considers all of the independent non-executive Directors to be independent.



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. Our senior management consists of Dr. GU Chunguang, Dr. Yang Yan, Mr. Shen Lu, Dr. Bai Hongxing, Mr. Song Yao (宋焱) and Ms. Ma Lan (馬蘭). For biographies of senior management who are executive Directors, namely Dr. GU Chunguang, Dr. YANG Yan, Mr. SHEN Lu and Dr. BAI Hongxing, see the section headed “Directors – Executive Directors” in this section.

Mr. SONG Yao (宋焱) is our chief financial officer and secretary of the Board. In preparation of the Listing and next phase of growth, we established the chief financial officer role. Mr. SONG was appointed to lead this function given his combined experience in audit and investment banking. The Board believes that Mr. SONG’s expertise makes him well-suited to guide our Company and to formulate a financial strategy that supports our long-term value creation.

Before joining us, from July 2004 to June 2011, Mr. SONG worked at KPMG Huazhen LLP Shanghai Office as a manager. He then served as a senior vice president of the investment banking division at GF Securities Co., Ltd. (廣發證券股份有限公司), a company listed both on the Stock Exchange (stock code: 01776) and Shenzhen Stock Exchange (stock code: 000776), from July 2011 to December 2016. From December 2016 to November 2023, he held the position as a director of the investment banking division at First Capital Investment Banking Co., Ltd. (第一創業證券承銷保薦有限責任公司) (formerly known as J.P. Morgan First Capital Securities Co., Ltd. (第一創業摩根大通證券有限責任公司)). From November 2023 to January 2025, he was an executive vice president at Kunshan Hopo Electronic Technology Co., Ltd. (崑山市和博電子科技有限公司).

Mr. SONG holds a bachelor’s degree in accounting from Shanghai International Studies University (上海外國語大學) in the PRC in July 2004 and a master’s degree in economics from Renmin University of China (中國人民大學) in the PRC in June 2014. Mr. SONG is a non-practicing member of Chinese Institute of Certified Public Accountants (中國註冊會計師協會).

Ms. MA Lan (馬蘭) is our vice president and chief human resource officer. Since February 2012, Ms. MA has served in various key management positions within our Group. From February 2012 to March 2021, she served as the deputy general manager. From March 2021 to August 2022, she served as the vice president and concurrently as the head of the project delivery center. From August 2022 to September 2023, she served as the general manager of the project delivery center as well as the chief human resources officer. Since September 2023, she has been serving as the chief human resources officer and the deputy general manager of the integrated business division.

Before joining our Group, from April 2003 to January 2012, Ms. MA was with Jointown Pharmaceutical. During her tenure at Jointown Pharmaceutical, she held several positions including (i) a deputy director of the corporate management headquarters (企管總部副部長), (ii) a director of the technology management office (技術管理辦公室主任), and (iii) an assistant to the president (總裁助理).

Ms. MA obtained a bachelor’s degree in business administration from Hubei University (湖北大學) in the PRC in June 2003. She then obtained an EMBA degree from Huazhong University of Science and Technology (華中科技大學) in the PRC in March 2021.



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

JOINT COMPANY SECRETARIES

Mr. SONG Yao (宋焱), has been appointed as one of our joint company secretaries on June 4, 2025. For details of his biography, see “–Senior Management” above.

Mr. WONG Chun Wing Samuel (黃俊穎) is one of our joint company secretaries. He is an assistant manager of the listing services division at TMF Hong Kong Limited, a company providing corporate secretarial services in Hong Kong. He has over eight years of experience in company secretarial profession. Mr. Wong is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Mr. Wong received a bachelor’s degree in business administration from Hang Seng University of Hong Kong (formerly known as Hang Seng Management College) in November 2017.

OTHER INFORMATION

Save as otherwise disclosed above, each of our Directors and members of senior management has not been a director of any public company whose securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the Latest Practicable Date.

None of our Directors has any interests in any business, which competes or is likely to compete, either directly or indirectly, with our business which would require disclosure under Rule 8.10 of the Listing Rules.

None of our Directors and members of the senior management is related to other Directors and members of the senior management.

Except as disclosed above, to the best knowledge, information and belief of our Directors having made all reasonable inquiries, there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) (h) to (v) of the Listing Rules and no other matters are required to be brought to the attention of Shareholders as of the Latest Practicable Date.

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on May 21, 2025 or June 6, 2025, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Save as disclosed in this annual report, there has been no change in the Directors and the senior management of our Company since the Listing Date and up to the Latest Practicable Date.

REPORT OF DIRECTORS

The Board is pleased to present this report of the Directors with the consolidated financial statements of the Group for the year ended December 31, 2025.

GLOBAL OFFERING

On March 24, 2026, the H Shares were listed on the Main Board of the Stock Exchange in a global offering of 36,798,000 H Shares, comprising a Hong Kong public offering of 3,679,800 H Shares and an international offering of 33,118,200 H Shares (as adjusted in our allotment results announcement dated March 23, 2026). The H Shares were issued and subscribed to Hong Kong and overseas investors at an offer price of HK\$16.66 per H Share (excluding brokerage of 1.0%, the transaction levy of the Securities and Futures Commission of Hong Kong of 0.0027%, the Stock Exchange transaction fee of 0.00565% and Accounting and Financial Reporting Council transaction levy of 0.00015%) by way of an initial public offering.

For details of the Global Offering, please refer to the Prospectus and the allotment results announcement of our Company dated March 23, 2026.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The net proceeds from the Global Offering (after deducting the underwriting fees and commissions and estimated expenses payable by us in connection with the Listing) amounted to approximately HK\$555.7 million. There is no change to the intended use of net proceeds and the expected implementation timetable as previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

From the Listing Date up to March 31, 2026, we had not utilized any net proceeds from the Global Offering. The following table sets out breakdown of the use of net proceeds from the Global Offering.

| Use of net proceeds | Percentage of net proceeds | Estimated net proceeds allocated as disclosed in the Prospectus (HK\$ million) | Allocated net proceeds from the Global Offering ^(Note) (approximate HK\$ million) | Net proceeds utilized since the Listing Date and up to March 31, 2026 (approximate HK\$ million) | Expected timeline of full utilization of net proceeds | Remaining amount as at March 31, 2026 (approximate HK\$ million) |
|---|----------------------------|--|--|--|---|--|
| Advancing our core robotics product lines (such as enhancing our existing products and developing new products) | 24.5% | 151.3 | 136.2 | – | By 2031 | 136.2 |
| R&D of our fundamental technologies (such as digital twin technology, large model technology and robotics technology incorporating AI techniques) and software capabilities development | 20.5% | 126.6 | 113.7 | – | By 2031 | 113.7 |

REPORT OF DIRECTORS

| Use of net proceeds | Percentage of net proceeds | Estimated net proceeds allocated as disclosed in the Prospectus (HK\$ million) | Allocated net proceeds from the Global Offering ^(Note) (approximate HK\$ million) | Net proceeds utilized since the Listing Date and up to March 31, 2026 (approximate HK\$ million) | Expected timeline of full utilization of net proceeds | Remaining amount as at March 31, 2026 (approximate HK\$ million) |
|--|----------------------------|--|--|--|---|--|
| Production capacity expansion and manufacturing capabilities enhancement (such as scaling up our manufacturing capacity and upgrading our production system) | 25.0% | 154.4 | 138.9 | – | By 2029 | 138.9 |
| Execution of our global market expansion strategy | 20.0% | 123.5 | 111.1 | – | By 2030 | 111.1 |
| Working capital and other general corporate purposes to support our daily operations and overall business growth | 10.0% | 61.8 | 55.6 | – | By 2031 | 55.6 |

For further details, please refer to the section headed “Future Plans and Use of Proceeds” in the Prospectus.

PRINCIPAL ACTIVITIES

We are an intelligent intralogistics robotics provider offering a diverse range of robots centered on three core product lines: multi-directional shuttle robots (MSRs), autonomous mobile robots (AMRs), and conveying and sorting robots (CSRs). Our robotics portfolio covers the entire spectrum of intralogistics operations, addressing the core functions of storage, sorting and transport.

There were no significant changes in the nature of our Group’s principal activities during the Reporting Period. Please refer to Note 4 to the consolidated financial statements in this annual report for details of the principal activities of the principal subsidiaries of our Group. An analysis of our Group’s revenue, other income and gains for the Reporting Period by principal activities is set out in the section headed “Management Discussion and Analysis” in this annual report and Notes 4 and 5 to the consolidated financial statements in this annual report.

BUSINESS REVIEW

A review of the Group’s business during the Reporting Period is set out in the sections headed “Chairman’s Statement” and “Management Discussion and Analysis” in this annual report. The review and discussion form part of this Directors’ report.



REPORT OF DIRECTORS

PRINCIPAL RISKS AND UNCERTAINTIES

Our business and operation are subject to the following principal risks and uncertainties.

- Developments in alternative technologies may adversely affect the competitiveness of our products and systems, and our failure to anticipate or respond effectively to technological evolution could harm our business.
- The growth of our business depends on our ability to successfully integrate and improve technologies.
- The commercialization of our intelligent intralogistics robots and systems may not meet expectations, as the standards of and applications for robotic and AI technologies are constantly evolving, which may lead to unsatisfactory market performance and negatively affect our business operation.
- We cannot guarantee the successful implementation of our expansion into new industries and the development of new robots and systems. Any such failure could materially and adversely affect our business, future prospects and growth momentum.
- Our production process relies on components and raw materials that may be subject to price fluctuations or shortages.
- Any unexpected disruption of our production operations could materially and adversely affect our business, results of operations and financial condition.
- We may not be able to fully maintain quality control over our robots and systems, and any real or perceived material defects or errors in our robots and systems could harm our business operations.

RESULTS OF OPERATIONS

The results of the Group for the Reporting Period are set out in the Consolidated Statements of Profit or Loss and Other Comprehensive Income on pages 74 and 75 of this annual report.

FOUR-YEAR FINANCIAL SUMMARY

A summary of the audited consolidated results and the assets and liabilities of the Group for the last four financial years, as extracted from the audited consolidated financial statements, is set out on page 160 of this annual report. This summary does not form part of the audited consolidated financial statements.

DIVIDEND POLICY AND FINAL DIVIDEND

The Board may, from time to time, propose the payment of dividends, if conditions warrant, for our Shares listed on the Stock Exchange, pursuant to the following dividend policy.

The determination of whether to propose or declare dividends, and the amount of any such dividends, rests entirely at the absolute discretion of the Board. In exercising this discretion, the Board will consider various factors, including but not limited to our actual and expected results of operations, its cash flow and financial position, general business conditions and strategies, expected working capital requirements and future expansion plans, any legal, regulatory, and contractual restrictions, and any other factors the Board deems appropriate.

Subject to applicable laws and regulations and the Articles of Association, any dividends proposed or declared by the Board may take the form of interim dividends, final dividends, special dividends, or any other distribution of net profits the Board deems appropriate.

Our Shareholders may approve, in a general meeting, any declaration of dividends, which must not exceed the amount recommended by our Board.

During the Reporting Period, none of the Shareholders has waived or agreed to waive any dividends. Having due regard to the long-term interests of the Shareholders and our Company, the Board did not recommend any payment of dividends for the Reporting Period.

PROPERTY, PLANT AND EQUIPMENT

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

COMPLIANCE WITH LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, save as disclosed in the section headed "Business" in the Prospectus, our Group has, in all material aspects, complied with the relevant laws and regulations that have a significant impact on the Group during the Reporting Period.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Our Group is highly aware of the importance of environment protection and has not noted any material in non-compliance with all relevant laws and regulations in relation to its business including environmental protection, health and safety, workplace conditions, employment and the environment. We strive to comply with applicable rules, laws, regulations and industry standards on workplace safety and environmental matters.



REPORT OF DIRECTORS

During the Reporting Period and up to the Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance with health, safety or environmental laws or regulations.

Further details are set out in the “Environmental, Social and Governance Report” of our Company.

SHARE CAPITAL

As at the Latest Practicable Date, the total Share capital of our Company was RMB427,883,729, divided into 427,883,729 H Shares with nominal value of RMB1.0 each.

Details of movements in the components of equity of our Company for the Reporting Period are set out in Note 30 to the consolidated financial statements of this annual report.

As at December 31, 2025, our Company had no distributable reserves available for distribution to our Shareholders.

DEBENTURE ISSUED

Our Group did not issue any debenture during the Reporting Period (2024: nil). Our subsidiaries did not have any outstanding debt securities during the Reporting Period.

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

As the H Shares were not listed on the Main Board of the Stock Exchange as of the end of the Reporting Period, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the securities (including treasury Shares) of the Company listed on the Stock Exchange during the Reporting Period. As of December 31, 2025, the Company did not hold any treasury Shares.

PRE-EMPTIVE RIGHTS

Our Company had no arrangement for pre-emptive rights and Share options during the Reporting Period. Neither the Articles of Association nor the PRC laws stipulates that our Company shall give priority to existing Shareholders in offering new Shares in proportion to the shareholdings.

DIRECTORS

Our Board consists of nine Directors, comprising four executive Directors, two non-executive Directors and three independent non-executive Directors.

Executive Directors

Dr. GU Chunguang (谷春光) (*Chairman*)
Dr. YANG Yan (楊艷)
Mr. SHEN Lu (沈鸞)
Dr. BAI Hongxing (白紅星) (*appointed on June 4, 2025*)

Non-executive Directors

Mr. SHEN Qi (沈奇) (*appointed on June 4, 2025*)
Mr. LI Qiu Yu (李秋雨)
Mr. LU Yi Yang (盧奕揚) (*resigned on June 3, 2025*)
Mr. DING Lan (丁嵐) (*resigned on June 3, 2025*)

Independent Non-executive Directors

Dr. HU Jianqiang (胡建強)
Mr. MO Rong (莫融)
Mr. LAU Hak Lap (劉克立) (*appointed on June 4, 2025*)
Mr. XU Guang Wei (徐光偉) (*resigned on June 3, 2025*)

Biographical details of the Directors and the senior management of our Company are set out in the section headed “Biographies of Directors and Senior Management” of this annual report.

CHANGE IN INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

After making specific enquiry by our Company and confirmed by the Directors, there is no change to any information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Listing Date and up to the Latest Practicable Date.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

We have received from each of the independent non-executive Directors a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and we consider all of the independent non-executive Directors are independent during the Reporting Period.

SERVICE CONTRACTS OR LETTERS OF APPOINTMENT OF DIRECTORS

We have entered into a Service contract or a letter of appointment with each of our Directors in respect of, among other things, compliance with the relevant laws and regulations, the Articles of Association and applicable provisions on arbitration.

Save as disclosed above, we have not entered, and do not propose to enter, into any service contracts with any of our Directors in their capacities as Directors (other than contracts expiring or determinable by the Group within one year without any payment of compensation (other than statutory compensation)).

Details of the remuneration of our Directors for the Reporting Period are set out in Note 8 to the consolidated financial statements of this annual report.



REPORT OF DIRECTORS

INTERESTS OF DIRECTORS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

None of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which our Company or any of our subsidiaries was a party subsisting during or at the end of the Reporting Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, neither our Controlling Shareholders nor any of our Directors are considered to have interests in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and senior management receive compensation in the form of fees, salaries, allowances, discretionary bonuses, pension-defined contribution plans and other benefits in kind with reference to those paid by comparable companies, time commitment and the performance of our Company. Our Company also reimburses our Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to our Company or executing their functions in relation to the operation of our Company. Details of the emoluments of our Directors and senior management and emoluments of the five highest paid individuals in the Group are set out in Notes 8 and 9 to the consolidated financial statements of this annual report.

During the Reporting Period, no emoluments were paid by the Group to any Director, former Directors or senior management as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors or senior management has waived any emoluments during the Reporting Period.

Save as disclosed above, no other payments have been made or were payable, during the Reporting Period, by our Group to or on behalf of any of our Directors or senior management.

CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

Our Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

MANAGEMENT CONTRACTS

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

CONVERTIBLE BONDS

During the Reporting Period, our Group has not issued any convertible bonds.

EQUITY-LINKED AGREEMENT

To the best knowledge of our Directors, save as disclosed in this annual report and the Prospectus, there was no equity-linked agreement entered into by our Company or any of its subsidiaries during the Reporting Period and up to the Latest Practicable Date.

MATERIAL LEGAL PROCEEDINGS

During the Reporting Period and up to the Latest Practicable Date, no member of our Group was involved in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened against any member of our Group.

BANK LOANS

Details of bank loans of our Company and our subsidiaries for the Reporting Period are set out in Note 23 to the consolidated financial statements in this annual report.

As at December 31, 2025, our Group had not made any loan or provided any guarantee for loan, directly or indirectly, to our Directors and senior management of our Company, or their respective connected persons.

INTERESTS AND SHORT POSITION OF EACH OF OUR DIRECTORS AND CHIEF EXECUTIVES IN SHARES AND UNDERLYING SHARES

As the H Shares were not 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 the SFO were not applicable to our Directors and chief executives of our Company as at December 31, 2025.

As at the Latest Practicable Date, the interests and short positions of our Directors and the chief executives of our Company in the shares, underlying shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by our Company pursuant to Section 352 of the SFO or as otherwise notified to our Company and the Stock Exchange pursuant to the Model Code were as follows:

REPORT OF DIRECTORS

| Name of Directors | Nature of interests ⁽¹⁾ | Number of Shares | Approximate percentage of shareholding interests (%) |
|----------------------------|--|------------------|--|
| Dr. GU ⁽²⁾ | Beneficial owner | 22,696,560 | 5.30% |
| | Interest of controlled corporation | 55,135,080 | 12.89% |
| | Interest of spouse; Interests held jointly with another person | 38,824,920 | 9.07% |
| Dr. YANG ⁽²⁾ | Interest of controlled corporation | 68,466,960 | 16.00% |
| | Interest of spouse; Interests held jointly with another person | 48,189,600 | 11.26% |
| Mr. SHEN Lu ⁽²⁾ | Interest of controlled corporation | 24,935,040 | 5.83% |
| | Interests held jointly with another person | 91,721,520 | 21.44% |

Notes:

- (1) All interests stated are long positions.
- (2) Pursuant to a series of concert party agreements, Dr. GU, Dr. YANG, Mr. SHEN Lu, Ms. MA Lan, Jiaying Jiumai, Jiaying Huige, Jiaying Rongming and Jiaying Gaile are parties acting in concert regarding decisions at the Board meetings and general meetings of our Company. Dr. GU and Dr. YANG are spouses. As such, under the SFO, each of them is deemed to be interested in the Shares in which the others are interested in.

Save as disclosed above, as at the Latest Practicable Date, none of our Directors or the chief executives of our Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) that were required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or required to be recorded in the register required to be kept by our Company under Section 352 of the SFO, or as otherwise notified to the our Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, except Dr. GU, Dr. YANG, and Mr. SHEN Lu, the executive Directors, none of the Directors was a director or an employee of a company which had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

INTERESTS AND SHORT POSITION OF EACH OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN SHARES AND UNDERLYING SHARES

As the H Shares were not listed on the Main Board of the Stock Exchange as of the end of the Reporting Period, Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO were not applicable to the substantial Shareholders as of the end of the Reporting Period.

As at the Latest Practicable Date, to the best knowledge of our Directors, the following persons (other than a Director or chief executive of our Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by our Company under Section 336 of the SFO:

REPORT OF DIRECTORS

| Name | Nature of interests | Number of H Shares ⁽¹⁾ | Approximate percentage of shareholding interests (%) |
|--|--|-----------------------------------|--|
| Ms. MA Lan ⁽²⁾⁽³⁾ | Beneficial owner | 558,000 | 0.13% |
| | Interests held jointly with another person | 116,098,560 | 27.13% |
| Jiaying Jiumai ⁽²⁾⁽⁴⁾ | Beneficial owner | 13,331,880 | 3.12% |
| | Interest of controlled corporation | 55,135,080 | 12.89% |
| | Interests held jointly with another person | 48,189,600 | 11.26% |
| Jiaying Huige ⁽²⁾⁽⁵⁾ | Beneficial owner | 22,053,960 | 5.15% |
| | Interests held jointly with another person | 94,602,600 | 22.11% |
| Jiaying Rongming ⁽²⁾⁽⁶⁾ | Beneficial owner | 33,081,120 | 7.73% |
| | Interests held jointly with another person | 83,575,440 | 19.53% |
| Jiaying Gaile ⁽²⁾⁽⁷⁾ | Beneficial owner | 24,935,040 | 5.83% |
| | Interests held jointly with another person | 91,721,520 | 21.44% |
| S.F. Taisen ⁽⁸⁾ | Interest of controlled corporation | 55,135,080 | 12.89% |
| S.F. Technology ⁽⁸⁾ | Beneficial owner | 33,081,120 | 7.73% |
| Suzhou Huidao ⁽⁸⁾⁽¹²⁾ | Beneficial owner | 22,053,960 | 5.15% |
| CICC Capital ⁽⁹⁾ | Interest of controlled corporation | 39,687,120 | 9.28% |
| Qirong ⁽¹⁰⁾ | Interest of controlled corporation | 39,687,120 | 9.28% |
| Qijiang ⁽⁹⁾ | Beneficial owner | 24,324,480 | 5.68% |
| CM Group ⁽¹¹⁾ | Interest of controlled corporation | 30,915,099 | 7.23% |
| China Merchants Advanced Technology ⁽¹¹⁾ | Beneficial owner | 25,328,160 | 5.92% |
| LIN Zheyang ⁽¹²⁾ | Interest of controlled corporation | 25,142,760 | 5.88% |
| TopView Innovation ⁽¹³⁾ | Beneficial owner | 22,660,200 | 5.30% |

Notes:

- (1) All interests stated are long positions
- (2) Pursuant to a series of concert party agreements renewed in May to June 2025, Dr. GU, Dr. YANG, Mr. SHEN Lu, Ms. MA Lan, Jiaying Jiumai, Jiaying Huige, Jiaying Rongming and Jiaying Gaile are parties acting in concert regarding decisions at the Board meetings and general meetings of our Company. As such, under the SFO, each of them is deemed to be interested in the Shares in which the others are interested in.



