



浙江來福諧波傳動股份有限公司 **Zhejiang Laifual Drive Co., Ltd.**

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

Stock Code : 3952

INTERIM
REPORT **2026**

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Jie (張傑) (*Chairman of the Board*)
Mr. Wu Di (吳迪)
Ms. Wang Haiying (王海鷹)
Mr. Zhang Han (張瀚)

Non-executive Directors

Mr. Cui Zhiyuan (崔志遠)
Mr. Huang He (黃河) (*Resigned on 28 August 2026*)
Mr. Li Chengsheng (李程晟)

Independent Non-executive Directors

Mr. Feng Yun (馮贇)
Dr. Li Jun (李俊)
Mr. Lou Yu (樓宇)
Ms. Tian Chunshan (田春杉)

AUDIT COMMITTEE

Ms. Tian Chunshan (田春杉) (*Chairperson*)
Mr. Feng Yun (馮贇)
Dr. Li Jun (李俊)

REMUNERATION AND APPRAISAL COMMITTEE

Mr. Feng Yun (馮贇) (*Chairperson*)
Mr. Zhang Jie (張傑)
Mr. Lou Yu (樓宇)

NOMINATION COMMITTEE

Mr. Zhang Jie (張傑) (*Chairperson*)
Dr. Li Jun (李俊)
Ms. Tian Chunshan (田春杉)

JOINT COMPANY SECRETARIES

Mr. Zhou Wenjun (周文俊)
Ms. Li Yee Ching (李漪澄)

AUTHORIZED REPRESENTATIVES

Mr. Zhang Jie (張傑)
Mr. Zhou Wenjun (周文俊)

REGISTERED OFFICE AND HEADQUARTERS IN THE PRC

Industrial Park, Ganlin Town
Shengzhou City
Zhejiang Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1901, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

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

HONG KONG LEGAL ADVISOR

Baker & McKenzie

14/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

COMPLIANCE ADVISOR

Somerley Capital Limited

20th Floor
China Building
29 Queen's Road
Central
Hong Kong

PRINCIPAL BANKS

Bank of China Shengzhou Ganlin Branch

No. 2 Taoyuan Road
Ganlin Town
Shengzhou City
Zhejiang Province
PRC

China Merchants Bank Co., Ltd Shaoxing Shengzhou Branch

Quantum Core Building
No. 339, Guanhe South Road
Sanjiang Street
Shengzhou City
Zhejiang Province
PRC

H SHARE REGISTRAR

Tricor Investor Services Limited

17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

3952

COMPANY WEBSITE

www.laifual.com

Financial Highlights

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Revenue	142,210	78,973
Gross profit	38,831	15,637
Loss for the period	(71,874)	(83,737)
Non-IFRS Measures:		
Adjusted net loss (Note 1)	(4,124)	(11,212)
EBITDA (Note 2)	(55,352)	(72,243)
Adjusted EBITDA (Note 2)	12,398	282
Basic loss per share	(0.79)	(0.95)
Diluted loss per share	(0.79)	(0.95)

Note 1: We define adjusted net loss (non-IFRS measure) as loss for the period net of (i) listing expenses, (ii) change in the carrying amount of redemption liabilities, and (iii) equity-settled share-based payments expenses.

Note 2: We define EBITDA (non-IFRS measure) as loss for the period adjusted by adding (i) finance costs, (ii) depreciation charge; and (iii) amortization cost of intangible assets, and subtracting interest income on deposits. We add back (i) listing expenses, (ii) change in the carrying amount of redemption liabilities, and (iii) equity-settled share-based payments expenses to EBITDA (non-IFRS measure) to derive adjusted EBITDA (non-IFRS measure).

Dear Shareholders,

On 30 June 2026, our Company successfully listed on the Stock Exchange, marking a significant milestone in the Company's development. Since the beginning of 2026, we have maintained strong business momentum, with continued growth in both revenue and profitability. During the Reporting Period, the Group continued to expand its business scale and recorded revenue of RMB142.2 million, representing an increase of 80.1% from RMB79.0 million for the corresponding period in 2025. The Group recorded gross profit of RMB38.8 million, with a gross profit margin of 27.3%, reflecting the effectiveness of our business strategy and operational excellence. Our Company's achievements attributable to the full trust and strong support of our upstream and downstream partners, and embodies the relentless spirit of Laifual employees who worked tirelessly to overcome challenges. On behalf of the Board, I would like to express my most sincere gratitude to everyone who has supported Laifual throughout this journey.