REPORT OF DIRECTORS

- (3) Ms. MA Lan is deemed to be interested in 116,656,560 Shares, consisting of (i) 558,000 Shares held by herself; and (ii) 116,098,560 Share held by Dr. GU, Jiaying Jiumai, Jiaying Huige, Jiaying Rongming and Jiaying Gaile, in which she is deemed to be interested as a result of being a concerting party with them.
- (4) Jiaying Jiumai is deemed to be interested in 116,656,560 Shares, consisting of (i) 13,331,880 Shares held by itself; (ii) 55,135,080 Shares held by Jiaying Huige (a limited partnership for which Jiaying Jiumai is the general partner) and Jiaying Rongming (a limited partnership for which Jiaying Jiumai is the general partner); and (iii) 48,189,600 Share held by Dr. GU, Ms. MA Lan and Jiaying Gaile, in which it is deemed to be interested as a result of being a concerting party with them.
- (5) Jiaying Huige is deemed to be interested in 116,656,560 Shares, consisting of (i) 22,053,960 Shares held by itself; and (ii) 94,602,600 Shares held by Dr. GU, Ms. MA Lan, Jiaying Jiumai, Jiaying Rongming and Jiaying Gaile, in which it is deemed to be interested as a result of being a concerting party with them.
- (6) Jiaying Rongming is deemed to be interested in 116,656,560 Shares, consisting of (i) 33,081,120 Shares held by itself; and (ii) 83,575,440 Shares held by Dr. GU, Ms. MA Lan, Jiaying Jiumai, Jiaying Huige and Jiaying Gaile, in which it is deemed to be interested as a result of being a concerting party with them.
- (7) Jiaying Gaile is deemed to be interested in 116,656,560 Shares, consisting of (i) 24,935,040 Shares held by itself; and (ii) 91,721,520 Shares held by Dr. GU, Ms. MA Lan, Jiaying Jiumai, Jiaying Huige and Jiaying Rongming, in which it is deemed to be interested as a result of being a concerting party with them.
- (8) Shenzhen S.F. Taisen Holdings (Group) Inc. (深圳順豐泰森控股(集團)有限公司) (“**S.F. Taisen**”) is deemed to be interested in 55,135,080 Shares, consisting of (i) 33,081,120 Shares held by S.F. Technology Co., Ltd. (順豐科技有限公司) (“**S.F. Technology**”) (a company wholly owned by S.F. Taisen); (ii) 22,053,960 Shares held by Suzhou Huidao M&A Investment Fund Partnership (Limited Partnership) (蘇州匯道併購投資基金合夥企業(有限合夥)) (“**Suzhou Huidao**”) (a limited partnership in which S.F. Taisen contributes more than one third of the limited partnership interests). S.F. Taisen is wholly owned by S.F. Holding Co., Ltd. (順豐控股股份有限公司) (“**S.F. Holding**”), a company listed on the Shenzhen Stock Exchange (stock code: 002352) and the Stock Exchange (stock code: 6936). As such, under the SFO, S.F. Holding is deemed to be interested in Shares where S.F. Taisen is interested.
- (9) CICC Capital Operation Co., Ltd. (中金資本運營有限公司) (“**CICC Capital**”) is deemed to be interested in 39,687,120 Shares, consisting of (i) 24,324,480 Share held by CICC Gongying Qijiang (Shanghai) Kechuang Equity Investment Fund Partnership (L.P.) (中金共贏啟江(上海)科創股權投資基金合夥企業(有限合夥)) (“**Qijiang**”) (a limited partnership for which CICC Capital is the general partner); and (ii) 15,362,640 Shares held by Qilu (Xiamen) Equity Investment Partnership (Limited Partnership) (啟鷺(廈門)股權投資合夥企業(有限合夥)) (“**Qilu**”) (a limited partnership for which CICC Capital is the general partner). CICC Capital is wholly owned by CICC International Capital Corporation Limited (中國國際金融股份有限公司) (“**CICC**”), a company listed on the Shanghai Stock Exchange (stock code: 601995) and the Stock Exchange (stock code: 3908). As such, under the SFO, CICC is deemed to be interested in Shares where CICC Capital is interested.
- (10) CICC Qirong (Xiamen) Equity Investment Fund Partnership (L.P.) (中金啟融(廈門)股權投資基金合夥企業(有限合夥)) (“**Qirong**”) is deemed to be interested in 39,687,120 Shares, consisting of (i) 24,324,480 Share held by Qijiang (a limited partnership in which Qirong contributes more than one third of limited partnership interests); and (ii) 15,362,640 Shares held by Qilu (a limited partnership in which Qirong contributes more than one third of limited partnership interests). Yatou Yinxin (Xiamen) Investment Management Co., Ltd. (亞投銀欣(廈門)投資管理有限公司) (“**Yatou Yinxin**”), a company owned as to 50% by each of ZHONG Zhen (仲貞) and HUANG Jiangzhen (黃江圳), holds more than one third of limited partnership interests in Qirong. As such, under the SFO, each of ZHONG Zhen, HUANG Jiangzhen and Yatou Yinxin is deemed to be interested in Shares where Qirong is interested.

- (11) China Merchants Group Limited (招商局集團有限公司) (“**CM Group**”) is deemed to be interested in 30,915,099 Shares, consisting of (i) 25,328,160 Share held by China Merchants Advanced Technology Development (Shenzhen) Co., Ltd. (招商局先進技術開發(深圳)有限公司) (“**China Merchants Advanced Technology**”) (a company indirectly wholly owned by CM Group); and (ii) 5,586,939 Shares held by Wuxi Industrial Development Service Trade Investment Fund Partnership (L.P.) (無錫產發服務貿易投資基金合夥企業(有限合夥)) (“**Wuxi Industrial Development**”) (a limited partnership whose general partner, China Merchants Helios Capital Management Co., Ltd. (深圳市招商金葵資本有限責任公司), is in turn controlled by CM Group as to 50%).
- (12) Suzhou Huidao is a limited partnership established under the laws of the PRC and its general partner is Suzhou Ruihuang Equity Investment Management Limited Partnership (L.P.) (蘇州瑞璜股權投資管理合夥企業(有限合夥)) (“**Suzhou Ruihuang**”). The general partner of Suzhou Ruihuang is LIN Zheyang (林哲瑩). Suzhou Gu Yu Ding Ruo Equity Investment Management Partnership Enterprise (Limited Partnership) (蘇州古玉鼎若股權投資管理合夥企業(有限合夥)) (“**Suzhou Guyu**”) is a limited partnership established under the laws of the PRC and managed by its general partner Suzhou Gu Yu Hao Chen Equity Investment Management Partnership Enterprise (Limited Partnership) (蘇州古玉浩宸股權投資管理合夥企業(有限合夥)), which was ultimately controlled by LIN Zheyang. As such, under the SFO, Suzhou Ruihuang is deemed to be interested in Shares held by Suzhou Huidao, and LIN Zheyang is deemed to be interested in the Shares held by Suzhou Huidao and Suzhou Guyu.
- (13) Jiaying Zhehua Summitview Investment Partnership (L.P.) (嘉興浙華武岳峰投資合夥企業(有限合夥)) (“**TopView Innovation**”) is a limited partnership controlled by its general partner Jiaying Summitview Energy Environmental Investment Management Partnership Enterprise (L.P.) (嘉興武岳峰能環投資管理合夥企業(有限合夥)) (“**Summitview Energy**”). Summitview Energy, also a limited partnership, is controlled by its general partner Jiaying Summitview Investment Management Co., Ltd. (嘉興武岳峰投資管理有限公司) (“**Summitview Management**”). LI Feng (李峰) holds 80% equity interest in Summitview Management. As such, under the SFO, each of LI Feng, Summitview Management, Summitview Energy is deemed to be interested in Shares held by TopView Innovation.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, neither the Company nor any of its subsidiaries entered into any arrangements during the Reporting Period that would enable any Director or their spouses or children under the age of 18 to benefit from acquiring shares or debentures of the Company or any other corporate body. Furthermore, no Director nor any of their spouses or children under the age of 18 was granted any rights to subscribe for equity or debt securities of the Company or any other corporate body, or had exercised any such rights.

KEY RELATIONSHIP WITH STAKEHOLDERS

Our Group recognizes that various stakeholders including customers, suppliers, employees and other business associates are key to our Group’s success. Our Group strives to achieve corporate sustainability through engaging, collaborating, and cultivating strong relationships with them.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the Reporting Period, revenue from our five largest customers contributed approximately 20.2% (2024: 34.3%) of our Group’s total revenue while our largest customer contributed approximately 5.8% (2024: 10.8%) of our Group’s revenue for the Reporting Period.

Major Suppliers

For the Reporting Period, purchases from our five largest suppliers contributed approximately 17.4% (2024: 33.5%) of our Group’s total cost of procurement while our largest supplier contributed approximately 8.1% (2024: 14.6%) of our Group’s cost of procurement for the Reporting Period.

For the Reporting Period, none of our Directors or any of their close associates or any Shareholders (which to the knowledge of our Directors owns more than 5% of the number of the issued Shares) was interested in the top five customers or suppliers of our Group.

TAXATION

Tax position of our Company during the Reporting Period is set forth in Note 7 to the consolidated financial statements of this annual report.



REPORT OF DIRECTORS

TAX RELIEF AND EXEMPTION

Our Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the H Shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the H Shares, they are advised to consult their professional advisers.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme during the Reporting Period are set out in Notes 2 and 6 to the consolidated financial statements of this annual report.

RELATED PARTY TRANSACTIONS

Details of the Group's related-party transactions during the Reporting Period are set out in Note 33 to the consolidated financial statements of this annual report. Historically, we have entered into certain agreements with S.F. Holding Co., Ltd. ("**S.F. Holding**") and its subsidiaries ("**S.F. Group**") for the provision of intelligent logistics robotics solutions. Such solutions primarily involve the design, delivery, and implementation of customized and scalable automation solutions tailored to S.F. Group's operational requirements. This encompasses system development, the provision of core automation hardware (such as multi-shuttle robots (MSRs), autonomous mobile robots (AMRs), and conveying and sorting robots (CSRs)), and on-site installation and integration. The fees charged for such solutions provided by our Group have been determined on normal commercial terms and negotiated on arm's length basis. The intelligent logistics robotics solutions provided to S.F. Group by our Company were customized and procured by S.F. Group on a project-needed basis. Thus, even though our Company will receive installment payments from the historical transactions after the Listing Date, the underlying transactions are deemed as one-off connected transactions rather than recurring and continuing connected transactions after the Listing Date. We also provide after-sales services for intelligent logistics robotics solutions previously sold which is expected to be less than HK\$3.0 million on an annual basis. None of these related party transactions constitutes a connected transaction or continuing connected transaction which is subject to the Shareholders' approval, annual review and disclosure requirements under Chapter 14A of the Listing Rules. Since the Listing Date and up to the Latest Practicable Date, there was no connected transaction nor continuing connected transaction of the Group which has to be disclosed in accordance with the Chapter 14A of the Listing Rules.

CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

During the year ended December 31, 2025, none of our Company or any of our subsidiaries entered into any contract of significance with the Controlling Shareholders or any of its subsidiaries, and there was no contract of significance in relation to provision of services by the then Controlling Shareholders or any of its subsidiaries to our Company or any of its subsidiaries.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to our Company and to the best knowledge of our Directors, at least 21.04% of the total issued Shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public since the Listing Date and up to the Latest Practicable Date.

PERMITTED INDEMNITY PROVISIONS

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

DONATIONS

During the Reporting Period, we donated RMB2,000 to the Red Cross Society of Xinwu District, Wuxi, to support public welfare initiatives and contribute to the enhancement of social well-being. Apart from this, we did not make any other charitable donations or other donations that would require disclosure.

AUDIT COMMITTEE

The Board has established an Audit Committee, which comprises two independent non-executive Directors, namely, Mr. LAU Hak Lap (chairperson of the Audit Committee) and Mr. MO Rong, and one non-executive Director, namely, Mr. SHEN Qi. The Audit Committee has adopted written terms of reference which clearly set out its duties and obligations (the terms of reference are available on the websites of our Company and the Stock Exchange).

The Audit Committee has, together with the management of our Company and the Auditor, reviewed the applicable accounting principles, standards and practices adopted by our Group as well as the consolidated financial statements of our Group for the year ended December 31, 2025 and the disclosure in this annual report.

CORPORATE GOVERNANCE

Our Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. Our Company has adopted the code provisions of the CG Code as its own code of corporate governance, details of which are set out in the "Corporate Governance Report" in this annual report.

Our Directors will review the corporate governance policies and compliance with the CG Code each financial year and apply the "comply or explain" principle in the "Corporate Governance Report" in our annual report.

AUDITOR

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards and audited by KPMG who will retire at the ASM and, being eligible, offer itself for re-appointment.

Our Company issued H Shares and our H Shares were listed on the Main Board of the Stock Exchange on March 24, 2026, and there has been no change in auditor since the Listing Date and up to the Latest Practicable Date.

By order of the Board

Dr. GU Chunguang

Chairman

Hong Kong, April 24, 2026



CORPORATE GOVERNANCE REPORT

The Board is pleased to present the Corporate Governance Report of our Company for the year ended December 31, 2025.

COMPLIANCE WITH THE CG CODE

As the H Shares were not listed on the Stock Exchange as of December 31, 2025, the CG Code was not applicable to the Company during the year ended December 31, 2025 but has applied to the Company since the Listing Date.

Our Company is committed to achieving high standards of corporate governance with the aim of safeguarding the interests of our Shareholders. We have adopted the code provisions of the CG Code as its own code of corporate governance.

The roles of Chairman and Chief Executive Officer are currently performed by Dr. GU. In view of Dr. GU's substantial contribution to our Group since our establishment and his extensive experience, we consider that having Dr. GU acting as both our Chairman and Chief Executive Officer will provide strong and consistent leadership to our Group and facilitate the efficient execution of our business strategies. We consider it appropriate and beneficial to our business development and prospects that Dr. GU continues to act as both our Chairman and Chief Executive Officer after the Listing, and therefore currently do not propose to separate the functions of Chairman and Chief Executive Officer. While this would constitute a deviation from code provision C.2.1 of Part 2 of the CG Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of our Company, given that: (i) there are sufficient checks and balances in the Board, as a decision to be made by our Board requires approval by at least a majority of our Directors, and our Board comprises three independent non-executive Directors, which is in compliance with the requirement under the Listing Rules; (ii) Dr. GU and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial, and operational policies of our Group are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether the separation of the roles of chairperson of the Board and chief executive officer is necessary.

Throughout the period from the Listing Date to the Latest Practicable Date, save as disclosed above, we have complied with all relevant principles and applicable code provisions under the CG Code.

The Board will review the corporate governance policies and compliance with the CG Code and other applicable legal and regulatory requirements at least annually in order to maintain a high standard of corporate governance of our Company and make appropriate changes if considered necessary.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Our Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules to regulate all dealings by the Directors and relevant employees of securities in our Company and other matters covered by the Model Code since the Listing Date. As the H Shares had not yet been listed on the Stock Exchange during the Reporting Period, the Model Code was not applicable to our Company during the Reporting Period. Having made specific enquiry with all the Directors, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code and its code of conduct regarding Directors' securities transactions during the period from the Listing Date to the Latest Practicable Date.

BOARD OF DIRECTORS

Functions and Powers of the Board

The Board is the decision-making body of our Company and shall be accountable to the Shareholders' meeting. The Board exercises the following functions and powers:

- (1) to convene the Shareholders' meeting and to report its work at the Shareholders' meeting;
- (2) to implement the resolutions adopted at the Shareholders' meeting;
- (3) to determine the business plans and investment plans of our Company;
- (4) to formulate profit distribution plan and loss recovery plan of our Company;
- (5) to formulate plans for the increase or decrease of the registered capital of our Company and for the issuance of debentures or other securities of our Company and listing thereof;
- (6) to work out plans for major acquisitions, acquisition of our stock under circumstances specified in items (I) and (II) of Article 22 in the Articles of Associations, or merger, division, dissolution and change of the form of our Company, and to take resolutions on repurchase of our stock under circumstances specified in items (III), (V) and (VI) of Article 22 in the Articles of Associations;
- (7) to determine, within the scope authorized by the Shareholders' meeting, on such matters as external investments, acquisition or sale of assets, assets pledge, external guarantee, entrusted financing and related transactions of our Company;
- (8) to decide on our internal management structure;
- (9) to appoint or dismiss our general manager and Board secretary and to, based on the nomination by the general manager, appoint or dismiss our deputy general manager, chief financial officer and other senior management members and decide on their remunerations, rewards and punishments;
- (10) to formulate and modify our basic management system;
- (11) to formulate plans for any amendment of the Articles of Association; and
- (12) to formulate equity incentive plans of our Company.

Composition of the Board

The Board currently consists of nine Directors, among which, four are executive Directors, two are non-executive Directors, and three are independent non-executive Directors. Details are as follows:



CORPORATE GOVERNANCE REPORT

Executive Directors

Dr. GU Chunguang (谷春光) (*Chairman*)
Dr. YANG Yan (楊艷)
Mr. SHEN Lu (沈鸞)
Dr. BAI Hongxing (白紅星) (*appointed on June 4, 2025*)

Non-executive Directors

Mr. SHEN Qi (沈奇) (*appointed on June 4, 2025*)
Mr. LI Qiuyu (李秋雨)

Independent Non-executive Directors

Dr. HU Jianqiang (胡建強)
Mr. MO Rong (莫融)
Mr. LAU Hak Lap (劉克立) (*appointed on June 4, 2025*)

Biographical details of the Directors are set out in the section headed “Biographies of Directors and Senior Management” in this annual report.

Except as disclosed in the biographies of Directors set out in the section headed “Biographies of Directors and Senior Management” in this annual report, no Director has any personal relationship (including finance, business, family or other significant/related relationships) with other Directors or senior management.

Responsibilities

The Board is the primary decision-making body of our Company. The Board and the management of our Company are charged with promoting the success of our Company by directing and supervising its affairs. 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. All Directors have full and timely access to all the information of our Company and may, upon request, seek independent professional advice in appropriate circumstances, at our Company’s expenses for discharging their duties to our Company.

The Board regularly reviews the contribution from each Director in performing his/her responsibilities to our Company and whether he/she has sufficient time and attention to our Company’s affairs. The Board has general powers for the management and conduct of our Company’s business, in particular, decision in all major matters relating to policy, 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 our Company. The day-to-day operations and management are delegated by the Board to the management of our Company, who will implement the strategy and direction as determined by the Board.

Directors’ Liabilities Insurance

Our Company has arranged for appropriate insurance cover for Directors’ liabilities in respect of legal actions that may be brought against the Directors.

Appointment and Re-election of Directors

Code provision B.2.2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Each of the Directors is appointed under a service contract or a letter of appointment for a term of three years. For more details, please refer to the paragraph headed “Service Contracts or letters of appointment of Directors” in the Report of Directors in this annual report.

The term of office of a Director is three years, and at the expiry thereof, the term is renewable upon re-election. Any person appointed as a Director by the Board of Directors to fill certain casual vacancy or as an addition to the members of the Board of Directors shall only take office until the next annual Shareholders’ meeting from the appointment, and shall then be eligible for re-election.