At present, the embodied intelligence industry is booming, and humanoid robots are gradually moving from the technology validation stage towards commercial deployment. Demand for high-precision transmission continues to rise. The harmonic reducer industry, as a core component of precision transmission, is embracing an unprecedented era of opportunity. As a core supplier in the industrial chain, we keenly feel the high prosperity of the industry and will fully benefit from this historic dividend.

As one of the few domestic enterprises capable of competing on the same stage with leading international manufacturers, Laifual, leveraging its full-chain in-house production system, differentiated technology pathway and significant cost-performance advantages, has firmly ranked second in domestic market share and has successfully entered the core supply chains of a number of leading humanoid robot enterprises. However, listing is not an endpoint, but a brand-new starting point for globalized, high-end and scaled development. We will leverage the Hong Kong stock market's international capital platform to increase investment in core technology R&D, expand precision intelligent manufacturing capacity, and broaden our layout in the global robotics market, using solid domestic precision transmission technologies to support the upgrading of the intelligent manufacturing industry, and striving to become a world-leading provider of precision transmission solutions.

We will adhere to long-termism, continue to enhance our operating results, and look forward to creating long-term value for Shareholders!

Mr. Zhang Jie

Chairman

September 2026



Management Discussion and Analysis

I. BUSINESS REVIEW

We are a provider of core components for robotic precision transmission in China. We offer a product portfolio spanning from harmonic reducers, joint modules and robotic arms to automated workstations, with our products primarily applied in humanoid robots and industrial robots. Our core strengths stem from our expertise in harmonic reducers and are underpinned by our in-house R&D capabilities. Through years of operation, we have built core competencies in product design, electric actuation and drive, production technologies and cost control. We are evolving from a provider of harmonic reducers to a provider of precision transmission solutions, extending the application of our technologies and products to a broader market.

During the Reporting Period, the Group continued to expand its business scale and recorded revenue of RMB142.2 million, representing an increase of 80.1% from RMB79.0 million for the corresponding period in 2025. The increase in revenue was primarily driven by the increase in shipment volume of harmonic reducers. As humanoid robot customers gradually progressed from product validation to bulk procurement, demand for, and the revenue contribution from, small-sized harmonic reducers further increased. During the Reporting Period, the Group recorded gross profit of RMB38.8 million, representing an increase of 148.3% from RMB15.6 million for the corresponding period in 2025, and a gross profit margin of 27.3%, as compared with 19.8% for the corresponding period in 2025. As our sales scale expanded, production capacity at our new production facility was gradually ramped up and our product mix continued to improve, the Group progressively realised economies of scale. During the Reporting Period, the Group recorded loss for the period of RMB71.9 million, as compared with RMB83.7 million for the corresponding period in 2025. Excluding equity-settled share-based payments expenses, change in the carrying amount of redemption liabilities and listing expenses, the Group recorded an adjusted loss of RMB4.1 million, representing a decrease of 63.2% from RMB11.2 million for the corresponding period in 2025.

1. Core products and solutions

Harmonic reducers and other precision components

Harmonic reducers are the Group's core products and are widely used in robotic joints and other precision transmission applications. During the Reporting Period, revenue from harmonic reducers and other precision components amounted to RMB119.4 million, accounting for 83.9% of the Group's revenue. Shipment volume reached 239.5 thousand units, representing an increase of 112.0% from the corresponding period in 2025. Such growth was primarily driven by increased demand from customers in the humanoid robot and collaborative robot sectors.

We continued to optimise tooth profile design, material processing and production processes, and enhanced our product coverage from small-sized models to high-payload models. Driven by growing demand from humanoid robot applications, the proportion of small-sized harmonic reducers (specifications of 52 mm or below) in our total shipment volume increased from 5.1% for the corresponding period in 2025 to 10.6% for the Reporting Period, further shifting our product mix towards humanoid robot applications. As a result of the change in product mix, coupled with the positive impact of economies of scale and upgrades in production processes, the unit cost of the Group's harmonic reducer products was further optimised from RMB482 per unit for the corresponding period in 2025 to RMB351 per unit for the Reporting Period, which further consolidating the cost advantage of the Company. The gross profit margin of harmonic reducers and other metal components increased from 20.7% for the corresponding period in 2025 to 29.6% for the Reporting Period.