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

Save as disclosed above, our Company did not sign any relevant unexpired service contract which is not determinable within a year without payment of any compensation, other than statutory compensation.

Continuing Professional Development

All Directors should participate in continuous professional development (including but not limited to the topics required under Rule 3.09G of the Listing Rules) to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. Under Rule 3.09H of the Listing Rules, each of our Directors (save for Mr. LI Qiuyu who has been serving as a non-executive director at Hangzhou SF Intra-city Industrial Co., Ltd. (杭州順豐同城實業股份有限公司), a company listed on the Stock Exchange (stock code: 09699) since June 2019) is required to complete 24 hours of continuous professional training within 18 months from the Listing Date, i.e. on or before September 24, 2027.

Every newly appointed Director has received formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of our Company and full awareness of Director’s responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. During the year ended December 31, 2025 and prior to the Listing, all Directors have participated in continuous professional development by attending training courses or external seminars to develop and refresh their knowledge and skills in relation to their contribution to the Board. Relevant reading materials, such as legal and regulatory updates, were also provided to Directors for their information.

Meetings of the Board

Code provision C.5.1 of the CG Code stipulates that 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.

Our Company adopts the practice of holding Board meetings on regular and ad hoc basis where practicable. Notices of no 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 Board meetings and Board committee meetings, reasonable notice is generally given by our Company.



CORPORATE GOVERNANCE REPORT

The agenda and accompanying Board papers are sent to the Directors or committee members at least three days before the Board meetings or Board committee meetings to ensure that the Directors have sufficient time to review the papers and be adequately prepared for the Board meetings or Board committee meetings.

When Directors or Board committee members are unable to attend a meeting, they are advised of the matters to be discussed and given an opportunity to make their views known to the chairman of the meeting prior to the meeting. Minutes of meetings are kept by the company secretary of our Company with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board committee meetings are recorded in sufficient detail on the matters considered by the Board and the Board committees and the decisions reached, including any concerns raised by the Directors or dissenting views expressed (if any). Draft and final versions of minutes of each Board meeting and Board committee meeting are sent to the Directors for comments and record within a reasonable time after the date on which the meeting is held. The minutes of the Board meetings are open for inspection by the Directors.

Since the Listing Date, no Shareholders' meeting has been held and therefore no Director attended the Shareholders' meeting.

As the H Shares had not yet been listed on the Stock Exchange during the Reporting Period, the requirement of the CG Code which stipulates that the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present was not applicable. Similarly, the attendance record of the Directors at Board meetings and Shareholders' meetings within the relevant reporting period will be disclosed in accordance with the Listing Rules in subsequent annual reports of our Company.

During the period from the Listing Date and up to the date of this annual report, the Board held one Board meeting to, among other things, approve our Company's audited consolidated results for the Reporting Period, this annual report and the Environmental, Social and Governance Report, and other matters. The attendance records of the Board meeting are set out below.

| Name of Directors | Attendance/No. of Meeting held |
|---|---------------------------------------|
| Executive Directors: | |
| Dr. GU Chunguang (谷春光) (<i>Chairman</i>) | 1/1 |
| Dr. YANG Yan (楊艷) | 1/1 |
| Mr. SHEN Lu (沈鸞) | 1/1 |
| Dr. BAI Hongxing (白紅星) | 1/1 |
| Non-executive Directors: | |
| Mr. SHEN Qi (沈奇) | 1/1 |
| Mr. LI Qiuyu (李秋雨) | 1/1 |
| Independent Non-executive Directors: | |
| Dr. HU Jianqiang (胡建強) | 1/1 |
| Mr. MO Rong (莫融) | 1/1 |
| Mr. LAU Hak Lap (劉克立) | 1/1 |

Board Independence

We recognize that Board independence is key to good corporate governance. We have put in place effective mechanisms that underpin an independent Board and ensure that independent views are available to the Board. The independent non-executive Directors currently make up more than one-third of the Board and the members of the Audit Committee are all non-executive Directors, which are in full compliance with the independence requirements under the Listing Rules. Each of the Remuneration and Appraisal Committee, the Audit Committee and the Nomination Committee is chaired by an independent non-executive Director. The remuneration of independent non-executive Directors is subject to regular review to maintain competitiveness and to ensure that it is commensurate with their responsibilities and workload. The independence of each independent non-executive Director is assessed upon his appointment and annually.

The Directors are requested to declare their direct or indirect interests, if any, in proposals or transactions to be considered by the Board at the Board meetings and abstain from voting, where appropriate. External independent professional advice is available to all Directors, including independent non-executive Directors, whenever deemed necessary. The independent non-executive Directors have consistently demonstrated strong commitment and the ability to devote sufficient time to discharge their responsibilities at the Board.

We have also established channels through formal and informal means whereby independent non-executive Directors can express their views in an open manner, and, where necessary, in a confidential manner.

Since the Listing Date and up to the Latest Practicable Date, we had at all times fulfilled the requirements of the Listing Rules that the number of independent non-executive Directors must represent at least one-third of the Board and should not be less than three, and that at least one of the independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise.

Each of the independent non-executive Directors has made an annual confirmation of independence in writing pursuant to Rule 3.13 of the Listing Rules and the Board is satisfied that all the independent non-executive Directors have been independent and met the independence guidelines set out in Rule 3.13 of the Listing Rules since the Listing Date and up to the Latest Practicable Date.

BOARD COMMITTEES

We have established four Board committees, namely, the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy Committee, for overseeing particular aspects of our affairs. Each of our Board committees operates under defined written terms of reference. The terms of reference of the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee are available on the websites of our Company and the Stock Exchange.

Audit Committee

We have established our Audit Committee in compliance with Rule 3.21 of the Listing Rules and the CG Code. The primary duties of the Audit Committee are to assist our Board in providing an independent view of the effectiveness of our financial reporting process, internal control and risk management system, overseeing the audit process and performing other duties and responsibilities as assigned by our Board.

CORPORATE GOVERNANCE REPORT

Currently, the Audit Committee consists of two independent non-executive Directors, namely Mr. LAU Hak Lap and Mr. MO Rong, and one non-executive Director, namely Mr. SHEN Qi. Mr. LAU Hak Lap is the chairperson of the Audit Committee.

During the period from the Listing Date and up to the date of this annual report, the Audit Committee held one meeting to, among others, review our audited consolidated results for the Reporting Period and confirmed that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Audit Committee has also reviewed and discussed the risk management and internal control measures and systems of our Company, the effectiveness of our internal audit function, financial reporting and the appointment of the Auditor. The Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of the Auditor.

During the period from the Listing Date and up to the date of this annual report, the attendance records for the Audit Committee meeting are set out below:

| Name of Directors | Attendance/No. of Meeting held |
|--|---------------------------------------|
| Mr. LAU Hak Lap (劉克立) (<i>Chairperson</i>) | 1/1 |
| Mr. MO Rong (莫融) | 1/1 |
| Mr. SHEN Qi (沈奇) | 1/1 |

Remuneration and Appraisal Committee

We established our Remuneration and Appraisal Committee in compliance with Rule 3.25 of the Listing Rules and the CG Code. The primary duties of the Remuneration and Appraisal Committee are to evaluate the performance of our Directors and senior management and determine the remuneration package of our Directors and members of our senior management.

Currently, the Remuneration and Appraisal Committee consists of two independent non-executive Directors, namely Dr. HU Jianqiang and Mr. MO Rong, and one executive Director, namely Dr. BAI Hongxing. Dr. HU Jianqiang is the chairperson of the Remuneration and Appraisal Committee.

During the period from the Listing Date and up to the date of this annual report, the Remuneration and Appraisal Committee held one meeting, during which the Remuneration and Appraisal Committee has, among others, reviewed our remuneration policy and structure, assessed the performance of Directors and the senior management of our Company, and review matters related to the remuneration packages and service contracts of individual executive Directors and senior management and made recommendations to the Board.

During the period from the Listing Date and up to the date of this annual report, the attendance records for the Remuneration and Appraisal Committee meeting are set out below:

| Name of Directors | Attendance/No. of Meeting held |
|---|---------------------------------------|
| Dr. HU Jianqiang (胡建強) (<i>Chairperson</i>) | 1/1 |
| Mr. MO Rong (莫融) | 1/1 |
| Dr. BAI Hongxing (白紅星) | 1/1 |

CORPORATE GOVERNANCE REPORT

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

The annual remuneration of the senior management of the Group by band for the year ended December 31, 2025 is set out below:

REMUNERATION OF THE SENIOR MANAGEMENT

| | Number of Senior Management |
|-------------------------------|------------------------------------|
| HK\$1 – HK\$1,000,000 | 4 |
| HK\$1,000,001 – HK\$1,500,000 | 1 |
| HK\$1,500,001 – HK\$2,000,000 | – |
| HK\$2,000,001 – HK\$2,500,000 | 1 |

Save as disclosed in this annual report, (i) no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group; (ii) no compensation was paid to, or receivable by, our Directors or past Directors or the five highest paid individuals during the year ended December 31, 2025 for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group; and (iii) none of our Directors waived any emoluments during the same period.

Further to the above, no Director or none of the five highest paid individuals has been paid in cash or Shares or otherwise by any person either to induce him to become, or to qualify him as a Director, or otherwise for service rendered by him in connection with the promotion or formation of us.

Nomination Committee

We have established our Nomination Committee in compliance with Rule 3.27A of the Listing Rules and the CG Code. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment of our Directors and members of our senior management.

Currently, the Nomination Committee consists of two independent non-executive Directors, namely Dr. HU Jianqiang and Mr. LAU Hak Lap, and one female executive Director, namely Dr. YANG Yan. Dr. HU Jianqiang is the chairperson of the Nomination Committee.

During the period from the Listing Date and up to the date of this annual report, the Nomination Committee held one meeting, during which the Nomination Committee has, among others, assessed the independence of independent non-executive Directors, reviewed the profile of proposed Director and senior management candidates and examined the structure, composition and diversity of the Board. The Nomination Committee considered that the Board currently maintains an appropriate diversity balance and has not set any measurable objective implementing the Board diversity policy.

The Nomination Committee should also ensure that independent views and input are available to the board.

CORPORATE GOVERNANCE REPORT

During the period from the Listing Date and up to the date of this annual report, the attendance records for the Nomination Committee meeting are set out below:

| Name of Directors | Attendance/ No. of Meeting held |
|---|--|
| Dr. HU Jianqiang (胡建強) (<i>Chairperson</i>) | 1/1 |
| Dr. YANG Yan (楊艷) | 1/1 |
| Mr. LAU Hak Lap (劉克立) | 1/1 |

BOARD DIVERSITY POLICY

We understand and believe that the diversity of the Board has great benefit for the performance of the Company. We consider enhancing diversity at the Board level as a key element in supporting its achievement of strategic goals and sustainable development. During the Reporting Period, the Board has adopted a Board diversity policy, which sets out the approach to achieve diversity on the Board. We seek to achieve Board diversity through the consideration of a number of factors, including but not limited to talent, skills, gender, age, cultural and educational background, ethnicity, professional experience, independence, knowledge and length of service. Potential Board candidates will be identified and selected based on merit and their potential contribution to the Board while taking into consideration the business model and specific needs from time to time. The Nomination Committee shall review the Board diversity policy and its implementation annually to monitor its continued effectiveness to ensure that the Board will be composed of members with accounting or financial expertise, legal professional qualifications, financial investment experience or experience in industries related to our Company. The Nomination Committee shall identify suitable and qualified individuals for the election of Directors and select or make recommendations on the selection of candidates for nomination to the Board.

We have taken and will continue to take steps to promote and enhance gender diversity at all levels of our Company, including but without limitation at the Board and senior management levels. In particular, taking into account the business needs of our Group and changing circumstances that may affect the business plans, we will actively identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become Board members, which will be periodically reviewed by the Nomination Committee in order to develop a pipeline of potential successors to the Board and promote gender diversity. We will also ensure that there is gender diversity when recruiting staff at the mid to senior levels so that we have a pipeline of female senior management and potential successors to the Board going forward.

Measurable objectives: The Nomination Committee will select Director candidates based on objective criteria, including several diversity factors including but not limited to the candidates' skills, knowledge, experience, gender, age, culture, race, and educational background. Taking into account our business characteristics and future development needs, nominated Director candidates shall comply with relevant laws, regulations, and the Articles of Association, ensuring they can engage in constructive discussions at Board meetings and enable the Board to make informed, prompt, and prudent decisions. The final selection of candidates will be determined based on their merits and the contributions they can bring to the Board.

As at December 31, 2025, the Board had one female member.

The Board considered that the aforementioned measurable goals have been achieved satisfactorily during the year ended December 31, 2025. The Nomination Committee has conducted an annual review of the Board diversity policy and the Nomination Committee is satisfied with the implementation and effectiveness of the Board diversity policy.

GENDER AND WORKFORCE DIVERSITY

The gender ratio (male to female) in the workforce (including senior management) for the Reporting Period is 79:21. The total gender diversity of our Group is balanced and satisfied the requirement of employee gender diversity. Our Group will continue to maintain the gender diversity in workforce. We have formulated the employee diversity policy, which will be implemented after being reviewed and approved by the Board. For further details of gender ratio and initiatives taken to improve gender diversity together with the relevant data, please refer to the disclosure in the “Environmental, Social and Governance Report” which is to be published on the same day with this annual report.

NOMINATION POLICY

We have adopted a director nomination policy (the “**Director Nomination Policy**”) in accordance with the CG Code. The Director Nomination Policy sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of business of our Company.

The Nomination Committee shall identify, consider and recommend to the Board appropriate candidates to serve as Directors and to make recommendations to the Shareholders. The ultimate responsibility for selection and appointment of Directors rests with the entire Board.

The Nomination Committee will recommend to the Board for the nomination and appointment of new Directors in accordance with the following procedures and process: (a) the Nomination Committee shall first review and assess factors relating to the diversity of the Board, including but not limited to professional experience, skill, knowledge and length of service, gender, age, cultural and education background, and give consideration to the candidate’s willingness to devote adequate time to the Board and independence of each independent non-executive Director based on the requirements of the Listing Rules as amended from time to time; and (b) the Nomination Committee shall then nominate suitable candidates to the Board based on the then-current and anticipated future leadership needs of our Company, with a view to achieving a sustainable and balanced development of our Company.

For the re-election of Directors at the Shareholders’ meeting, the Nomination Committee shall review the overall contribution and service to our Company of the retiring Directors, including its attendance at Board meetings, Board committee meetings and Shareholders’ meetings (if applicable), and his/her level of participation and performance on the Board. The Nomination Committee shall require the nominee to submit updated biographical information and the consent to be re-elected as a Director; and should review and determine whether retiring Directors still meet the criteria for Director selection.

The Nominating Committee shall then make recommendations to the Board on the re-election of Directors. The Nomination Committee shall also monitor and review the implementation of the nomination policy, as appropriate from time to time, and will report to the Board annually.



CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTION

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

The Board had reviewed:

- the Company's policies and practices on corporate governance, compliance with legal and regulatory requirements;
- code of conduct and compliance manual applicable to employees and Directors;
- the Company's compliance with the CG Code and disclosure in the Corporate Governance Report; and
- training and continuous professional development of Directors and senior management relating to the roles, functions and duties of a director of a company listed on the Stock Exchange.

AUDITOR'S REMUNERATION

KPMG is appointed as the independent auditor of our Company. For the year ended December 31, 2025, the fees for the audit of the annual financial statements of the Group totaled RMB3,302,000 (excluding the out-of-pocket expenses on the audit service).

The fee charged by KPMG in respect of the IPO-related services and non-auditing services relating to our environmental, social and governance performance for the Reporting Period was RMB3,113,000 and RMB165,000, respectively.

DIRECTOR'S ACCOUNTABILITY AND AUDIT

The Directors are responsible for overseeing the preparation of the consolidated financial statements which give a true and fair view of the state of affairs of the Group and the results of its operations and cash flow during the Reporting Period. In preparing the consolidated financial statements for the year ended December 31, 2025, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements on a going concern basis. There are no material uncertainties relating to events or conditions that may cast significant doubt on our ability to continue as a going concern. A statement from the independent auditor about its responsibilities for the audit of the consolidated financial statements is set out on pages 72 and 73 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the overall responsibility for establishing, maintaining and evaluating the adequacy and effectiveness of the risk management and internal control systems of the Group on an ongoing basis. The Board is of the opinion that sound internal control and risk management systems will contribute to the effectiveness and efficiency of the operations of the Group and to the safeguard of the Group's assets as well as the Shareholders' investment.



CORPORATE GOVERNANCE REPORT

We improve our business and operational activities by identifying areas of significant business risk by means of a regular review and taking appropriate measures to control and mitigate these risks. The management of our Company implements, monitors and reviews all significant control policies and procedures and highlights all significant matters to the Board and the Audit Committee on a timely basis to ensure prompt appropriate actions are taken.

The Group has set up an internal audit function. The Group is committed to maintaining and upholding good corporate governance practice and internal control systems. For the year ended December 31, 2025, the Board conducted an annual review on the effectiveness of the Group's risk management and internal control systems, including but not limited to the Group's ability to cope with its business transformation and changing external environment; the extent and frequency of communication with the Board in relation to risk management and internal control review; the scope and quality of management's review on risk management (including ESG risks) and internal control systems; significant failures or weakness identified and their related implications; financial controls; and states of compliance with the Listing Rules. Taking into consideration the enhancement measures set out below, the Board considers the risk management and internal control systems effective and adequate. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. Meanwhile, the legal, risk management, compliance and financial departments of our Company (the "**Internal Control Team**") would carry out the internal audit function on an ongoing basis and assess all material aspects including legal risks, compliance control, operational control, internal supervision and risks evaluated on each center of the Group. The financial department and risk management related department are also directly responsible to the Audit Committee and reports on the effectiveness of risk management and internal control.

To monitor the ongoing implementation of our internal control, we have adopted the following measures:

- the establishment of an Audit Committee responsible for overseeing our financial records, internal control procedures and risk management systems;
- the appointment of Mr. SONG Yao and Mr. WONG Chun Wing Samuel as the joint company secretaries of our Company (the "**Joint Company Secretaries**") to ensure the compliance of our operation with relevant laws and regulations;
- the appointment of Guotai Junan Capital Limited as its compliance adviser to provide advice to its Directors and management team until the end of the first full financial year after the Listing regarding matters relating to the Listing Rules. Our compliance adviser is expected to monitor that the use of proceeds is compliant with the disclosure in the Prospectus, as well as to provide support and advice regarding the requirements of relevant regulatory authorities in a timely fashion; and
- the engagement of external legal advisers to advise us on compliance with the Listing Rules and to ensure our compliance with relevant regulatory requirements and applicable laws, where necessary.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group regulates the handling and dissemination of inside information according to internal procedures and policy so as to ensure inside information remains confidential until the disclosure and publication of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.



CORPORATE GOVERNANCE REPORT

The Board is responsible for approving the policy on disclosure of inside information which aims at providing guiding principles, practices and procedures to assist employees and officers of the Group in (i) relaying inside information to the Board to enable it to make timely decisions on disclosure, if necessary; and (ii) communicating with the Group's stakeholders, in ways which are in compliance with the SFO and the Listing Rules.

During the period from the Listing Date to the Latest Practicable Date, our Company has strictly complied with the requirements of applicable laws and regulations, the Listing Rules, the Articles of Association and the policy on information disclosure management of our Company without any false statements, misleading statements or material omissions, to ensure investors are able to receive the disclosed information fairly, timely and effectively.

ANTI-CORRUPTION POLICY

We do not tolerate any form of bribery, whether direct or indirect, by, or of, its Directors, officers, employees, agents or consultants or any persons or companies acting for it or on its behalf. We adopt an anti-corruption policy in promoting and supporting anti corruption laws and regulations, as well as assisting its employees in recognizing circumstances which may lead to or give the appearance of being involved in corruption or unethical business conduct, so as to avoid such conduct which is clearly prohibited, and to promptly seek guidance if necessary.

The anti-corruption policy will be reviewed on a regular basis, and any convicted cases will be reported to the Audit Committee or the Board.

WHISTLEBLOWING POLICY

We expect and encourage employees of our Group and those who deal with our Group (e.g., suppliers, customers, creditors and debtors) to raise concerns to the Audit Committee, in confidence and anonymity, any suspected impropriety, misconduct or malpractice concerning our Group. We adopt a whistleblowing policy that provides (i) reporting channels; (ii) guidance on reporting possible improprieties; and (iii) reassurances to whistleblowers of the protection that the Group will extend to them in the formal system.

The whistleblowing policy will be reviewed on a regular basis, and any suspected cases will be reported to the Audit Committee.

JOINT COMPANY SECRETARIES

The Joint Company Secretaries assist the Chairman in preparing the agenda of the Board meetings and ensure compliance with all applicable rules and regulations of the procedures of such meetings. The Joint Company Secretaries shall file for and maintain the detailed minutes of each Board meeting, and make such minutes available to all Directors for inspection.



CORPORATE GOVERNANCE REPORT

The Joint Company Secretaries are Mr. SONG Yao and Mr. WONG Chun Wing Samuel (an assistant manager of the listing services division at TMF Hong Kong Limited, a company providing corporate secretarial services in Hong Kong). The primary contact person of Mr. WONG Chun Wing Samuel at the Company is Mr. SONG Yao. During the Reporting Period, Mr. WONG Chun Wing Samuel has taken not less than 15 hours of relevant professional training and complies with the requirement under Rule 3.29 of the Listing Rules. Considering the H Shares were listed on the Main Board of the Stock Exchange since March 24, 2026, Mr. SONG Yao will comply with the requirement under Rule 3.29 of the Listing Rules for the year ending December 31, 2026.

All Directors have access to the advice and services of the Joint Company Secretaries on corporate governance and the Board's practices and related matters.

SHAREHOLDER RIGHTS

The Company's annual Shareholders' meeting remains the principal forum for dialogue with the Shareholders. The Shareholders are encouraged to participate in the proceedings and ask questions about the resolutions being proposed and the operations of the Group. The Articles allow a Shareholder entitled to attend and vote to appoint more than one proxy to attend and vote on behalf of the Shareholder and also provide that a proxy needs not be a Shareholder.

All resolutions put forward at the Shareholders' meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of our Company and the Stock Exchange after each Shareholders' meeting.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY SHAREHOLDERS' MEETING

Pursuant to Article 52 of the Articles, Shareholders who individually or collectively hold more than 10% of the Shares shall have the right to request the Board of Directors to convene an extraordinary Shareholders' meeting, and shall submit such request in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, regulatory rules of the stock exchange where the Shares are listed, and the Articles of Association, provide written feedback on whether or not to convene the extraordinary Shareholders' meeting within 10 days after receiving the request. Where the Board of Directors gives consent to convene an extraordinary Shareholders' meeting, it shall, within 5 days from the passing of the Board resolution, issue a notice on convening the Shareholders' meeting, and changes to the original request in the notice shall be subject to the consent of the relevant Shareholders.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETING

Pursuant to the Article 55 of the Articles, when a Shareholders' meeting is convened, Shareholders who individually or aggregately hold more than 1% of the Shares may submit a temporary proposal in writing to the convener 10 days prior to the convening of the Shareholders' meeting. The convener shall issue a supplemental notice of the Shareholders' meeting within 2 days after receiving the proposal and announce the contents of the temporary proposal and submit the temporary proposal to the Shareholders' meeting for consideration, unless the temporary proposal violates the provisions of laws, administrative regulations or the Articles of Association, or does not fall within the scope of the Shareholders' meeting.



CORPORATE GOVERNANCE REPORT

PROCEDURES FOR PUTTING ENQUIRIES TO THE BOARD AND CONTACT DETAILS

Shareholders may send their enquiries and concerns to the Board by addressing them to the Joint Company Secretary or relevant personnel by mail to our principal place of business in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

INVESTOR RELATIONS

We believe that effective communication with Shareholders is essential to the enhancement of investor relations and investors' understanding of the business, performance and strategy of our Company. Through enhancing information disclosure management and investor relationship management, optimizing corporate governance structure and improving the operating system of Shareholders' meetings, the rights of all Shareholders, especially the rights of small and medium investors, can be effectively safeguarded. As such, communication and exchange between the Company and its Shareholders have been increased.

In order to facilitate effective communication, we have adopted a Shareholder communication policy which aims to establish and promote connection and communication between our Company and the Shareholders. We have also put in place a company website (www.galaxis-tech.com), with a column on investor relations, where updates on its business operations and development, financial data, corporate governance practices and other information will be made available to the public. We have reviewed the implementation of the Shareholder communication policy and ensured its effectiveness.

CONSTITUTIONAL DOCUMENTS

Our Company has adopted the Articles of Association on June 4, 2025, which has been effective since the Listing Date. No changes were made to the Articles of Association since the Listing Date and up to the Latest Practicable Date.

The latest version of the Articles of Association is available on our website and the Stock Exchange's website.

INDEPENDENT AUDITOR'S REPORT



**Independent auditor's report to the shareholders of
Zhejiang Galaxis Technology Group Co., Ltd.
(incorporated in the People's Republic of China with limited liability)**

OPINION

We have audited the consolidated financial statements of Zhejiang Galaxis Technology Group Co., Ltd. ("the Company") and its subsidiaries ("the Group") set out on pages 74 to 159, which comprise the consolidated statement of financial position as at December 31, 2025, 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 December 31, 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 ("IFRS Accounting Standards") 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 ("HKASs") as issued by the Hong Kong Institute of Certified Public Accounting ("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.

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.



INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Revenue recognition from sales of robots and systems

Refer to Note 4 to the consolidated financial statements and the accounting policies on Note 2(t)(i).

The Key Audit Matter

The Group's revenue is mainly derived from the sales of robots and systems. For the year ended December 31, 2025, the Group has recognised revenue of RMB888,946,000 from sales of robots and systems, which accounted for 97.8% of total revenue of the Group.

The Group recognises revenue when the customer takes possession of and accepts the robots and systems, which is the point at which the control of the robots and systems are transferred to the customers according to the terms of sales agreements entered into between the Group and its customers.

We identified the recognition of revenue from the sales of robots and systems as a key audit matter because revenue is one of the key performance indicators of the Group, and there is an inherent risk that revenue may be recognised in the incorrect period or manipulated to achieve targeted or expected level.

How the matter was addressed in our audit

Our audit procedures to assess the recognition of revenue from sales of robots and systems 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 terms and conditions relating to the transfer of control over the products sold and assessing the appropriateness of the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards;
- comparing sales transactions recorded during the financial reporting period, on a sample basis, with sales contracts and client acceptance documents, to assess whether the related revenue was recognised in accordance with the Group's revenue recognition accounting policies;
- comparing on a sample basis, sales transactions recorded before and after the financial year end date with client acceptance documents to assess whether the relevant revenue had been recognised in the appropriate financial reporting period; and
- inspecting underlying documentation for journal entries relating to revenue recognised during the year which met specific risk-based criteria.



INDEPENDENT AUDITOR'S REPORT

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 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

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.



INDEPENDENT AUDITOR'S REPORT

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

- 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.

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 Yue Tat Wai (practising certificate number: P06438).

KPMG

Certified Public Accountants

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

April 27, 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2025

(Expressed in Renminbi (RMB"))

| | Note | 2025 RMB'000 | 2024 RMB'000 |
|---|------|------------------|-----------------|
| Revenue | 4 | 908,699 | 721,417 |
| Cost of sales | | (754,286) | (607,855) |
| Gross profit | | 154,413 | 113,562 |
| Other income | 5(a) | 12,536 | 17,425 |
| Other net (loss)/gain | 5(b) | (2,706) | 110 |
| Selling and marketing expenses | | (49,141) | (40,853) |
| Administrative expenses | | (72,562) | (60,924) |
| Research and development expenses | | (73,667) | (61,995) |
| Impairment loss recognized on trade receivables and contract assets | | (5,646) | (22,306) |
| Loss from operations | | (36,773) | (54,981) |
| Net finance income | 6(a) | 2,039 | 4,226 |
| Changes in the carrying amount of the redemption liability | 25 | (135,902) | (126,166) |
| Loss before taxation | | (170,636) | (176,921) |
| Income tax | 7(a) | (261) | (1,137) |
| Loss for the year | | (170,897) | (178,058) |
| Loss attributable to: | | | |
| Equity shareholders of the Company | | (172,448) | (168,958) |
| Non-controlling interests | | 1,551 | (9,100) |
| Loss for the year | | (170,897) | (178,058) |

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2025

(Expressed in RMB)

| | <i>Note</i> | 2025 RMB'000 | 2024 RMB'000 |
|--|-------------|------------------|-----------------|
| Loss for the year | | (170,897) | (178,058) |
| Other comprehensive income for the year (after tax): | | | |
| Item that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translation of financial statements of overseas subsidiaries | | (242) | 194 |
| Total comprehensive income for the year | | (171,139) | (177,864) |
| Attributable to: | | | |
| Equity shareholders of the Company | | (172,690) | (168,764) |
| Non-controlling interests | | 1,551 | (9,100) |
| Total comprehensive income for the year | | (171,139) | (177,864) |
| Loss per share | | | |
| Basic and diluted (RMB) | <i>10</i> | (0.44) | (0.43) |

The notes on pages 82 to 159 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2025

(Expressed in RMB)

| | Note | 2025 RMB'000 | 2024 RMB'000 |
|--|-------|--------------------|-----------------|
| Non-current assets | | | |
| Property, plant and equipment | 11 | 106,910 | 115,207 |
| Right-of-use assets | 12 | 20,297 | 20,644 |
| Intangible assets | 13 | 7,401 | 9,585 |
| Time deposits | 15 | 50,526 | 21,208 |
| Prepayments | 17(b) | 78 | 188 |
| | | 185,212 | 166,832 |
| Current assets | | | |
| Inventories | 18 | 793,018 | 1,023,469 |
| Trade and other receivables | 17(a) | 384,877 | 299,747 |
| Contract assets | 19(a) | 108,460 | 93,013 |
| Prepayments | 17(b) | 36,551 | 34,661 |
| Financial assets measured at amortised cost | 14 | – | 3,419 |
| Financial assets measured at fair value through profit or loss | 20 | 62,504 | 46,189 |
| Income tax recoverable | 28(a) | 13,040 | 7,112 |
| Time deposits | 15 | 49,424 | 141,343 |
| Restricted cash | 21(a) | 72,899 | 79,342 |
| Cash and cash equivalents | 21(a) | 89,549 | 111,191 |
| | | 1,610,322 | 1,839,486 |
| Current liabilities | | | |
| Trade and other payables | 22 | 598,025 | 631,978 |
| Contract liabilities | 19(b) | 496,063 | 652,999 |
| Bank loans | 23 | 34,247 | 17,225 |
| Lease liabilities | 24 | 3,499 | 2,394 |
| Redemption liabilities | 25 | 1,834,670 | 1,698,768 |
| Income tax payable | 28(a) | 462 | 832 |
| Provisions | 29 | 15,093 | 15,179 |
| | | 2,982,059 | 3,019,375 |
| Net current liabilities | | (1,371,737) | (1,179,889) |
| Total assets less current liabilities | | (1,186,525) | (1,013,057) |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2025

(Expressed in RMB)

| | Note | 2025 RMB'000 | 2024 RMB'000 |
|---|-------|--------------------|-----------------|
| Non-current liabilities | | | |
| Bank loans | 23 | 36,667 | 44,303 |
| Lease liabilities | 24 | 1,694 | 2,899 |
| Deferred income | 26 | 5,850 | 5,500 |
| | | 44,211 | 52,702 |
| NET LIABILITIES | | (1,230,736) | (1,065,759) |
| CAPITAL AND RESERVES | | | |
| Share capital | 30(c) | 391,086 | 391,086 |
| Reserves | 30(d) | (1,617,154) | (1,450,626) |
| Total deficit attributable to equity shareholders of the Company | | (1,226,068) | (1,059,540) |
| Non-controlling interests | | (4,668) | (6,219) |
| TOTAL DEFICIT | | (1,230,736) | (1,065,759) |

Approved and authorised for issue by the board of directors on April 27, 2026.

| | | |
|--------------|---|-----------|
| |) | |
| Gu Chunguang |) | |
| |) | Directors |
| Yang Yan |) | |
| |) | |

The notes on pages 82 to 159 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2025

(Expressed in RMB)

| Note | Attributable to equity shareholders of the Company | | | | | | Non-controlling interests | Total deficit |
|---|--|-----------------|-----------------------------|-------------------|--------------------|-------------|---------------------------|---------------|
| | Share capital | Capital reserve | Share-based payment reserve | Exchange reserve | Accumulated losses | Total | | |
| | | | | | | | | |
| | (note 30(c)) | (note 30(d)(i)) | (note 30(d)(ii)) | (note 30(d)(iii)) | | | | |
| Balance at January 1, 2025 | 391,086 | (358,658) | 11,145 | 213 | (1,103,326) | (1,059,540) | (6,219) | (1,065,759) |
| Changes in deficit for 2025: | | | | | | | | |
| Loss for the year | - | - | - | - | (172,448) | (172,448) | 1,551 | (170,897) |
| Other comprehensive income | - | - | - | (242) | - | (242) | - | (242) |
| Total comprehensive income | - | - | - | (242) | (172,448) | (172,690) | 1,551 | (171,139) |
| Equity settled share-based payment expenses | 27 | - | 6,162 | - | - | 6,162 | - | 6,162 |
| Balance at December 31, 2025 | 391,086 | (358,658) | 17,307 | (29) | (1,275,774) | (1,226,068) | (4,668) | (1,230,736) |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2025

(Expressed in RMB)

| Note | Attributable to equity shareholders of the Company | | | | | | Non-controlling interests | Total deficit |
|---|--|------------------|-----------------------------|--------------------|--------------------|-------------|---------------------------|---------------|
| | Share capital | Capital reserve | Share-based payment reserve | Exchange reserve | Accumulated losses | Total | | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | (note 30(c)) | (note 30 (d)(i)) | (note 30 (d)(ii)) | (note 30 (d)(iii)) | | | | |
| Balance at January 1, 2024 | 391,086 | (358,658) | 9,704 | 19 | (934,368) | (892,217) | (1,419) | (893,636) |
| Changes in deficit for 2024: | | | | | | | | |
| Loss for the year | - | - | - | - | (168,958) | (168,958) | (9,100) | (178,058) |
| Other comprehensive income | - | - | - | 194 | - | 194 | - | 194 |
| Total comprehensive income | - | - | - | 194 | (168,958) | (168,764) | (9,100) | (177,864) |
| Equity settled share-based payment expenses | 27 | - | 1,441 | - | - | 1,441 | - | 1,441 |
| Capital injection in subsidiaries from non-controlling shareholders | 13 | - | - | - | - | - | 4,300 | 4,300 |
| Balance at December 31, 2024 | 391,086 | (358,658) | 11,145 | 213 | (1,103,326) | (1,059,540) | (6,219) | (1,065,759) |

The notes on pages 82 to 159 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2025

(Expressed in RMB)

| | <i>Note</i> | 2025 RMB'000 | 2024 RMB'000 |
|---|-------------|------------------|-----------------|
| Operating activities | | | |
| Cash used in operations | 21(b) | (66,204) | (10,650) |
| Income tax paid | | (6,559) | (161) |
| Net cash used in operating activities | | (72,763) | (10,811) |
| Investing activities | | | |
| Payment for purchase of property, plant and equipment and intangible assets | | (6,101) | (13,264) |
| Proceeds from disposal of property, plant and equipment and intangible assets | | 110 | 3,336 |
| Payment for purchase of wealth management products | | (247,640) | (157,796) |
| Proceeds from disposal of wealth management products | | 232,586 | 113,454 |
| Proceeds from maturity of PRC treasury bonds | | 3,306 | – |
| Payment for purchase of time deposits with maturity over three months | | (130,294) | (33,968) |
| Proceeds from disposal of time deposits with maturity over three months | | 196,332 | 139,744 |
| Interest received | | 1,046 | 3,372 |
| Net cash generated from investing activities | | 49,345 | 54,878 |

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2025

(Expressed in RMB)

| | Note | 2025 RMB'000 | 2024 RMB'000 |
|---|-------|-----------------|-----------------|
| Financing activities | | | |
| Proceeds from bank loans | 21(c) | 26,600 | 10,500 |
| Repayment of bank loans | 21(c) | (17,207) | (31,678) |
| Payment for acquisition of non-controlling interests | | – | (5,987) |
| Payment of capital element of lease liabilities | 21(c) | (3,552) | (6,280) |
| Payment of interest element of lease liabilities | 21(c) | (277) | (452) |
| Interest of bank loans paid | 21(c) | (2,229) | (2,704) |
| Payment of listing expenses | | (1,435) | – |
| Net cash generated from/(used in) financing activities | | 1,900 | (36,601) |
| Net (decrease)/increase in cash and cash equivalents | | (21,518) | 7,466 |
| Cash and cash equivalents at January 1 | | 111,191 | 104,758 |
| Effect of foreign exchange rate changes | | (124) | (1,033) |
| Cash and cash equivalents at December 31 | 21(a) | 89,549 | 111,191 |

The notes on pages 82 to 159 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1 GENERAL INFORMATION

Zhejiang Galaxis Technology Group Co., Ltd. (浙江凱樂士科技集團股份有限公司, formerly known as 浙江凱樂士科技有限公司, the "Company") was established in the People's Republic of China (the "PRC") on October 20, 2016 as a limited liability company under the Companies laws of the PRC. The Company was converted into a joint stock limited liability company on July 13, 2021. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on March 24, 2026 (the "Listing").

During the years ended December 31, 2025 and 2024, the Company and its subsidiaries (together, "the Group") are principally engaged in the research and development, production of logistics robots and intelligent logistics equipment and systems.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards as 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.

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

- Financial assets measured at fair value through profit and loss (see note 2 (e)); and
- Bank acceptance notes receivable measured at FVOCI (recycling) (see note 2 (e)).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

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

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.

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.

The consolidated financial statements have been prepared on a going concern basis. The Group's net current liabilities, amounted to RMB1,371,737,000 as at December 31, 2025, included the redemption liabilities totaling RMB1,834,670,000 as financial liabilities, which has been automatically terminated and be re-designated from liabilities to equity upon the Listing. The Directors are of the opinion that the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next 12 months.

The consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

(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 HKICPA 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(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 is presented on the face of 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 derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(e) Other investments in debt and equity securities

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

Investments in debt and equity securities are recognized/derecognized 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 fair value through profit or loss ("FVPL") for which transaction costs are recognized directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 31(d). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

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

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 2(t)(ii)(a)), foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
- Fair value through other comprehensive income ("FVOCI") - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognized 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 recognized in OCI. When the investment is derecognized, 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 recognized in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(e) Other investments in debt and equity securities (Continued)

(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 recognized 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 recognized in profit or loss as other income.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(i)(ii)):

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(u)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.

The estimated useful lives are as follows:

| | |
|---------------------------|-------------|
| – Plant and buildings | 20-50 years |
| – Furniture | 3-10 years |
| – Machinery and equipment | 3-10 years |
| – Motor vehicles | 3-5 years |
| – Electronic equipment | 3-5 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(f) Property, plant and equipment (Continued)

Construction in progress represents property, plant and equipment under construction, which is stated at cost less accumulated impairment losses. Capitalisation of construction in progress costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

(g) Intangible assets

Expenditure on research activities is recognized as an expense in the period in which it is incurred. Expenditure on development activities is capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalized includes the costs of materials, direct labor, and an appropriate proportion of overheads and borrowing costs, where applicable (see note 2(u)). Capitalized development costs are stated at cost less accumulated amortization and impairment losses (see note 2(i)(ii)). Other development expenditure is recognized as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 2(i)(ii)).

Expenditure on internally generated goodwill and brands, is recognized 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 recognized in profit or loss.

The estimated useful lives are as follows:

| | |
|------------|------------|
| – Software | 2-10 years |
| – Patents | 10 years |

The useful life of software was assessed based on the expected service life during which relevant software performs its desired functionality.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(h) Leased assets

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

(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 recognizes 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. 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 recognized in profit or loss on a systematic basis over the lease term.

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

The right-of-use asset is depreciated over the unexpired term of lease.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(h) Leased assets (Continued)

(i) As a lessee (Continued)

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

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

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of IFRS 16 Leases. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognized the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognizes a loss allowance for expected credit losses (“ECL”) on:

- financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables); and
- contract assets (see note 2(k)).

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 and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof; and
- variable-rate financial assets: current effective interest rate.

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

ECLs are measured on either of the following bases:

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(i) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

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

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

Loss allowances for trade receivables 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.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

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

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(i) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Significant increases in credit risk (Continued)

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 recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

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

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

- significant financial difficulties of the debtor;
- a breach of contract, such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial 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 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 otherwise 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 recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(i) Credit losses and impairment of assets (Continued)

(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) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s).

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

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

Impairment losses are recognized 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 recognized.

(j) Inventories

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

Costs 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(k) Contract assets and contract liabilities

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

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see note 2(t)). A contract liability is also recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such latter cases, a corresponding receivable is also be recognized (see note 2(l)).

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

(l) Trade and other receivables

A receivable is recognized 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. Other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see note 2(i)(i)).

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, 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(i)(i)).