Management Discussion and Analysis

Joint modules and robotic arms

The Group's joint modules integrate core components such as harmonic reducers, motors and encoders, and may be further assembled into robotic arms, primarily addressing customers' needs for integration, lightweight design and rapid deployment. During the Reporting Period, revenue from joint modules and robotic arms amounted to RMB14.8 million, accounting for 10.4% of the Group's revenue. We continued to advance the in-house R&D of relevant core components and carried out product adaptation and customised development with customers, further enhancing our integrated solution capabilities.

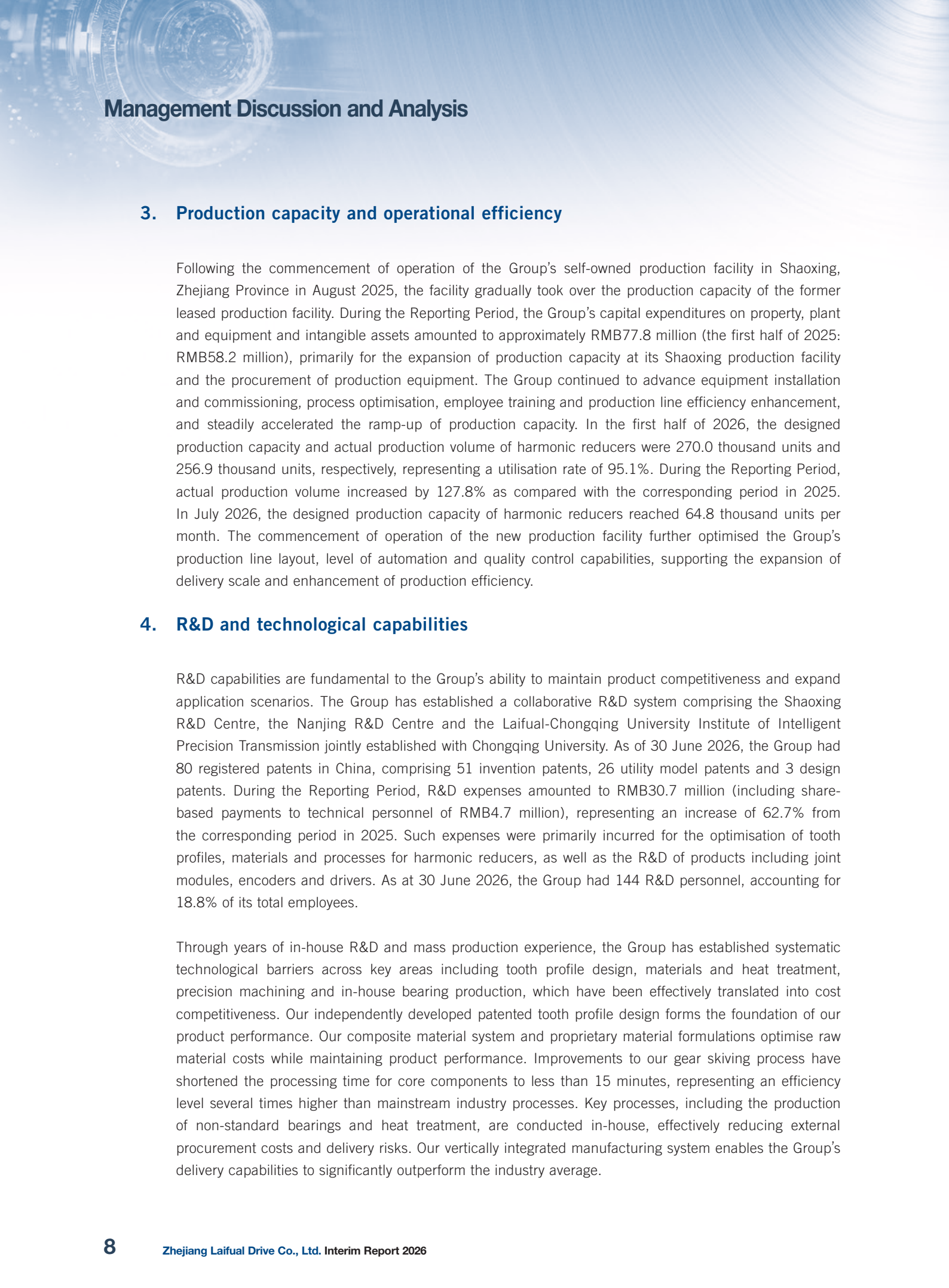
Automated workstations

Leveraging our experience in flexible manufacturing and automation upgrades, the Group provides automated workstations integrating robotic arms, control systems and sensing modules. During the Reporting Period, revenue from automated workstations amounted to RMB7.9 million, accounting for 5.5% of the Group's revenue.

2. Market applications and customer expansion

The Group's harmonic reducers and other precision components are primarily applied in humanoid robots, industrial robots, collaborative robots and other high-precision applications. During the Reporting Period, revenue from each application scenario recorded growth, primarily attributable to the continued unleashing of downstream market demand, the gradual expansion of procurement scale by certain leading customers after completing product validation, and the successive adoption of new customer projects. The Group's customer coverage strategy is anchored on leading enterprises and, through stable delivery capabilities and a proven track record, penetrates small and medium-sized robot manufacturers, forming a pattern of "leading customers setting the pace + volume ramp-up among small and medium-sized customers". Against the backdrop of previously relatively constrained production capacity, we prioritised serving industry-leading customers, thereby forming precise insights into industry demand, ensuring that product R&D and iteration remained in step with industry development, and steadily building brand influence.

In terms of sales model, during the Reporting Period, revenue generated through the Group's direct sales and distributor sales channels accounted for approximately 63.1% and 36.9% of the Group's total revenue, respectively. The direct sales model primarily serves large-scale and leading customers, enabling the Group to participate deeply in product validation and customised development, while the distributor sales model broadens the Group's reach to small and medium-sized customers, customers in the joint and collaborative robot sectors, and those in other specialised application fields. Geographically, approximately 96.8% of the Group's revenue was derived from the PRC market, with the remaining 3.2% generated from overseas markets. During the Reporting Period, revenue attributable to the Group's five largest customers accounted for 55.8% of total revenue, while revenue attributable to its largest customer accounted for 17.2% of total revenue.