(n) Trade and other payables (other than refund liabilities)

Trade and other payables are initially recognized 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(o) Redemption liabilities

The Group's obligation to purchase its own equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount, even if the obligation to purchase is conditional on the counterparty exercising a right to redeem. The redemption liabilities are initially measured at the present value of the redemption amount and is reclassified from equity. Subsequently, the redemption liabilities are measured at amortised cost with changes in the carrying amount recognized in profit or loss.

The redemption liabilities are classified as current liabilities as some of the redemption events could occur at any time. The carrying amount of the redemption liabilities will be reclassified to equity upon a termination or expiry of the counterparty's redemption right.

(p) Interest-bearing borrowings

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

(q) Employee benefits

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

Short-term employee benefits are expensed as the related service is provided. A liability is recognized 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(q) Employee benefits (Continued)

(ii) Share-based payments

The fair values of share options and awarded shares granted to employees are recognized as employee costs with corresponding increases in share-based compensation reserve within equity. The fair values are measured at grant date using the (a) in respect of share options, Binomial Model, taking into account the terms and conditions upon which the options were granted; and (b) in respect of awarded shares, the fair value of the shares of the Company. Generally, service and non-market performance conditions are not taken into account when determining the fair value of share options or awarded shares. Market performance conditions are reflected within the fair value. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options or awarded shares, the total estimated fair values of the options and awarded shares are spread over the vesting period, taking into account the probability that the options and awarded shares will vest.

During the vesting period, the numbers of share options and awarded shares that are expected to vest are reviewed. Any resulting adjustments to the cumulative fair values recognized in prior years are charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with corresponding adjustments to the share-based compensation reserve.

Modifications of an equity-settled share-based payment arrangement are accounted for only if they are beneficial to the counterparty. If the fair value of the equity instruments granted has increased, then the incremental fair value at the date of modification is recognized in addition to the grant-date fair value. The incremental fair value is recognized over the remaining modified vesting period, whereas the balance of the grant-date fair value is recognized over the remaining original vesting period.

The amount is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized 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 recognized is based on the number of awards that meet the related service conditions at the vesting date. The equity amount is recognized in the capital reserve until either the option is exercised (when it is included in the amount recognized in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(r) Income tax

Income tax expense comprises current tax and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized 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 recognized 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 recognized 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 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;
- 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 recognized deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognized 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 recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(s) Provisions and contingent liabilities

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

A provision for warranties is recognized when the underlying products 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 recognizes any impairment loss on the assets associated with that contract.

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 recognized for any expected reimbursement that would be virtually certain. The amount recognized for the reimbursement is limited to the carrying amount of the provision.

(t) Revenue and other income

Revenue is recognized 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. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(i) Revenue from contracts with customers

The Group principally generates its revenue from the sales of robots and systems and after-sales service and others.

(a) Sales of robots and systems

Revenue from the sales of robots and systems is recognized when the customer takes possession of and accepts the robots and systems. Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or purchase orders with customers.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(t) Revenue and other income (Continued)

(i) Revenue from contracts with customers (Continued)

(b) *After-sales service and others*

Of the revenue from after-sales service, (i) maintenance services and technical supporting service are recognized on a straight-line basis over the contractual service period, (ii) related spare parts sales and system optimization service are recognized when the goods/services are delivered. Revenue from others, primarily include goods/scrap material and software sales and provision of consulting services, is generally recognized when the goods/services are delivered.

(ii) Revenue from other sources and other income

(a) *Interest income*

Interest income is recognized 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.

(b) *Government grants*

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

Grants that compensate the Group for expenses incurred are recognized 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 initially recognized as deferred income at fair value and then recognized in profit or loss as other income on a systematic basis over the useful life of the asset.

(u) 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 capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(v) 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 recognized in profit or loss.

The assets and liabilities of foreign operations are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences arose from translation of foreign operations are recognized 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 derecognized, 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.

(w) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(w) 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.

(x) Segment reporting

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Note 31 contain information about the assumptions and their risk factors relating to fair values of financial instruments. Other significant sources of estimation uncertainty and accounting judgments are as follows:

(i) Impairment of trade receivables

The Group's management determines the loss allowance for expected credit losses on trade receivables based on an assessment of the present value of all expected cash shortfalls. These estimates are based on the information about past events, current conditions and forecasts of future economic conditions. The Group's management reassesses the loss allowance at each reporting period end.

(ii) Net realizable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated distribution expenses and related taxes. 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. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-downs and affect the Group's profit or loss and net asset value.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are providing sales of robots and systems and after-sales service and others.

(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 | | |
| Revenue from sales of robots and systems | 888,946 | 702,752 |
| Revenue from after-sales service and others | 19,753 | 18,665 |
| | 908,699 | 721,417 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (Continued)

(a) Revenue (Continued)

(i) Disaggregation of revenue (Continued)

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

| | 2025 RMB'000 | 2024 RMB'000 |
|--|-----------------|-----------------|
| Disaggregation by timing of revenue recognition | | |
| Point in time | 890,094 | 704,631 |
| Over time | 18,605 | 16,786 |
| | 908,699 | 721,417 |

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

During the years ended December 31, 2025 and 2024, the Group's customers with whom transactions have exceeded 10% of the Group's revenue in the respective year are as follows. Details of concentrations of credit risk of the Group are set out in note 31(a).

| | 2025 RMB'000 | 2024 RMB'000 |
|-------------|-----------------|-----------------|
| Customer I | * | 78,207 |
| Customer II | * | 74,779 |

* Represents that the amount of aggregate revenue from such customer is less than 10% of the total revenue for respective year.

The Group takes advantage of the practical expedient in paragraph 121 of IFRS 15 and does not disclose the remaining performance obligation as all of the Group's sale contracts have an original expected duration of less than 1 year.

(b) Segment reporting

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment. The Group has one single operating segment and no further analysis of the single segment is presented.

(i) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods delivered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(i) Geographic information (Continued)

Revenues from external customers

| | 2025 RMB'000 | 2024 RMB'000 |
|--------------------------|-----------------|-----------------|
| Chinese Mainland | 850,099 | 616,501 |
| Outside Chinese Mainland | 58,600 | 104,916 |
| | 908,699 | 721,417 |

The non-current assets located outside Chinese Mainland are immaterial.

5 OTHER INCOME AND OTHER NET (LOSS)/GAIN

(a) Other income

| | 2025 RMB'000 | 2024 RMB'000 |
|--------------------------|-----------------|-----------------|
| Government grants | 5,135 | 10,743 |
| Value-added tax credits | 2,947 | 2,512 |
| Tax refund | 4,417 | 3,100 |
| Insurance claims payment | – | 65 |
| Others | 37 | 1,005 |
| | 12,536 | 17,425 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

5 OTHER INCOME AND OTHER NET (LOSS)/GAIN (Continued)

(b) Other net (loss)/gain

| | 2025 RMB'000 | 2024 RMB'000 |
|---|-----------------|-----------------|
| Net realized and unrealized gains from financial assets measured at amortised cost | – | 73 |
| Net realized and unrealized gains from financial assets measured at fair value through profit or loss | 1,148 | 1,740 |
| Net loss on disposal of property, plant and equipment | (2,817) | (7) |
| Net foreign exchange gain/(loss) | 63 | (1,380) |
| Others | (1,100) | (316) |
| | (2,706) | 110 |

6 LOSS BEFORE TAXATION

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

(a) Net finance income

| | 2025 RMB'000 | 2024 RMB'000 |
|-------------------------------|-----------------|-----------------|
| Interest on bank loans | (2,222) | (2,694) |
| Interest on lease liabilities | (277) | (452) |
| Other interest | – | (303) |
| Finance costs | (2,499) | (3,449) |
| Interest income | 4,538 | 7,675 |
| | 2,039 | 4,226 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

6 LOSS BEFORE TAXATION (Continued)

(b) Staff costs

| | 2025 RMB'000 | 2024 RMB'000 |
|--|-----------------|-----------------|
| Salaries, wages and other benefits | 161,149 | 155,448 |
| Contributions to defined contribution retirement schemes | 7,994 | 7,454 |
| Equity-settled share-based payment expenses (note 27) | 6,162 | 1,441 |
| | 175,305 | 164,343 |

Employees of the Group's subsidiaries in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government.

The Group's subsidiaries in the PRC contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

All overseas subsidiaries of the Group are subject to the statutory enterprise contribution retirement scheme under the laws of the countries/jurisdictions.

The Group has no further material obligation for payment of other retirement benefits beyond the above contributions.

(c) Other items

| | 2025 RMB'000 | 2024 RMB'000 |
|--|-----------------|-----------------|
| Cost of inventories (note 18) | 754,286 | 607,855 |
| Depreciation charge | | |
| – property, plant and equipment (note 11) | 9,634 | 10,527 |
| – right-of-use assets (note 12) | 3,848 | 6,653 |
| Amortization cost of intangible assets (note 13) | 2,599 | 3,411 |
| Increase in provisions (note 29) | 8,251 | 7,025 |
| Impairment loss on trade receivables and contract assets | 5,646 | 22,306 |
| Research and development expenses | 73,667 | 61,995 |
| Listing expenses | 16,215 | – |
| Auditors' remuneration: | | |
| – Audit services | 3,302 | – |
| – Other services (Note (i)) | 2,967 | – |

Note:

(i) Other services include RMB2,802,000 which is also included in the listing expenses disclosed separately above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

| | 2025 RMB'000 | 2024 RMB'000 |
|------------------------|-----------------|-----------------|
| Current tax | | |
| Provision for the year | 261 | 1,137 |

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

| | 2025 RMB'000 | 2024 RMB'000 |
|---|-----------------|-----------------|
| Loss before taxation | (170,636) | (176,921) |
| Notional tax on loss before taxation, calculated at the rates applicable to profits in the entities concerned | (42,268) | (44,543) |
| Tax effects of: | | |
| – Additional deduction on research and development expenses | (13,158) | (10,576) |
| – Preferential tax rate | 8,427 | 14,183 |
| – Non-deductible expenses | 1,721 | 621 |
| – Temporary differences and unused tax losses not recognized | 46,148 | 44,256 |
| – Utilization of tax losses previously not recognized | (609) | (2,804) |
| Actual tax expense | 261 | 1,137 |

Notes:

(i) Income tax rate applies to the Group:

According to the Corporate Income Tax Law of China (the "Tax Law"), the Group's subsidiaries in the PRC are subject to statutory income tax rate of 25%, except for those which qualify as High and New Technology Enterprise ("HNTE") are entitled to a preferential tax rate of 15% provided it continues to meet HNTE qualification standards on an annual basis.

For the Hong Kong subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for the Hong Kong subsidiary was calculated at the same basis for the years ended December 31, 2025 and 2024.

Taxation for subsidiaries incorporated in other jurisdictions is charged at the appropriate current rates of taxation ruling in the relevant countries.

(ii) An additional 100% of qualified research and development expenses incurred is allowed to be deducted from taxable income under the Tax Law and its relevant regulations after October 1, 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

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:

Year ended December 31, 2025

| | Year ended December 31, 2025 | | | | | | |
|--|----------------------------------|---|-----------------------|---------------------------------|-----------|--|---------|
| | Directors' and supervisors' fees | Salaries, allowances and benefits in kind | Discretionary bonuses | Retirement scheme contributions | Sub-Total | Equity-settled share-based payments (note) | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Executive directors | | | | | | | |
| GU Chun Guang | - | 618 | 39 | 44 | 701 | - | 701 |
| SHEN Lu | - | 315 | 27 | 16 | 358 | - | 358 |
| YANG Yan | - | 373 | 23 | 15 | 411 | - | 411 |
| BAI Hong Xing (appointed on June 4, 2025)(i) | - | 678 | 170 | 41 | 889 | 212 | 1,101 |
| Independent Non-executive directors | | | | | | | |
| HU Jian Qiang | 60 | - | - | - | 60 | - | 60 |
| MO Rong | 60 | - | - | - | 60 | - | 60 |
| LIU Ke Li (appointed on June 4, 2025) | 30 | - | - | - | 30 | - | 30 |
| XU Guang Wei (resigned on June 3, 2025) | 30 | - | - | - | 30 | - | 30 |
| Non-executive directors | | | | | | | |
| LU Yi Yang (resigned on June 3, 2025) | - | - | - | - | - | - | - |
| LI Qiu Yu | - | - | - | - | - | - | - |
| DING Lan (resigned on June 3, 2025) | - | - | - | - | - | - | - |
| SHEN Qi (appointed on June 4, 2025) | - | - | - | - | - | - | - |
| Supervisors | | | | | | | |
| LI Ying (resigned on June 4, 2025) | - | - | - | - | - | - | - |
| CAI Ying (resigned on June 4, 2025) | - | - | - | - | - | - | - |
| SHEN Yi Qun (resigned on June 4, 2025) | - | - | - | - | - | - | - |
| | 180 | 1,984 | 259 | 116 | 2,539 | 212 | 2,751 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

Year ended December 31, 2024

| | Year ended December 31, 2024 | | | | | | |
|--|---|--|----------------------------------|--|----------------------|---|------------------|
| | Directors' and supervisors' fees RMB'000 | Salaries, allowances and benefits in kind RMB'000 | Discretionary bonuses RMB'000 | Retirement scheme contributions RMB'000 | Sub-Total RMB'000 | Equity-settled share-based payments (note) RMB'000 | Total RMB'000 |
| Executive directors | | | | | | | |
| GU Chun Guang | – | 565 | – | 43 | 608 | – | 608 |
| SHEN Lu | – | 293 | – | 15 | 308 | – | 308 |
| YANG Yan | – | 351 | – | 15 | 366 | – | 366 |
| Independent Non-executive directors | | | | | | | |
| YANG Zhe (resigned on July 12, 2024) | 55 | – | – | – | 55 | – | 55 |
| HU Jian Qiang | 60 | – | – | – | 60 | – | 60 |
| MO Rong | 60 | – | – | – | 60 | – | 60 |
| XU Guang Wei (appointed on July 13, 2024) | 5 | – | – | – | 5 | – | 5 |
| Non-executive directors | | | | | | | |
| LU Yi Yang | – | – | – | – | – | – | – |
| LI Qiu Yu | – | – | – | – | – | – | – |
| FENG Rui (resigned on July 12, 2024) | – | – | – | – | – | – | – |
| DING Lan (appointed on July 13, 2024) | – | – | – | – | – | – | – |
| Supervisors | | | | | | | |
| LI Ying | – | – | – | – | – | – | – |
| CAI Ying | – | – | – | – | – | – | – |
| SHEN Yi Qun | – | – | – | – | – | – | – |
| | 180 | 1,209 | – | 73 | 1,462 | – | 1,462 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

Note:

These represent the estimated value of restricted shares and share option granted to the directors under the Group's share award scheme. The value of these share awards is measured according to the Group's accounting policies for share-based payment transactions as set out in note 2(q) (ii) 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 shares granted, are disclosed in note 27.

During the years ended December 31, 2025 and 2024, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in note 9 below as an inducement to join or upon joining the Group or as a compensation for loss of office.

- (i) Dr. BAI Hong Xing was key management personnel of the Group and director of the Group (appointed on June 4, 2025) during the year ended December 31, 2025. The emoluments disclosed above include those services rendered by him as key management personnel and director.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

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

| | 2025 RMB'000 | 2024 RMB'000 |
|---|-----------------|-----------------|
| Salaries and other emoluments | 2,737 | 3,071 |
| Discretionary bonuses | 383 | 188 |
| Retirement scheme contributions | 56 | 52 |
| Equity-settled share-based payment expenses | 1,078 | 346 |
| | 4,254 | 3,657 |

The emoluments of the above individuals with the highest emoluments are within the following bands:

| | 2025 Number of individuals | 2024 Number of individuals |
|--------------------------------|----------------------------------|----------------------------------|
| HK\$ nil to HK\$1,000,000 | 3 | 5 |
| HK\$2,000,001 to HK\$2,500,000 | 1 | – |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

10 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss for the year attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue during the year, calculated as follows:

(i) Loss attributable to ordinary equity shareholders of the Company

| | 2025 RMB'000 | 2024 RMB'000 |
|---|------------------|-----------------|
| Loss attributable to all equity shareholders of the Company | (172,448) | (168,958) |
| Allocation of loss for the year attributable to ordinary shares with redemption right (note 25) | 121,008 | 118,559 |
| Loss attributable to ordinary equity shareholders of the Company | (51,440) | (50,399) |

(ii) Weighted average number of ordinary shares

| | 2025 '000 | 2024 '000 |
|---|------------------|--------------|
| Issued ordinary shares at January 1 | 391,086 | 391,086 |
| Effect of ordinary shares with redemption right (note 25) | (274,429) | (274,429) |
| Weighted average number of ordinary shares at December 31 | 116,657 | 116,657 |

(b) Diluted earnings per share

During the years ended December 31, 2025 and 2024, share options granted under employee incentive schemes (note 27) and ordinary shares with redemption right (note 25) 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 amounts of diluted loss per share were the same as basic loss per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

11 PROPERTY, PLANT AND EQUIPMENT

| | Plant and buildings RMB'000 | Furniture RMB'000 | Machinery and equipment RMB'000 | Electronic equipment RMB'000 | Motor vehicles RMB'000 | Construction in progress RMB'000 | Total RMB'000 |
|--|-----------------------------------|----------------------|--|------------------------------------|------------------------------|--|------------------|
| Cost: | | | | | | | |
| At January 1, 2024 | 97,049 | 3,888 | 34,671 | 8,671 | 2,524 | 4,161 | 150,964 |
| Additions | 1,593 | 146 | 592 | 249 | 183 | 783 | 3,546 |
| Transfers from construction in progress | – | – | 1,122 | 25 | – | (1,147) | – |
| Disposals | (2,754) | (195) | (773) | (791) | (300) | – | (4,813) |
| At December 31, 2024 and at January 1, 2025 | 95,888 | 3,839 | 35,612 | 8,154 | 2,407 | 3,797 | 149,697 |
| Additions | – | 85 | 2,778 | 942 | 154 | 292 | 4,251 |
| Transfers from construction in progress | 292 | 25 | 3,772 | – | – | (4,089) | – |
| Disposals | – | (24) | (3,612) | (149) | – | – | (3,785) |
| At December 31, 2025 | 96,180 | 3,925 | 38,550 | 8,947 | 2,561 | – | 150,163 |
| Accumulated depreciation: | | | | | | | |
| At January 1, 2024 | (6,549) | (1,482) | (4,455) | (4,717) | (1,528) | – | (18,731) |
| Charge for the year | (4,371) | (740) | (3,135) | (1,801) | (480) | – | (10,527) |
| Written back on disposals | 924 | 136 | 233 | 447 | 114 | – | 1,854 |
| At December 31, 2024 and at January 1, 2025 | (9,996) | (2,086) | (7,357) | (6,071) | (1,894) | – | (27,404) |
| Charge for the year | (4,370) | (638) | (3,070) | (1,218) | (338) | – | (9,634) |
| Written back on disposals | – | 22 | 717 | 132 | – | – | 871 |
| At December 31, 2025 | (14,366) | (2,702) | (9,710) | (7,157) | (2,232) | – | (36,167) |
| Impairment: | | | | | | | |
| At January 1, 2024, December 31, 2024 and December 31, 2025 | – | (23) | (6,977) | (86) | – | – | (7,086) |
| Net book value: | | | | | | | |
| At December 31, 2024 | 85,892 | 1,730 | 21,278 | 1,997 | 513 | 3,797 | 115,207 |
| At December 31, 2025 | 81,814 | 1,200 | 21,863 | 1,704 | 329 | – | 106,910 |

As at December 31, 2025, the Group's property, plant and equipment and land use right with carrying amount of RMB84,643,000 (December 31, 2024: RMB88,346,000) was pledged as collateral for the Group's bank loans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

12 RIGHT-OF-USE ASSETS

| | Land use rights RMB'000 | Plant and buildings RMB'000 | Total RMB'000 |
|---|-------------------------------|-----------------------------------|------------------|
| Cost: | | | |
| At January 1, 2024 | 16,875 | 22,810 | 39,685 |
| Additions | – | 2,632 | 2,632 |
| Early termination of lease term | – | (13,236) | (13,236) |
| Expiration of lease term | – | (1,904) | (1,904) |
| At December 31, 2024 and at January 1, 2025 | 16,875 | 10,302 | 27,177 |
| Additions | – | 3,687 | 3,687 |
| Early termination of lease term | – | (277) | (277) |
| Expiration of lease term | – | (2,269) | (2,269) |
| At December 31, 2025 | 16,875 | 11,443 | 28,318 |
| Accumulated depreciation: | | | |
| At January 1, 2024 | (845) | (9,435) | (10,280) |
| Charge for the year | (358) | (6,295) | (6,653) |
| Early termination of lease term | – | 8,496 | 8,496 |
| Expiration of lease term | – | 1,904 | 1,904 |
| At December 31, 2024 and at January 1, 2025 | (1,203) | (5,330) | (6,533) |
| Charge for the year | (358) | (3,490) | (3,848) |
| Early termination of lease term | – | 91 | 91 |
| Expiration of lease term | – | 2,269 | 2,269 |
| At December 31, 2025 | (1,561) | (6,460) | (8,021) |
| Net book value: | | | |
| At December 31, 2024 | 15,672 | 4,972 | 20,644 |
| At December 31, 2025 | 15,314 | 4,983 | 20,297 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

12 RIGHT-OF-USE ASSETS (Continued)

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

| | 2025 RMB'000 | 2024 RMB'000 |
|---|-----------------|-----------------|
| Ownership interests in leasehold land held for own use, carried at depreciated cost in the PRC, with remaining lease term of: | | |
| – between 10 and 50 years (note (i)) | 15,314 | 15,672 |
| Other properties leased for own use, carried at depreciated cost (note (ii)) | 4,983 | 4,972 |
| | 20,297 | 20,644 |

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

| | 2025 RMB'000 | 2024 RMB'000 |
|--|-----------------|-----------------|
| Depreciation charge of right-of-use assets (note 12) | 3,848 | 6,653 |
| Interest on lease liabilities (note 6 (a)) | 277 | 452 |
| Expenses relating to short-term leases | 3,197 | 14,608 |
| | 7,322 | 21,713 |

During the year, additions to right-of-use assets were RMB3,687,000 (2024: RMB2,632,000). This amount primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 21(d) and 24, respectively.