Management Discussion and Analysis

3. Production capacity and operational efficiency

Following the commencement of operation of the Group's self-owned production facility in Shaoxing, Zhejiang Province in August 2025, the facility gradually took over the production capacity of the former leased production facility. During the Reporting Period, the Group's capital expenditures on property, plant and equipment and intangible assets amounted to approximately RMB77.8 million (the first half of 2025: RMB58.2 million), primarily for the expansion of production capacity at its Shaoxing production facility and the procurement of production equipment. The Group continued to advance equipment installation and commissioning, process optimisation, employee training and production line efficiency enhancement, and steadily accelerated the ramp-up of production capacity. In the first half of 2026, the designed production capacity and actual production volume of harmonic reducers were 270.0 thousand units and 256.9 thousand units, respectively, representing a utilisation rate of 95.1%. During the Reporting Period, actual production volume increased by 127.8% as compared with the corresponding period in 2025. In July 2026, the designed production capacity of harmonic reducers reached 64.8 thousand units per month. The commencement of operation of the new production facility further optimised the Group's production line layout, level of automation and quality control capabilities, supporting the expansion of delivery scale and enhancement of production efficiency.

4. R&D and technological capabilities

R&D capabilities are fundamental to the Group's ability to maintain product competitiveness and expand application scenarios. The Group has established a collaborative R&D system comprising the Shaoxing R&D Centre, the Nanjing R&D Centre and the Laifual-Chongqing University Institute of Intelligent Precision Transmission jointly established with Chongqing University. As of 30 June 2026, the Group had 80 registered patents in China, comprising 51 invention patents, 26 utility model patents and 3 design patents. During the Reporting Period, R&D expenses amounted to RMB30.7 million (including share-based payments to technical personnel of RMB4.7 million), representing an increase of 62.7% from the corresponding period in 2025. Such expenses were primarily incurred for the optimisation of tooth profiles, materials and processes for harmonic reducers, as well as the R&D of products including joint modules, encoders and drivers. As at 30 June 2026, the Group had 144 R&D personnel, accounting for 18.8% of its total employees.