(i) Ownership interests in leasehold land and land held for own use

The Group obtained land use rights in Zhejiang Province, PRC in 2021, with the amortization period spanning 50 years commencing from the lease start date; a separate land use rights acquisition in Anhui Province, PRC in 2022 carries an amortization term of 43 years from the lease commencement date.

(ii) Other properties leased for own use

The Group has obtained the right to use the plant and buildings as its office and business operation through tenancy agreements. The leases typically run for an initial period of 2 to 5 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

13 INTANGIBLE ASSETS

| | Software and patents RMB'000 |
|--|---|
| <hr/> | |
| Cost: | |
| At January 1, 2024 | 31,069 |
| Additions* | 5,182 |
| <hr/> | |
| At December 31, 2024 and January 1, 2025 | 36,251 |
| Additions | 415 |
| <hr/> | |
| At December 31, 2025 | 36,666 |
| <hr style="border-top: 1px dashed #000;"/> | |
| Accumulated amortisation: | |
| At January 1, 2024 | (23,255) |
| Charge for the year | (3,411) |
| <hr/> | |
| At December 31, 2024 and January 1, 2025 | (26,666) |
| Charge for the year | (2,599) |
| <hr/> | |
| At December 31, 2025 | (29,265) |
| <hr style="border-top: 1px dashed #000;"/> | |
| Net book value: | |
| At December 31, 2024 | 9,585 |
| <hr/> | |
| At December 31, 2025 | 7,401 |
| <hr/> | |

* The additions of intangible assets in the year ended December 31, 2024 included several patents injected in subsidiaries from non-controlling shareholders, amounting to RMB4,300,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

14 FINANCIAL ASSETS MEASURED AT AMORTISED COST

| | 2025 RMB'000 | | 2024 RMB'000 | |
|--------------------|-----------------|-------------|-----------------|-------------|
| | current | non-current | current | non-current |
| PRC treasury bonds | - | - | 3,419 | - |

PRC treasury bonds matured on January 10, 2025, and bore a fixed coupon rate of 3.23% and effective interest rates of 2.11% per annum.

15 TIME DEPOSITS

| | 2025 RMB'000 | 2024 RMB'000 |
|------------------------------|-----------------|-----------------|
| Current Time deposits | 49,424 | 141,343 |
| Non-current Time deposits | 50,526 | 21,208 |

The time deposits with maturity over three months but within one year are presented in the current portion, while the time deposits with maturity over one year are presented in the non-current portion.

At December 31, 2025, certain of the Group's time deposits with an aggregate value of RMB10,191,000 (2024: RMB54,855,000) were pledged to the banks to secure the issuance of bank acceptance bills and guarantee letters.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

16 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

| Name of Company | Place and date of incorporation/ establishment | Particulars of registered and paid-up capital | Proportion of ownership interest | | Principal activities |
|--|--|---|----------------------------------|--------------------------------|---|
| | | | Directly held by the Company | Indirectly held by the Company | |
| Guangdong Galaxis Jiadi Technology Co., Ltd. * 廣東凱樂仕佳的科技有限公司 | PRC December 31, 2021 | RMB10,000,000/ RMB10,000,000 | 57% | – | Sales of equipment and provision of services |
| Anhui Galaxis Technology Co., Ltd. * 安徽凱樂仕科技有限公司 | PRC March 01, 2022 | RMB50,000,000/ RMB50,000,000 | 100% | – | Research and development, production and sales of logistics robot and provision of services |
| Zhejiang Galaxis International Trade Co., Ltd. * 浙江凱樂士國際貿易有限公司 | PRC July 20, 2022 | RMB10,000,000/ Nil | 100% | – | Sales of logistics robot and provision of services |
| Shenzhen Galaxis Jiechuangjia Technology Co., Ltd. * 深圳凱樂仕捷創佳科技有限公司 | PRC December 16, 2020 | RMB10,000,000/ RMB7,000,000 | 70% | – | Sales of logistics robot and provision of services |
| Wuxi Galaxis Technology Co., Ltd. * 無錫凱樂士科技有限公司 | PRC June 23, 2014 | RMB50,000,000/ RMB50,000,000 | 100% | – | Research and development of tote/pallet robot and provision of subsystem planning solutions |
| Hubei Galaxis Tongda Technology Co., Ltd. * 湖北凱樂仕通達科技有限公司 | PRC January 16, 2009 | RMB100,000,000/ RMB100,000,000 | 100% | – | Sales of logistics robot and provision of services and research and development of software |

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

17 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

(a) Trade and other receivables

| | 2025 RMB'000 | 2024 RMB'000 |
|--|-----------------|-----------------|
| Bills receivables | 19,303 | 17,085 |
| Trade receivables | | |
| – Related parties (note 33(c)) | 3,316 | 8,501 |
| – Third parties | 330,025 | 253,307 |
| Gross amount of trade and bills receivables | 352,644 | 278,893 |
| Less: loss allowance (note 31(a)) | (39,856) | (35,909) |
| | 312,788 | 242,984 |
| Bank acceptance notes receivable, carried at FVOCI | 1,432 | 1,600 |
| Pledge and guarantee deposits* | 25,070 | 26,686 |
| Value added tax recoverable and receivables | 42,283 | 26,554 |
| Other receivables | 3,304 | 1,923 |
| | 72,089 | 56,763 |
| | 384,877 | 299,747 |

* Pledge and guarantee deposits mainly represented tender deposits and performance deposits which will be released to the Group upon the award and the completion of the relevant projects as the case may be.

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade and bills receivables, based on the date of revenue recognition and net of loss allowance, is as follows:

| | 2025 RMB'000 | 2024 RMB'000 |
|-----------------------------|-----------------|-----------------|
| Within one year | 236,940 | 182,324 |
| Between 1 year and 2 years | 57,212 | 14,983 |
| Between 2 years and 3 years | 1,279 | 36,591 |
| Between 3 years and 4 years | 17,357 | 9,086 |
| | 312,788 | 242,984 |

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 31(a).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

17 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(a) Trade and other receivables (Continued)

Bank acceptance notes receivable, carried at FVOCI

Due to the requirement of cash management, the Group endorsed or discounted part of the bank acceptance notes receivable to the suppliers or from bank. The business model of bank acceptance notes management is for the purpose of collecting cash flow of contracts and sales. Therefore, at December 31, 2025, the Group classified bank acceptance notes receivable of RMB1,432,000 (2024: RMB1,600,000) as bank acceptance notes receivable carried at fair value and whose changes are included in other comprehensive income.

(b) Prepayments

| | 2025 RMB'000 | 2024 RMB'000 |
|---|-----------------|-----------------|
| Non-current | | |
| Prepayments for property, plant and equipment and intangible assets | 78 | 188 |
| Current | | |
| Prepayments | | |
| – Prepayments for listing expenses | 1,633 | – |
| – Prepayments for inventories | 31,563 | 30,776 |
| – Prepayments for expenses | 3,355 | 3,885 |
| | 36,551 | 34,661 |

18 INVENTORIES

| | 2025 RMB'000 | 2024 RMB'000 |
|-------------------------------------|-----------------|------------------|
| Raw materials | 54,117 | 62,555 |
| Finished goods and work in progress | 761,642 | 999,230 |
| Less: write-down of inventories | (22,741) | (38,316) |
| | 793,018 | 1,023,469 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

18 INVENTORIES (Continued)

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 | 769,861 | 601,469 |
| (Reversal)/write-down of inventories | (15,575) | 6,386 |
| | 754,286 | 607,855 |

19 CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

| | 2025 RMB'000 | 2024 RMB'000 |
|-----------------------------------|-----------------|-----------------|
| Contract assets | 117,613 | 100,467 |
| Less: allowance for credit losses | (9,153) | (7,454) |
| | 108,460 | 93,013 |

The Group typically agrees to a 1 year-3 years retention period for 5% or 10% of the contract value of sales contract. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's products keep properly functioning during the retention period.

(b) Contract liabilities

| | 2025 RMB'000 | 2024 RMB'000 |
|----------------------|-----------------|-----------------|
| Contract liabilities | 496,063 | 652,999 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

19 CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

(b) Contract liabilities (Continued)

Movement in contract liabilities

| | 2025 RMB'000 | 2024 RMB'000 |
|--|-----------------|-----------------|
| Balance at January 1 | 652,999 | 743,232 |
| Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year | (721,870) | (517,527) |
| Increase in contract liabilities as a result of receipts in advance | 564,934 | 427,294 |
| Balance at December 31 | 496,063 | 652,999 |

20 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2025 RMB'000 | 2024 RMB'000 |
|--------------------------------|-----------------|-----------------|
| Wealth management products (i) | 62,504 | 46,189 |

- (i) The amount represents investments in wealth management products issued by reputable financial institutions in Chinese Mainland. There are no fixed or determinable returns of these wealth management products.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

21 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

| | 2025 RMB'000 | 2024 RMB'000 |
|--|-----------------|-----------------|
| Cash at bank | 152,440 | 190,203 |
| Time deposits with initial terms within three months | 10,008 | 330 |
| | 162,448 | 190,533 |
| Less: Restricted bank balances (i) | (72,899) | (79,342) |
| | 89,549 | 111,191 |

- (i) At December 31, 2025, the Group's cash and bank balances with restriction in use, mainly comprise of (1) bank deposits frozen as a result of the litigations relating to certain disputes with suppliers, of RMB26,240,000 (December 31, 2024: RMB15,809,000), the frozen deposits will be released upon the litigations resolved; (2) security deposit placed in bank for the issuance of bank acceptance bills, of RMB38,013,000 (December 31, 2024: RMB61,019,000), the security deposit will be released upon settlement or maturity of the relevant bank acceptance bills; (3) security deposit placed in bank for the issuance of guarantee letter of RMB8,646,000 (December 31, 2024: RMB2,514,000), the security deposit will be released upon the expiration of the guarantee letter.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

21 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(b) Reconciliation of loss before taxation to cash used in operations:

| | Note | 2025 RMB'000 | 2024 RMB'000 |
|--|------|------------------|-----------------|
| Loss before taxation | | (170,636) | (176,921) |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 6(c) | 9,634 | 10,527 |
| Amortisation of intangible assets | 6(c) | 2,599 | 3,411 |
| Depreciation of right-of-use assets | 6(c) | 3,848 | 6,653 |
| (Reversal)/write-down of inventories | 18 | (15,575) | 6,386 |
| Impairment loss recognised on trade receivables and contract assets | 6(c) | 5,646 | 22,306 |
| Equity settled share-based payments | 27 | 6,162 | 1,441 |
| Finance costs | 6(a) | 2,499 | 3,449 |
| Interest income | 6(a) | (4,538) | (7,675) |
| Net foreign exchange (gain)/loss | 5(b) | (63) | 1,380 |
| Changes in the carrying amount of redemption liabilities | 25 | 135,902 | 126,166 |
| Net realized and unrealized gains from financial assets measured at amortised cost | 5(b) | – | (73) |
| Net realized and unrealized gains from financial assets measured at fair value through profit or loss | 5(b) | (1,148) | (1,740) |
| Net loss on disposal of property, plant and equipment and early termination of lease term of right-of-use assets | | 2,768 | 253 |
| Changes in working capital: | | | |
| Decrease in inventories | | 246,026 | 32,529 |
| Increase in trade and other receivables | | (89,077) | (6,034) |
| (Increase)/decrease in contract assets | | (17,146) | 2,732 |
| (Increase)/decrease in prepayments | | (257) | 50,498 |
| (Decrease)/increase in trade and other payables | | (32,619) | 31,961 |
| Decrease in contract liabilities | | (156,936) | (90,233) |
| (Decrease)/Increase in provisions | | (86) | 701 |
| Increase in deferred income | | 350 | 3,200 |
| Decrease/(Increase) in restricted cash | | 6,443 | (31,567) |
| Cash used in operations | | (66,204) | (10,650) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

21 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 RMB'000 (note 23) | Lease liabilities RMB'000 (note 24) | Redemption liabilities RMB'000 (note 25) | Total RMB'000 |
|---|------------------------------------|---|---|------------------|
| At January 1, 2025 | 61,528 | 5,293 | 1,698,768 | 1,765,589 |
| Changes from financing cash flows: | | | | |
| Payment of capital element of lease liabilities | – | (3,552) | – | (3,552) |
| Payment of interest element of lease liabilities | – | (277) | – | (277) |
| Proceeds from bank loans | 26,600 | – | – | 26,600 |
| Repayment of bank loans | (17,207) | – | – | (17,207) |
| Interest of bank loans paid | (2,229) | – | – | (2,229) |
| Total changes from financing cash flows | 7,164 | (3,829) | – | 3,335 |
| Other changes: | | | | |
| Changes in the carrying amount of redemption liabilities (note 25) | – | – | 135,902 | 135,902 |
| Increase in lease liabilities from entering into new leases contracts during the year (note 12) | – | 3,687 | – | 3,687 |
| Decrease in lease liabilities from early termination of lease contracts | – | (235) | – | (235) |
| Interest expenses (note 6(a)) | 2,222 | 277 | – | 2,499 |
| Total other changes | 2,222 | 3,729 | 135,902 | 141,853 |
| At December 31, 2025 | 70,914 | 5,193 | 1,834,670 | 1,910,777 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

21 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(c) Reconciliation of liabilities arising from financing activities (Continued)

| | Bank loans RMB'000 (note 23) | Lease liabilities RMB'000 (note 24) | Redemption liabilities RMB'000 (note 25) | Total RMB'000 |
|---|------------------------------------|---|---|------------------|
| At January 1, 2024 | 82,716 | 13,437 | 1,572,602 | 1,668,755 |
| Changes from financing cash flows: | | | | |
| Payment of capital element of lease liabilities | – | (6,280) | – | (6,280) |
| Payment of interest element of lease liabilities | – | (452) | – | (452) |
| Proceeds from bank loans | 10,500 | – | – | 10,500 |
| Repayment of bank loans | (31,678) | – | – | (31,678) |
| Interest of bank loans paid | (2,704) | – | – | (2,704) |
| Total changes from financing cash flows | (23,882) | (6,732) | – | (30,614) |
| Other changes: | | | | |
| Changes in the carrying amount of redemption liabilities (note 25) | – | – | 126,166 | 126,166 |
| Increase in lease liabilities from entering into new leases contracts during the year (note 12) | – | 2,632 | – | 2,632 |
| Decrease in lease liabilities from early termination of lease contracts | – | (4,496) | – | (4,496) |
| Interest expenses (note 6(a)) | 2,694 | 452 | – | 3,146 |
| Total other changes | 2,694 | (1,412) | 126,166 | 127,448 |
| At December 31, 2024 | 61,528 | 5,293 | 1,698,768 | 1,765,589 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

21 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(d) Total cash outflow for leases

Amounts included in the consolidated cash flow statements for leases comprise the following, which are related to lease rentals paid:

| | 2025 RMB'000 | 2024 RMB'000 |
|-----------------------------|-----------------|-----------------|
| Within operating cash flows | 2,272 | 14,527 |
| Within financing cash flows | 3,829 | 6,732 |
| | 6,101 | 21,259 |

22 TRADE AND OTHER PAYABLES

| | 2025 RMB'000 | 2024 RMB'000 |
|------------------------------------|-----------------|-----------------|
| Trade payables | | |
| – Third parties | 419,245 | 450,791 |
| – Related parties | 3,036 | 2,391 |
| Bills payable | 121,521 | 126,081 |
| | 543,802 | 579,263 |
| Other payables and accruals | | |
| – Third parties | 5,098 | 5,156 |
| Listing expense payable | 1,772 | – |
| | 550,672 | 584,419 |
| Accrued payroll and other benefits | 25,536 | 20,806 |
| Other taxes and charges payable | 21,817 | 26,753 |
| | 598,025 | 631,978 |

The amounts due to related parties are unsecured and interest-free. Details of the amounts due to related parties are set out in note 33(c).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

22 TRADE AND OTHER PAYABLES (Continued)

As of the end of the reporting period, the ageing analysis of trade and bills payables, based on the invoice date, is as follows:

| | 2025 RMB'000 | 2024 RMB'000 |
|-----------------------------------|-----------------|-----------------|
| Within one year | 387,112 | 421,395 |
| Between one year and two years | 105,941 | 107,106 |
| Between two years and three years | 31,687 | 32,312 |
| Over three years | 19,062 | 18,450 |
| | 543,802 | 579,263 |

23 BANK LOANS

| | 2025 RMB'000 | 2024 RMB'000 |
|---------------|-----------------|-----------------|
| Bank loans | | |
| – Secured (a) | 47,294 | 51,019 |
| – Unsecured | 23,620 | 10,509 |
| | 70,914 | 61,528 |

At December 31, 2025, the Group's bank loans bear interest ranging from 2.50% to 3.60% per annum (December 31, 2024: 2.60% to 4.20% per annum).

(a) Assets pledged as security for bank loans

As at December 31, 2025, bank loans of RMB47,294,000 (December 31, 2024: RMB51,019,000) of the Group were secured by property, plant and equipment and land use right of the Group with carrying amount of RMB84,643,000 (December 31, 2024: RMB88,346,000). (note 11).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

23 BANK LOANS (Continued)

(b) The analysis of the repayment schedule of bank loans is as follows:

| | 2025 RMB'000 | 2024 RMB'000 |
|----------------------------|-----------------|-----------------|
| Within 1 year or on demand | 34,247 | 17,225 |
| More than 1 year | 36,667 | 44,303 |
| | 70,914 | 61,528 |

As at December 31, 2025, bank loans of RMB6,005,000 (December 31, 2024: RMB3,003,000) of the Group 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. There was no non-compliance with loan covenants as at December 31, 2025 and 2024 and none bank loans are classified as non-current according to repayment schedule as at December 31, 2025 and 2024.

24 LEASE LIABILITIES

At 31 December 2025, the lease liabilities were repayable as follows:

| | 2025 RMB'000 | 2024 RMB'000 |
|----------------------------------|-----------------|-----------------|
| Within 1 year | 3,499 | 2,394 |
| After 1 year but within 2 years | 1,694 | 1,990 |
| After 2 years but within 5 years | - | 909 |
| | 1,694 | 2,899 |
| | 5,193 | 5,293 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

25 REDEMPTION LIABILITIES

| | 2025 | 2024 |
|------------------------|------------------|-----------|
| | RMB'000 | RMB'000 |
| Redemption liabilities | 1,834,670 | 1,698,768 |

From August 23, 2014 to November 1, 2022, the Company conducted several rounds of financing by issuing shares to investors.

The investors are entitled to the same voting rights and dividend rights as other shareholders of the Company. They were also granted with preferential rights when they entered into the investment agreements with the Company. The key terms of preferential rights are summarised as follows:

Redemption rights

The investors shall have the right to put back to the Company the shares acquired upon the occurrence of specified triggering events, including a qualified initial public offering (“IPO”) not being completed by December 31, 2024; or a breach of the investment agreements by the Company or its controlling shareholder.

The redemption price is the sum of 100% of the issue price, a compound interest of 8% per annum, and any declared but unpaid dividends.

Liquidation Preference

In the event of a liquidation, dissolution or winding up of the Company, all assets and funds of the Company legally available for distribution shall be distributed as follows:

- (a) firstly, to the series E investors, at the subscription price paid by the series E investors, plus a compound interest of 8% per annum and any declared but unpaid dividends;
- (b) secondly, to the series D investors, at the subscription price paid by the series D investors, plus a compound interest of 8% per annum and any declared but unpaid dividends;
- (c) thirdly, to the series C investors, at the subscription price paid by the series C investors, plus a compound interest of 8% per annum and any declared but unpaid dividends;
- (d) fourthly, to the series B investors, at the subscription price paid by the series B investors, plus a compound interest of 8% per annum and any declared but unpaid dividends;
- (e) fifthly, to the series A investors, at the subscription price paid by the series A investors, plus a compound interest of 8% per annum and any declared but unpaid dividends;
- (f) any remaining assets and funds shall be distributed rateably among all shareholders (including the investors) on a pro-rata basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

25 REDEMPTION LIABILITIES (Continued)

Liquidation Preference (Continued)

The Company's obligation to buy back its own shares for cash gives rise to a financial liability. Such financial liability is accounted for in accordance with note 2(o).

Pursuant to the shareholders' resolution approved on June 25, 2025, all preferential rights will be terminated on the day immediately prior to the listing date except that the redemption rights have been terminated on the day prior to the first submission of the listing application, but shall again become exercisable upon (i) the Company voluntarily withdrawing the listing application; (ii) the regulatory authorities rejecting or refusing to approve the listing application; or (iii) the earlier of December 31, 2026 or the expiry of 18 months following the first submission of the listing application, if the listing is not completed by that time. The aforesaid amendments did not change the classification of these financial instruments in the consolidated statements of financial position.

Pursuant to the currently effective shareholders' agreement, the preferential rights include, among others, (i) the right to appoint directors; (ii) pre-emptive right, (iii) right of first refusal and co-sale, (iv) anti-dilution adjustment rights, (v) redemption rights, (vi) liquidation references, and (vii) information and inspection rights.

The movements of the redemption liabilities for the years ended December 31, 2025 and 2024 are set out as below:

| | Redemption liabilities |
|--|-------------------------------|
| | RMB'000 |
| <hr/> | |
| The Group and the Company | |
| At January 1, 2024 | 1,572,602 |
| Changes in the carrying amount | 126,166 |
| <hr/> | |
| At December 31, 2024 and January 1, 2025 | 1,698,768 |
| Changes in the carrying amount | 135,902 |
| <hr/> | |
| At December 31, 2025 | 1,834,670 |
| <hr/> | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

26 DEFERRED INCOME

| | 2025 RMB'000 | 2024 RMB'000 |
|-------------------|-----------------|-----------------|
| Government grants | 5,850 | 5,500 |

27 EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Group has adopted employee incentive schemes on August 30, 2019 (the "Employee Incentive Scheme 2019") and May 13, 2021 (the "Employee Incentive Scheme 2021"), respectively. The purpose of the employee incentive schemes is to provide incentives and rewards to eligible participants for their past and future contributions to the Group. The share-based awards granted pursuant to the employee incentive schemes are governed by the contractual terms of the awards.

The table below sets forth share-based payments expenses for share options and restricted share units (the "RSUs") during the years ended December 31, 2025 and 2024:

| | 2025 RMB'000 | 2024 RMB'000 |
|--|-----------------|-----------------|
| Employee Incentive Scheme 2019 – RSU (a) | 2,098 | 461 |
| Employee Incentive Scheme 2019 – share options (b) | 568 | 457 |
| Employee Incentive Scheme 2021 – share options (c) | 3,496 | 523 |
| | 6,162 | 1,441 |

(a) Employee Incentive Scheme 2019 – RSUs

Under the Employee Incentive Scheme 2019, the maximum number of shares that may be issued shall be 16,334,438 shares* through RSUs.

The qualified participants of the Employee Incentive Scheme 2019 are entitled to purchase RSUs at a purchase price of RMB0.64 or RMB1.13 per share*, while they are originally required to satisfy vesting period until 3 years after the completion of a qualified initial public offering on the Science and Technology Innovation Board of the Shanghai Stock Exchange (the "STAR Board") for the entitlements of RSUs. On June 4, 2025, the Group modified the vesting period as until 1 year after the Listing, which is beneficial to the eligible participants. The modification does not affect the fair value of the RSUs granted, the modified vesting conditions have been taken into account in determining the share-based payments expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

27 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(a) Employee Incentive Scheme 2019 – RSUs (Continued)

- (i) Movements in the number* of RSUs granted under Employee Incentive Scheme 2019 during the years ended December 31, 2025 and 2024 are as follows:

| | 2025 | 2024 |
|------------------------------|------------|-------------|
| At the beginning of the year | 11,572,870 | 13,281,995 |
| Forfeited | (133,810) | (1,709,125) |
| At the end of the year | 11,439,060 | 11,572,870 |

(ii) Fair value of shares granted under Employee Incentive Scheme 2019

The fair value of services received in return for RSUs is measured by reference to the fair value of RSUs granted, which was determined based on the fair value of the Company's ordinary shares at the grant date. The estimate of the fair value of the Company's ordinary share is measured based on an equity allocation model. Key assumptions, such as discount rate and projections of future performance, are required to be determined by the directors with best estimate.

The assumptions used in the measurement of fair value of the Company's ordinary share at grant date are as follows:

| | |
|-------------------------|--------|
| Risk-free interest rate | 2.82% |
| Expected volatility | 42.47% |
| Expected dividend yield | 0.00% |

The directors estimated the risk-free interest rate based on the government yield. The expected volatility is based on average of historic volatilities of the comparable companies with length commensurable to the time, adjusted for any expected changes to future volatility based on publicly available information. Expected dividend yield is based on historical dividends and management estimation at the grant date. Changes in the subjective input assumptions could materially affect the fair value estimate.

RSUs were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the RSUs granted.

The fair value of the Company's ordinary share was RMB1.50 per share* at the grant date.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

27 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(b) Employee Incentive Scheme 2019 – share options

Under the Employee Incentive Scheme 2019, the maximum number of shares that may be issued shall be 3,416,512 shares* through share options.

The qualified participants of the Employee Incentive Scheme 2019 are required to satisfy vesting period until 3 years after the completion of a qualified initial public offering on the STAR Board, and non-market performance conditions for the entitlements. Total granted options in the Employee Incentive Scheme 2019 are divided into three tranches, subject to the individual KPI and Group's financial performance targets in respect of the 2019, 2020 and 2021 financial years, respectively. The contractual life of share options is 10 years.

Subsequently, the Board has resolved to modify the non-market performance conditions with effect from May 13, 2021 as follows:

- the Group's financial performance targets in respect of the 2020 financial year was not met and have been changed to a new set of performance targets, which including the individual KPI and Group's financial performance targets, in respect of the 2022 financial year (the "First Modification"); and
- the Group's financial performance target, in particular the target revenue of the Group, in respect of the 2021 financial year has been decreased (the "Second Modification").

The above modifications are beneficial to the eligible participants. The First Modification has been treated as a new grant as the non-market performance conditions for second tranche were not met and the tranche should have been forfeited under the original terms and conditions before the modification. The Second Modification does not affect the modification date fair value of the share options. The modified vesting conditions have been taken into account in determining the share-based payments expenses.

On June 4, 2025, the Group modified the vesting period as until 1 year to 4 years after the Listing, and extended the contractual life of share options from 10 years to 15 years (the "Third Modification"), which are beneficial to the eligible participants. The extension of contractual life of share options increased the fair value of the share options granted, measured immediately before and after the modification. The incremental fair value is immaterial and has been recognised as expenses on the modification date. The modified vesting conditions have been taken into account in determining the share-based payments expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

27 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(b) Employee Incentive Scheme 2019 – share options (Continued)

- (i) Movements in the number* and weighted average exercise prices of share options granted under Employee Incentive Scheme 2019 during the years ended December 31, 2025 and 2024 are as follows:

| | 2025 | | 2024 | |
|------------------------------|----------------------------------|-------------------|----------------------------------|-------------------|
| | Weighted average exercise price* | Number of options | Weighted average exercise price* | Number of options |
| At the beginning of the year | RMB2.27 | 3,299,336 | RMB2.27 | 3,371,229 |
| Forfeited | RMB2.27 | (129,814) | RMB2.27 | (71,893) |
| At the end of the year | RMB2.27 | 3,169,522 | RMB2.27 | 3,299,336 |

No share option was vested and exercisable during the years ended December 31, 2025 and 2024.

The share options outstanding at December 31, 2025 had an exercise price per share* of RMB2.27 (December 31, 2024: RMB2.27), and a weighted average remaining contractual life of 9.41 years (December 31, 2024: 10.40 years) under the modified contract terms.

- (ii) Fair value of share options granted under Employee Incentive Scheme 2019

The fair value of services received in return for share options is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial tree model. Expectations of early exercise are incorporated into the binomial tree model.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

27 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(b) Employee Incentive Scheme 2019 – share options (Continued)

(ii) Fair value of share options granted under Employee Incentive Scheme 2019 (Continued)

The assumptions used in the measurement of fair value of the share options at grant date/ modification date are based on the directors' best estimate as follows:

| | Options granted in 2019 | Options granted in 2019 and modified in 2025 (immediately before the modification) | Options granted in 2019 and modified in 2025 (immediately after the modification) | Options granted in 2021 | Options granted in 2021 and modified in 2025 (immediately before the modification) | Options granted in 2021 and modified in 2025 (immediately after the modification) |
|-----------------------------------|-------------------------|---|--|-------------------------|---|--|
| Risk-free interest rates | 3.14% | 1.48% | 1.64% | 2.85% | 1.57% | 1.69% |
| Expected volatility | 56.04% | 52.30% | 48.79% | 51.96% | 48.59% | 51.92% |
| Projections of future performance | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Exercise price per share* | 2.27 | 2.27 | 2.27 | 2.27 | 2.27 | 2.27 |
| Fair value of per ordinary share* | 1.50 | 6.51 | 6.51 | 3.33 | 6.51 | 6.51 |
| Option life | 10 years | 10 years | 15 years | 10 years | 10 years | 15 years |
| Expected dividend yield | 0% | 0% | 0% | 0% | 0% | 0% |

The expected volatility is based on average of historic volatilities of the comparable companies with length commensurable to the time (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividend yield is based on historical dividends and management estimation at the grant date/modification date. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under service and non-market performance conditions. These conditions have not been taken into account in the grant date/modification date fair value measurement of the services received. There were no market conditions associated with the share options granted.

The weighted average fair value of share options was RMB0.72 per share option* and RMB2.01 per share option* for the share options granted in 2019 and 2021 at the grant date, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

27 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(c) Employee Incentive Scheme 2021 – share options

Under the Employee Incentive Scheme 2021, the maximum number of shares that may be issued shall be 5,815,832 shares* through share options.

The Group granted 3,626,649 share options* in total to certain qualified participants in 2021 (the “First Grant Under ESOP 2021”)

The qualified participants of the First Grant Under ESOP 2021 are originally required to satisfy vesting period until 3 years after the completion of a qualified initial public offering on the STAR Board, and non-market performance conditions for the entitlements. Total granted options of the First Grant Under ESOP 2021 are divided into three tranches, subject to the individual KPI and Group’s financial performance targets in respect of the 2021, 2022 and 2023 financial years, respectively. The original contractual life of share options is 10 years.

On June 4, 2025, the Group modified the vesting period as until 1 year to 4 years after the Listing, and extended the contractual life of share options from 10 years to 15 years, which are beneficial to the eligible participants. The extension of contractual life of share options increased the fair value of the share options granted, measured immediately before and after the modification. The incremental fair value is immaterial and has been recognised as expenses on the modification date. The modified vesting conditions have been taken into account in determining the share-based payments expenses.

On June 4, 2025, the Group further granted share options to certain qualified participants with an aggregate of 2,881,876 shares of the Company under the Employee Incentive Scheme 2021 (the “Second Grant Under ESOP 2021”). The total granted options of the Second Grant Under ESOP 2021 shall be vested in three tranches, with 30% vesting in 2026, 30% vesting in 2027, and 40% vesting in 2028, respectively, subject to the individual KPI in respect of the 2025, 2026 and 2027 financial years, and after the Group has completed the Listing, on condition that participants remain in service.

(i) Movements in the number* and weighted average exercise prices of share options granted under Employee Incentive Scheme 2021 during the years ended December 31, 2025 and 2024 are as follows:

| | 2025 | | 2024 | |
|------------------------------|----------------------------------|-------------------|----------------------------------|-------------------|
| | Weighted average exercise price* | Number of options | Weighted average exercise price* | Number of options |
| At the beginning of the year | RMB3.24 | 3,031,786 | RMB3.24 | 3,471,901 |
| Granted | RMB3.24 | 2,881,876 | – | – |
| Forfeited | RMB3.24 | (236,488) | RMB3.24 | (440,115) |
| At the end of the year | RMB3.24 | 5,677,174 | RMB3.24 | 3,031,786 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

27 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(c) Employee Incentive Scheme 2021 – share options (Continued)

- (i) Movements in the number* and weighted average exercise prices of share options granted under Employee Incentive Scheme 2021 during the years ended December 31, 2025 and 2024 are as follows: (Continued)

No share option was vested and exercisable during the years ended December 31, 2025 and 2024.

The share options outstanding at December 31, 2025 had an exercise price per share* of RMB3.24 (December 31, 2024: RMB3.24), and a weighted average remaining contractual life of 12.52 years (2024: 11.67 years) under the modified contract terms.

- (ii) Fair value of share options granted under Employee Incentive Scheme 2021

The fair value of services received in return for share options is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial tree model. Expectations of early exercise are incorporated into the binomial tree model.

The assumptions used in the measurement of fair value of the share options at grant date/ modification date are based on the directors' best estimate as follow:

| | Options granted in 2021 | Options granted in 2021 and modified in 2025 (immediately before the modification) | Options granted in 2021 and modified in 2025 (immediately after the modification) | Options granted in 2025 |
|-----------------------------------|-------------------------|--|---|-------------------------|
| Risk-free interest rates | 2.85% | 1.57% | 1.69% | 1.78% |
| Expected volatility | 51.96% | 48.59% | 51.92% | 51.92% |
| Projections of future performance | 100.00% | 100.00% | 100.00% | 100.00% |
| Exercise price per share* | 3.24 | 3.24 | 3.24 | 3.24 |
| Fair value of per ordinary share* | 3.33 | 6.51 | 6.51 | 6.51 |
| Option life | 10 years | 10 years | 15 years | 15 years |
| Expected dividend yield | 0% | 0% | 0% | 0% |

The expected volatility is based on average of historic volatilities of the comparable companies with length commensurable to the time (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividend yield is based on historical dividends and management estimation at the grant date/modification date. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under service and non-market performance conditions. These conditions have not been taken into account in the grant date/modification date fair value measurement of the services received. There were no market conditions associated with the share options granted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

27 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(c) Employee Incentive Scheme 2021 – share options (Continued)

(ii) Fair value of share options granted under Employee Incentive Scheme 2021 (Continued)

The weighted average fair value of share options of the First Grant Under ESOP 2021 was RMB1.79 per share option* at the grant date. The weighted average fair value of share options of the Second Grant Under ESOP 2021 was RMB4.34 per share option*.

* The number of shares (including RSUs and share options), exercise price per share, fair value of per ordinary share, fair value of each share options before the Company's conversion into a joint stock Company were adjusted for the exchange ratio established in the conversion on July 13, 2021.

28 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 | (6,280) | (7,256) |
| Provision for current income tax for the year | 261 | 1,137 |
| Payments during the year | (6,559) | (161) |
| At the end of the year | (12,578) | (6,280) |
| Represented by: | | |
| Income tax recoverable | (13,040) | (7,112) |
| Income tax payable | 462 | 832 |
| | (12,578) | (6,280) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

28 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:

| | Fair value change of financial assets measured at FVPL RMB'000 | Right-of-use assets RMB'000 | Lease liabilities RMB'000 | Intangible assets arising from business combination RMB'000 | Accumulated tax losses RMB'000 | Total RMB'000 |
|--|---|-----------------------------------|------------------------------|---|--------------------------------------|------------------|
| Deferred tax arising from: | | | | | | |
| At January 1, 2024 | - | (2,774) | 2,750 | (671) | 695 | - |
| (Charged)/credited to profit or loss | (164) | 1,859 | (1,790) | 268 | (173) | - |
| At December 31, 2024 and January 1, 2025 | (164) | (915) | 960 | (403) | 522 | - |
| Credited/(charged) to profit or loss | 95 | (141) | 123 | 121 | (198) | - |
| At December 31, 2025 | (69) | (1,056) | 1,083 | (282) | 324 | - |

(ii) Reconciliation to the consolidated statement of financial position

| | 2025 RMB'000 | 2024 RMB'000 |
|---|-----------------|-----------------|
| Net deferred tax asset in the consolidated statements of financial position | 1,407 | 1,482 |
| Net deferred tax liability in the consolidated statements of financial position | (1,407) | (1,482) |
| | - | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

28 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(r), the Group has not recognized deferred tax assets in respect of temporary differences and cumulative tax losses of certain subsidiaries as it is not probable that future taxable profits against which the losses or temporary differences can be utilized will be available in the relevant tax jurisdiction and entity.

The following table presents the Group's deductible temporary differences and cumulative tax losses for which deferred tax assets were not recognized at the reporting dates:

| | 2025 RMB'000 | 2024 RMB'000 |
|----------------------------------|-----------------|-----------------|
| Cumulative tax losses (i) | 1,148,970 | 943,472 |
| Deductible temporary differences | 99,779 | 109,445 |
| At the end of the year | 1,248,749 | 1,052,917 |

(i) The tax losses arising from operations in Chinese Mainland can be carried forward to offset against taxable profits of subsequent years for up to ten years from the year in which they arose.

29 PROVISIONS

| | 2025 RMB'000 | 2024 RMB'000 |
|---------------------|-----------------|-----------------|
| Warranty provisions | 15,093 | 15,179 |

The movements of provisions during the years ended December 31, 2025 and 2024 were as follows:

| | 2025 RMB'000 | 2024 RMB'000 |
|------------------------------------|-----------------|-----------------|
| At the beginning of the year | 15,179 | 14,478 |
| Provisions for warranty provisions | 8,251 | 7,025 |
| Settlement for warranty provisions | (8,337) | (6,324) |
| Balance at the end of the year | 15,093 | 15,179 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

29 PROVISIONS (Continued)

Under the terms of the Group's sales agreements, the Group offers warranties for its projects typically for from 1 year to 3 years. Provision is therefore made based on the estimate of the expected claim, which takes into account the Group's recent claim experience, under these agreements in respect of sales prior to the end of each reporting period.

30 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:

The Company

| | Attributable to equity shareholders of the Company | | | | Total RMB'000 |
|---|--|---|--|----------------------------------|------------------|
| | Share capital RMB'000 <i>(note 30(c))</i> | Capital reserve RMB'000 <i>(note 30(d)(i))</i> | Share-based payment reserve RMB'000 <i>(note 30(d)(ii))</i> | Accumulated losses RMB'000 | |
| Balance at January 1, 2025 | 391,086 | (388,584) | 11,145 | (650,046) | (636,399) |
| Changes in deficit for 2025: | | | | | |
| Loss for the year | - | - | - | (55,048) | (55,048) |
| Total comprehensive income | - | - | - | (55,048) | (55,048) |
| Equity settled share-based payment expenses | - | - | 6,162 | - | 6,162 |
| Balance at December 31, 2025 | 391,086 | (388,584) | 17,307 | (705,094) | (685,285) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

30 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(a) Movements in components of equity (Continued)

| | Attributable to equity shareholders of the Company | | | | Total RMB'000 |
|---|--|--|---|----------------------------------|------------------|
| | Share capital RMB'000 (note 30(c)) | Capital reserve RMB'000 (note 30(d)(i)) | Share-based payment reserve RMB'000 (note 30(d)(ii)) | Accumulated losses RMB'000 | |
| Balance at January 1, 2024 | 391,086 | (388,584) | 9,704 | (524,932) | (512,726) |
| Changes in deficit for 2024: | | | | | |
| Loss for the year | - | - | - | (125,114) | (125,114) |
| Total comprehensive income | - | - | - | (125,114) | (125,114) |
| Equity settled share-based payment expenses | - | - | 1,441 | - | 1,441 |
| Balance at December 31, 2024 | 391,086 | (388,584) | 11,145 | (650,046) | (636,399) |

(b) Dividends

No dividends were paid or declared by the Company or any of its subsidiaries during the years ended December 31, 2025 and 2024.