Through years of in-house R&D and mass production experience, the Group has established systematic technological barriers across key areas including tooth profile design, materials and heat treatment, precision machining and in-house bearing production, which have been effectively translated into cost competitiveness. Our independently developed patented tooth profile design forms the foundation of our product performance. Our composite material system and proprietary material formulations optimise raw material costs while maintaining product performance. Improvements to our gear skiving process have shortened the processing time for core components to less than 15 minutes, representing an efficiency level several times higher than mainstream industry processes. Key processes, including the production of non-standard bearings and heat treatment, are conducted in-house, effectively reducing external procurement costs and delivery risks. Our vertically integrated manufacturing system enables the Group's delivery capabilities to significantly outperform the industry average.

5. Listing and capital market milestone

The Company was listed on the Stock Exchange on 30 June 2026. The Listing has provided funding support for the Group to expand production capacity, strengthen R&D and advance commercialisation, while further enhancing the Group's brand influence and corporate governance. Details of the use of net proceeds from the H shares of the Company listed on the Stock Exchange on 30 June 2026 are set out in the section headed "Use of Proceeds" in this report.

II. OUTLOOK

Looking ahead to the second half of 2026, as humanoid robots gradually progress from technology validation towards commercial deployment, the intelligent upgrade of industrial robots continues and the localisation of core precision transmission components advances, the growth momentum of the robotic precision transmission market is expected to be further unleashed. The Group will seize opportunities arising from downstream market development, continue to ramp up production capacity, enhance its mass production and delivery capabilities, accelerate the iteration of core products, and leverage its cost advantages to expand its product portfolio and market coverage, thereby further increasing the Group's market share in China's harmonic reducer market.

1. Steadily advance production capacity expansion

To meet the continued growth in market demand from the humanoid robot and industrial robot sectors, the Group will, taking into account order progress and the intended use of proceeds from the Global Offering, orderly advance the construction of new production facilities and production lines, equipment procurement and talent allocation, and accelerate the ramp-up of production capacity at the new production facility, with a target monthly production capacity of 80.0 thousand units by the end of 2026. Benefiting from robust demand in the downstream market, the outstanding orders for harmonic reducers of the Group exceeded 400.0 thousand units as of 31 July 2026. We will also continue to enhance production automation, supply chain coordination and quality control capabilities, further strengthen our mass production and delivery capabilities and consolidate our cost competitiveness, thereby laying a solid foundation for increasing our market share.

2. Continue to strengthen R&D and product portfolio

The Group will closely follow the market trend towards lightweight design, high precision and high reliability in humanoid robots, continue to iterate the materials, tooth profiles, processes and specifications of harmonic reducers, and further enhance the performance and cost competitiveness of its core products. At the same time, we will advance the R&D and commercialisation of products such as high-precision planetary reducers and joint modules, enrich our product portfolio, enhance our integrated solution capabilities and customer value, and expand the addressable market for precision transmission solutions.



Management Discussion and Analysis

3. Deepen customer cooperation and commercialisation

The Group will fully leverage its market-validated product performance, rapid response capabilities and mass production and delivery capabilities to deepen cooperation with leading customers in the humanoid robot and industrial robot sectors. We will actively participate in customers' product development, specification customisation and mass production ramp-up, and further increase our share of supply to existing customers. At the same time, we will accelerate the expansion of our customer base across other robotics and high-end equipment sectors and promote the adoption of our products in a broader range of application scenarios. Given that the humanoid robot market remains at a stage of rapid evolution, the Group will closely monitor customers' commercialisation progress and flexibly allocate production capacity and R&D resources, maintaining investment flexibility while capturing market opportunities.

4. Expand overseas markets

While consolidating its market position in China, the Group will gradually enhance its overseas sales and service network, focus on key markets with an established robotics industry base and demand for precision transmission solutions, and advance product validation, customer adoption and order conversion among leading overseas customers. We will expand overseas customer coverage through channel cooperation and brand building, and foster our overseas business as a new growth driver. Any overseas production footprint will be advanced prudently after comprehensive consideration of customer demand, supply chain efficiency, costs and the regulatory environment.

III. FINANCIAL REVIEW

Revenue

The Group's revenue increased by 80.1% from RMB79.0 million for the six months ended 30 June 2025 to RMB142.2 million for the Reporting Period, primarily attributable to sales growth driven by the increase in harmonic reducer shipments from approximately 113,000 units in 30 June 2025 to approximately 239,000 units in 30 June 2026.

Cost of Sales

The Group's cost of sales increased by 63.2% from RMB63.3 million for the six months ended 30 June 2025 to RMB103.4 million for the Reporting Period, primarily due to sales growth driven by higher harmonic reducer shipments.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group's gross profit amounted to RMB38.8 million for the Reporting Period, as compared with RMB15.6 million for the six months ended 30 June 2025 representing a gross profit margin of 27.3% and 19.8%, respectively. Cost of sales for the six months ended 30 June 2026 included RMB1.6 million of equity-settled share-based payments expenses. Excluding share-based payments expenses, the gross profit margin for 30 June 2026 would have been 28.4%.

Other Net Income

The Group's other net income, primarily comprising government grants, interest income and exchange gain/(loss). Other net income for the Reporting Period remained stable as compared with the amount for the six months ended 30 June 2025.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased significantly from RMB3.4 million for the six months ended 30 June 2025 to RMB15.2 million for the Reporting Period, primarily due to an increase in share-based payments expenses for sales personnel of RMB10.4 million.

Administrative Expenses

The Group's administrative expenses increased significantly from RMB5.9 million for the six months ended 30 June 2025 to RMB33.2 million for the Reporting Period, primarily attributable to an increase in management costs as a result of the expansion of the Group's business scale, an increase in share-based payments expenses and the listing expenses incurred in connection with the Global Offering.

R&D Expenses

The Group's R&D expenses increased by 62.7% from RMB18.9 million for the six months ended 30 June 2025 to RMB30.7 million for the Reporting Period, primarily due to an increase in research and development investment, an increase in the number of research and development personnel and an increase in share-based payments expenses.

Loss for the Period

As a result of the foregoing, the Group recorded a loss for the period of RMB71.9 million for the Reporting Period, as compared with a loss of RMB83.7 million for the six months ended 30 June 2025.

Management Discussion and Analysis

Non-IFRS Measure

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

The following table sets forth a reconciliation of the Group's loss for the period to adjusted net loss (non-IFRS measure) for the periods indicated:

	For the six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Loss for the period	(71,874)	(83,737)
Add: Listing expenses	16,987	—
Add: Change in carrying amount of redemption liabilities	31,428	72,525
Add: Equity-settled share-based payments expenses	19,335	—
Adjusted net loss (non-IFRS measure)	(4,124)	(11,212)

Management Discussion and Analysis

The following table sets forth a reconciliation of the Group's loss for the period to EBITDA (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) for the periods indicated:

	For the six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Loss for the period	(71,874)	(83,737)
Add:		
– Finance costs	3,350	539
– Depreciation charge of property, plant and equipment and right-of-use assets	12,965	10,900
– Amortization cost of intangible assets	844	879
Less:		
– Interest income on deposits	(637)	(824)
EBITDA (non-IFRS measure)	(55,352)	(72,243)
Add:		
– Listing expenses	16,987	–
– Change in the carrying amount of redemption liabilities	31,428	72,525
– Equity-settled share-based payments expenses	19,335	–
Adjusted EBITDA (non-IFRS measure)	12,398	282

Liquidity and Financial Resources

We have historically financed our capital expenditures and working capital requirements principally with funds from equity financing, cash generated from the operations and borrowings. As of 30 June 2026, the Group's cash and cash equivalents and financial assets measured at fair value through profit or loss amounted to RMB1,015.4 million, as compared with RMB68.8 million as of 31 December 2025. As of 30 June 2026, the Group's bank and other borrowings amounted to RMB300.8 million (31 December 2025: RMB195.9 million), of which RMB173.4 million were repayable within one year.