(c) Share capital

| | Number of original shares RMB'000 | Share capital RMB'000 |
|--|---|--------------------------|
| Issued and fully paid | | |
| Balance at January 1, 2024, December 31, 2024 and December 31, 2025 | 391,086 | 391,086 |

(d) Nature and purpose of reserves

(i) Capital reserve

The capital reserve comprises: (i) the differences between the net considerations received and the nominal amount of share capital issued by the Company; and (ii) the differences between the net assets received and the total amount of the par value of shares issued in relation to the conversion into a joint stock company; (iii) the amounts in relation to the recognition of the redemption liabilities as set out in note 25; (iv) merger reserve arose from business combination under common control.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

30 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(d) Nature and purpose of reserves (Continued)

(ii) Share-based payment reserve

The share-based payment reserve comprises the portion of difference between the fair value of shares granted and the consideration paid by the directors and employees of the Group that has been recognized in accordance with the accounting policy adopted for equity settled share-based payments in note 2(q)(ii).

(iii) Exchange reserve

The exchange reserve comprises all relevant exchange differences arising from the translation of the financial statements of operations with functional currency other than RMB.

(e) 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.

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and interest rate risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and contract assets. The Group's exposure to credit risk arising from cash and cash equivalents, time deposit, restricted cash and bills receivables is limited because the counterparties are banks and financial institutions for which the Group considers to represent low credit risk. In respect of other receivables including deductible input VAT, deposits, staff advance, tax reimbursement for export and others, the Group has assessed that the expected credit loss rate for these receivables is immaterial under 12 months expected losses method based on historical settlement records and looking-forward information (including the economic environment). Thus no loss allowance provision for these receivables was recognized during the years ended December 31, 2025 and 2024.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

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 operate. Trade receivables are due within a period of 0-30 business days upon achieving a milestone. 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. At December 31, 2025, 26.76% (December 31, 2024: 22.85%) of the total trade receivables and contract assets 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 calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Trade receivables and contract assets (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

| As at December 31, 2025 | | | | | | |
|-----------------------------|-----------------------|-------------------------------|--|--------------|---------------|----------------|
| | Gross carrying amount | Provision on individual basis | Carrying amount after individual provision | ECL rate | ECL | Loss allowance |
| | RMB'000 | RMB'000 | RMB'000 | % | RMB'000 | RMB'000 |
| Within one year | 226,849 | 2,558 | 224,291 | 2.97% | 6,654 | 9,212 |
| Between 1 year and 2 years | 65,183 | 2,685 | 62,498 | 8.46% | 5,286 | 7,971 |
| Between 2 years and 3 years | 1,871 | 321 | 1,550 | 17.50% | 271 | 592 |
| Between 3 years and 4 years | 33,602 | 12,965 | 20,637 | 46.84% | 3,280 | 16,245 |
| Over 4 years | 5,836 | – | 5,836 | 100.00% | 5,836 | 5,836 |
| | 333,341 | 18,529 | 314,812 | 6.77% | 21,327 | 39,856 |

| As at December 31, 2024 | | | | | | |
|-----------------------------|-----------------------|-------------------------------|--|---------------|---------------|----------------|
| | Gross carrying amount | Provision on individual basis | Carrying amount after individual provision | ECL rate | ECL | Loss allowance |
| | RMB'000 | RMB'000 | RMB'000 | % | RMB'000 | RMB'000 |
| Within one year | 171,975 | 2,701 | 169,274 | 2.38% | 4,035 | 6,736 |
| Between 1 year and 2 years | 16,612 | 642 | 15,970 | 6.18% | 987 | 1,629 |
| Between 2 years and 3 years | 43,266 | 1,055 | 42,211 | 13.31% | 5,620 | 6,675 |
| Between 3 years and 4 years | 15,345 | – | 15,345 | 40.79% | 6,259 | 6,259 |
| Over 4 years | 14,610 | 352 | 14,258 | 100.00% | 14,258 | 14,610 |
| | 261,808 | 4,750 | 257,058 | 12.12% | 31,159 | 35,909 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Trade receivables and contract assets (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for contract assets:

| | As at December 31, 2025 | | |
|------------------------|-------------------------|-------------------------------------|---------------------------|
| | Expected loss rate % | Gross carrying amount RMB'000 | Loss allowance RMB'000 |
| Current (not past due) | 7.78% | 117,613 | 9,153 |

| | As at December 31, 2024 | | |
|------------------------|-------------------------|-------------------------------------|---------------------------|
| | Expected loss rate % | Gross carrying amount RMB'000 | Loss allowance RMB'000 |
| Current (not past due) | 7.42% | 100,467 | 7,454 |

Expected loss rates are based on actual loss experience over the past 48 months. 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 loss allowance account in respect of trade receivables and contract assets during the years ended December 31, 2025 and 2024 is as follows:

| | 2025 RMB'000 | 2024 RMB'000 |
|---|-----------------|-----------------|
| Balance at January 1 | 43,363 | 21,057 |
| Impairment loss recognized during the year, net | 5,646 | 22,306 |
| Balance at December 31 | 49,009 | 43,363 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses, participation in supplier finance arrangements with banks 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 realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

31 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 each reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group can be required to pay:

| | As at December 31, 2025 | | | | | | |
|--|---|---|--|---------------------------------|-----------|------------------|----------------------------|
| | Contractual undiscounted cash out flow | | | | | Total RMB'000 | 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 | | | |
| Bank loans | 36,412 | 7,000 | 24,566 | 8,871 | 76,849 | 70,914 | |
| Trade and other payables | 598,025 | - | - | - | 598,025 | 598,025 | |
| Redemption liabilities | 1,834,670 | - | - | - | 1,834,670 | 1,834,670 | |
| Lease liabilities | 3,645 | 1,716 | - | - | 5,361 | 5,193 | |
| Contractual and expected undiscounted cash outflow | 2,472,752 | 8,716 | 24,566 | 8,871 | 2,514,905 | 2,508,802 | |

| | As at December 31, 2024 | | | | | | |
|--|---|---|--|---------------------------------|-----------|------------------|----------------------------|
| | Contractual undiscounted cash out flow | | | | | Total RMB'000 | 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 | | | |
| Bank loans | 19,294 | 9,082 | 23,338 | 17,080 | 68,794 | 61,528 | |
| Trade and other payables | 631,978 | - | - | - | 631,978 | 631,978 | |
| Redemption liabilities | 1,698,768 | - | - | - | 1,698,768 | 1,698,768 | |
| Lease liabilities | 2,568 | 2,068 | 922 | - | 5,558 | 5,293 | |
| Contractual and expected undiscounted cash outflow | 2,352,608 | 11,150 | 24,260 | 17,080 | 2,405,098 | 2,397,567 | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from cash at banks, bank loans, redemption liabilities and lease liabilities. Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk, respectively. The Group's interest rate risk profile as monitored by management is set out in (i) below.

(i) Interest rate risk profile

The following table, as reported to the management of the Group, details the interest rate risk profile of the Group at the end of each reporting period:

| | Note | 2025 RMB'000 | 2024 RMB'000 |
|---|-------|-----------------|-----------------|
| Fixed rate instruments: | | | |
| Time deposits | 15 | 99,950 | 162,551 |
| Financial assets measured at amortised cost | 14 | – | 3,419 |
| Lease liabilities | 24 | (5,193) | (5,293) |
| Bank loans | 23 | (3,604) | (17,225) |
| Redemption liabilities | 25 | (1,834,670) | (1,698,768) |
| | | (1,743,517) | (1,555,316) |
| Variable rate instruments: | | | |
| Bank loans | 23 | (67,310) | (44,303) |
| Cash at bank and restricted bank balance | 21(a) | 162,448 | 190,533 |
| | | 95,138 | 146,230 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk (Continued)

(ii) Sensitivity analysis

At December 31, 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's loss after tax and accumulated losses by approximately RMB951,000 (2024: RMB1,462,000).

The sensitivity analysis above indicates the instantaneous change in the Group's loss after tax (and accumulated losses) 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 loss after tax (and accumulated losses) is estimated as an annualised impact on interest expense or income of such a change in interest rates. The sensitivity analyses are performed on the same basis during the years ended December 31, 2024.

(d) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

| | Fair value at December 31, 2025 RMB'000 | As at December 31, 2025 | | |
|--|--|-------------------------|--------------------|--------------------|
| | | Level 1 RMB'000 | Level 2 RMB'000 | Level 3 RMB'000 |
| Recurring fair value measurement: | | | | |
| Assets: | | | | |
| FVPL – wealth management products | 62,504 | – | 62,504 | – |
| FVOCI – Bank acceptance notes receivable | 1,432 | – | 1,432 | – |
| | 63,936 | – | 63,936 | – |
| | | | | |
| | Fair value at December 31, 2024 RMB'000 | As at December 31, 2024 | | |
| | | Level 1 RMB'000 | Level 2 RMB'000 | Level 3 RMB'000 |
| Recurring fair value measurement: | | | | |
| Assets: | | | | |
| FVPL – wealth management products | 46,189 | – | 46,189 | – |
| FVOCI – Bank acceptance notes receivable | 1,600 | – | 1,600 | – |
| | 47,789 | – | 47,789 | – |

During the years ended December 31, 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 recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Valuation techniques and inputs used in Level 2 fair value measurements

For wealth management products issued by banks that are measured as FVPL, the fair value is determined by net value of the products on the consolidated statement of financial position date that was published by commercial banks.

For bank acceptance notes receivable that are measured at FVOCI, the fair value is estimated as the present value of the future cash flows, discounted at the market interest rates at the end of the reporting period.

(ii) Fair value of financial assets and liabilities carried at amortised cost

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at December 31, 2025 and 2024.

32 COMMITMENTS

Commitments outstanding at the end of each reporting period not provided for in the financial statements were as follows:

| | 2025 RMB'000 | 2024 RMB'000 |
|---|-----------------|-----------------|
| Contracted for acquisition of property, plant and equipment and intangible assets | 34 | 359 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

33 MATERIAL RELATED PARTY TRANSACTIONS

During the years ended December 31, 2025 and 2024, transactions with the following parties are considered as related party transactions

| Name of related party | Relationship with the Group |
|---|--|
| Sichuan Wulianyida Science and Technology Co., Ltd.* 四川物聯億達科技有限公司 | Entity Controlled by Mr. Gu Chunguang |
| S.F. Technology Co., Ltd.* 順豐科技有限公司 | Entity with significantly influence in the Company |
| Hubei SF Express Co., Ltd.* 湖北順豐速運有限公司 | Entity with significantly influence in the Company |
| SF Integrated Logistics (Shenzhen) Co., Ltd.* 深圳市順豐綜合物流服務有限公司 | Entity with significantly influence in the Company |
| S.F. Express (Dongguan) Co., Ltd.* 順豐速運(東莞)有限公司 | Entity with significantly influence in the Company |
| SF Express Co., Ltd.* 順豐速運有限公司 | Entity with significantly influence in the Company |
| Zhejiang Shuangjie Supply Chain Technology Co., Ltd.* 浙江雙捷供應鏈科技有限公司 | Entity with significantly influence in the Company |
| Anhui new automation equipment Co., Ltd.* 安徽紐創自動化設備股份有限公司 | Entity Controlled by the ultimate controlling party of non-controlling shareholder of the Company's subsidiary |
| Shanghai Aijiyu Automation Industry Technology Co., Ltd.* 上海艾加昱自動化工業技術有限公司 | Entity Controlled by the ultimate controlling party of non-controlling shareholder of the Company's subsidiary |
| Dongguan SF Taisen Logistics Management Co., Ltd.* 東莞順豐泰森物流管理有限公司 | Entity with significantly influence in the Company |

* The official name of this entity is in Chinese. The English translation is for identification purpose only.

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

| | 2025 RMB'000 | 2024 RMB'000 |
|---|-----------------|-----------------|
| Salaries, allowances and benefits in kind | 3,502 | 2,458 |
| Discretionary bonuses | 501 | 50 |
| Retirement scheme contributions | 157 | 111 |
| Equity-settled share-based payment expenses | 1,012 | 171 |
| | 5,172 | 2,790 |

Total remuneration is included in "staff costs" (see note 6(b)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

33 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Other transactions with related parties

| | 2025 RMB'000 | 2024 RMB'000 |
|--|-----------------|-----------------|
| Trade in nature: | | |
| Sales of goods and service | | |
| – Hubei SF Express Co., Ltd. | 201 | 205 |
| – S.F. Express (Dongguan) Co., Ltd. | 430 | 810 |
| – SF Express Co., Ltd. | – | 424 |
| – Zhejiang Shuangjie Supply Chain Technology Co., Ltd. | 60 | – |
| Purchase of goods and service | | |
| – Sichuan Wulianyida Science and Technology Co., Ltd. | 3,736 | 2,286 |
| – S.F. Technology Co., Ltd. | – | 8,467 |
| | 2025 RMB'000 | 2024 RMB'000 |
| Non-trade in nature: | | |
| Payments for lease liabilities | | |
| – Dongguan SF Taisen Logistics Management Co., Ltd. | – | 273 |
| Interest expenses on lease liabilities | | |
| – Dongguan SF Taisen Logistics Management Co., Ltd. | – | 9 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

33 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties

| | 2025 RMB'000 | | 2024 RMB'000 | |
|--|--------------------------|-------------------|--------------------------|-------------------|
| | Gross carrying amount | Loss allowance | Gross carrying amount | Loss allowance |
| Trade in nature: | | | | |
| Trade and other receivables | | | | |
| – S.F. Technology Co., Ltd. | 2,211 | 66 | 724 | 45 |
| – Hubei SF Express Co., Ltd. | 167 | 5 | 197 | 5 |
| – SF Integrated Logistics (Shenzhen) Co., Ltd. | – | – | 6,720 | 160 |
| – S.F. Express (Dongguan) Co., Ltd. | 243 | 8 | 165 | 4 |
| – Shanghai Aijiayu Automation Industry Technology Co., Ltd. | 695 | 695 | 695 | 695 |
| | 3,316 | 774 | 8,501 | 909 |

| | 2025 RMB'000 | | 2024 RMB'000 | |
|-------------------------------------|--------------------------|-------------------|--------------------------|-------------------|
| | Gross carrying amount | Loss allowance | Gross carrying amount | Loss allowance |
| Trade in nature: | | | | |
| Contract assets | | | | |
| – S.F. Technology Co., Ltd. | – | – | 3,989 | 199 |
| – S.F. Express (Dongguan) Co., Ltd. | – | – | 4,100 | 205 |
| | – | – | 8,089 | 404 |

| | 2025 RMB'000 | | 2024 RMB'000 | |
|---|--------------------------|-------------------|--------------------------|-------------------|
| | Gross carrying amount | Loss allowance | Gross carrying amount | Loss allowance |
| Trade in nature: | | | | |
| Trade and other payables | | | | |
| – Sichuan Wulianyida Science and Technology Co., Ltd. | | | 1,343 | 698 |
| – S.F. Technology Co., Ltd. | | | 844 | 844 |
| – Anhui new automation equipment Co., Ltd. | | | 849 | 849 |
| | | | 3,036 | 2,391 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

33 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties (Continued)

| | 2025 RMB'000 | 2024 RMB'000 |
|-------------------------------------|-----------------|-----------------|
| Trade in nature: | | |
| Contract liabilities | | |
| – S.F. Technology Co., Ltd. | 23,450 | 9,469 |
| – S.F. Express (Dongguan) Co., Ltd. | 49 | 36 |
| | 23,499 | 9,505 |

34 NON-ADJUSTING EVENTS AFTER REPORTING

- (i) On March 24, 2026, the Company issued 36,798,000 H shares with par value of RMB1.00, at a price of HKD16.66 per share by initial public offering. Net proceeds from such issues approximately amounted to HKD555,735,000 after deducting underwriting fees, commissions and related expenses.
- (ii) Upon the Listing of the Company, all of redemption liabilities of the Company has been automatically terminated and be re-designated from liabilities to equity.

35 ULTIMATE CONTROLLING PARTY

At 31 December 2025, the directors consider the ultimate controlling party of the Group was Mr.Gu Chunguang.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

36 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

| | 2025 RMB'000 | 2024 RMB'000 |
|--|------------------|-----------------|
| Non-current assets | | |
| Property, plant and equipment | 87,691 | 90,883 |
| Right-of-use assets | 10,803 | 11,042 |
| Intangible assets | 2,855 | 3,535 |
| Time deposits | 40,523 | 21,208 |
| Investments in subsidiaries | 310,825 | 301,444 |
| Prepayments | 78 | 4 |
| | 452,775 | 428,116 |
| Current assets | | |
| Inventories | 508,262 | 652,670 |
| Trade and other receivables | 674,111 | 516,219 |
| Contract assets | 67,140 | 43,357 |
| Prepayments | 40,526 | 28,427 |
| Financial assets measured at amortised cost | – | 3,419 |
| Financial assets measured at fair value through profit or loss | 50,974 | 46,189 |
| Tax recoverable | 4,606 | 949 |
| Time deposits | 41,857 | 109,333 |
| Restricted cash | 46,885 | 48,238 |
| Cash and cash equivalents | 45,311 | 32,468 |
| | 1,479,672 | 1,481,269 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

36 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (Continued)

| | Note | 2025 RMB'000 | 2024 RMB'000 |
|--|-------|--------------------|-----------------|
| Current liabilities | | | |
| Trade and other payables | | 393,095 | 376,581 |
| Contract liabilities | | 321,270 | 389,022 |
| Bank loans | | 11,228 | 17,225 |
| Redemption liabilities | 25 | 1,834,670 | 1,698,768 |
| Provisions | | 14,952 | 14,385 |
| | | 2,575,215 | 2,495,981 |
| Net current liabilities | | | |
| | | (1,095,543) | (1,014,712) |
| Total assets less current liabilities | | | |
| | | (642,768) | (586,596) |
| Non-current liabilities | | | |
| Bank loans | | 36,667 | 44,303 |
| Deferred income | | 5,850 | 5,500 |
| | | 42,517 | 49,803 |
| NET LIABILITIES | | | |
| | | (685,285) | (636,399) |
| CAPITAL AND RESERVES | | | |
| Share capital | 30(c) | 391,086 | 391,086 |
| Reserves | | (1,076,371) | (1,027,485) |
| TOTAL DEFICIT | | | |
| | | (685,285) | (636,399) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

37 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 period beginning on or after |
|---|---|
| Amendments to IFRS 9 and IFRS 7, Contracts Referencing Nature-dependent Electricity | January 1, 2026 |
| Amendments to IFRS 9 and IFRS 7: Amendments to the classification and measurement of financial instruments | January 1, 2026 |
| Annual improvements to IFRS Accounting Standards – Volume 11 | January 1, 2026 |
| IFRS 18, Presentation and disclosure in financial statements | January 1, 2027 |
| IFRS 19, Subsidiaries without public accountability: Disclosures | January 1, 2027 |
| Amendments to IFRS 10 and IAS 28, Sale or contribution of assets between an investor and its associate or joint venture | To be determined |

The Group is in the process of making an assessment of what the impact of these developments are 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 of the Group 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 and IFRS18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

FOUR-YEAR FINANCIAL SUMMARY

RESULTS

| | Year ended December 31, | | | 2025 |
|------------------------------------|-------------------------|-----------|-----------|------------------|
| | 2022 | 2023 | 2024 | |
| | (RMB'000) | | | |
| Revenue | 656,924 | 550,790 | 721,417 | 908,699 |
| Profit/(loss) before taxation | (208,935) | (241,381) | (176,921) | (170,636) |
| Income tax (expense)/credit | (633) | (233) | (1,137) | (261) |
| Profit/(loss) for the year | (209,568) | (241,614) | (178,058) | (170,897) |
| Attributable to: | | | | |
| Equity shareholders of the Company | (209,342) | (241,723) | (168,764) | (172,448) |
| Non-controlling interests | (230) | 101 | (9,100) | 1,551 |
| | (209,568) | (241,614) | (178,058) | (170,897) |

ASSETS AND LIABILITIES

| | As at December 31, | | | 2025 |
|-------------------------------------|--------------------|-----------|-------------|--------------------|
| | 2022 | 2023 | 2024 | |
| | (RMB'000) | | | |
| Total assets | 1,931,901 | 2,149,769 | 2,006,318 | 1,795,534 |
| Total liabilities | 2,577,242 | 3,043,405 | 3,072,077 | 3,026,270 |
| Attributable to: | | | | |
| Equity attributable to Shareholders | (652,916) | (892,217) | (1,059,540) | (1,226,068) |
| Non-controlling interests | 7,575 | (1,419) | (6,219) | (4,668) |
| | (645,341) | (893,636) | (1,065,759) | (1,230,736) |