Management Discussion and Analysis

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

	For the six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Net cash used in operating activities	(20,851)	(3,725)
Net cash used in investing activities	(77,334)	(87,957)
Net cash generated from financing activities	1,044,654	53,607
Cash and cash equivalents at 1 January	33,753	70,761
Effect of foreign exchange rates changes	(151)	85
Cash and cash equivalents at 30 June	980,071	32,771

Indebtedness

Our indebtedness during the Reporting Period primarily consisted of loans and borrowings, lease liabilities and redemption liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated.

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Current		
Interest-bearing borrowings	173,444	104,813
Lease liabilities	747	722
Redemption liabilities	—	1,207,400
Total current	174,191	1,312,935
Non-current		
Interest-bearing borrowings	127,359	91,128
Lease liabilities	486	864
Total non-current	127,845	91,992
Total indebtedness	302,036	1,404,927

Gearing Ratio

As of 30 June 2026, the Group's gearing ratio, calculated as total indebtedness divided by total equity/ (deficit), was 23.1% (31 December 2025: (171.2%)). The significant change was primarily attributable to the derecognition of the redemption liabilities upon the Listing and the net proceeds received from the Global Offering.

Financial Risks

The Group is exposed to various types of financial risks, including foreign currency risk, interest rate risk, credit risk and liquidity risk, in the normal course of business. Following the Global Offering, a portion of the Group's cash and cash equivalents is denominated in Hong Kong dollars, and the Group monitors its foreign currency exposure on an ongoing basis.

Exposure to Exchange Rate Fluctuation

The Company's functional currency is RMB. The Company is exposed to foreign exchange risk through operation and financing activities of the Group. As at 30 June 2026, the Group has cash and cash equivalents denominated in Hong Kong dollars and therefore bears the risk of movements in exchange rates between the Hong Kong dollars and RMB. We currently do not engage in hedging activities designed or intended to manage foreign exchange rate risk. However, we will continue to monitor changes in currency exchange rates and will take necessary measures to mitigate exchange rate impact.

Contingent Liabilities

As of 30 June 2026, the Group did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group that was likely to have a material and adverse effect on the business, financial condition or results of operations of the Group.

Employees and Emolument Policy

As of 30 June 2026, the Group had 767 employees (31 December 2025: 574). The Group's total staff costs for the Reporting Period amounted to RMB66.5 million (for the six months ended 30 June 2025: RMB24.0 million). The Group's emolument policy is designed to attract, retain and motivate talented individuals. The remuneration of the Group's employees is determined with reference to their qualifications, experience, performance and prevailing market conditions. In December 2025, the Company adopted a share incentive plan to incentivise its key employees and Directors. Please refer to Note 15(c) to the unaudited interim financial report.



Management Discussion and Analysis

Use of Proceeds

The Global Offering was completed and the H Shares were listed on the Stock Exchange on 30 June 2026, being the last day of the Reporting Period. The net proceeds from the Global Offering, after deducting underwriting commissions and other capitalised listing expenses in connection with the Global Offering, amounted to approximately HK\$1,087.0 million.

As the Listing took place on the last day of the Reporting Period, none of the net proceeds from the Global Offering had been utilised as of 30 June 2026. The Company intends to apply the net proceeds in the manner consistent with the proposed applications described in the section headed “Future Plans and Use of Proceeds” in the Prospectus. As of the date of this interim report, there has been no change in the intended use of net proceeds and the expected timeline as previously disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus. To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above, we will only deposit the unused net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or applicable laws and regulations in other jurisdictions). For details of the breakdown of the use of proceeds, please refer to the section headed “Future Plans and Use of Proceeds” in the Prospectus.

Significant Investments Held

As of 30 June 2026, the Group did not hold any significant investments in the equity interest of other companies.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, the Group did not have any material acquisition or disposal of subsidiaries, associates or joint ventures.

Future Plans for Material Investments or Capital Assets

Save as disclosed in the Prospectus and in this interim report, the Group did not have any concrete plan for material investments or acquisition of capital assets as of the date of this interim report.

Pledge of Assets

As at 30 June 2026, the bank loans drawn down by the Group totaling RMB53.0 million were secured by the patents of the Group.

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

The Company was listed on the Stock Exchange on 30 June 2026. As of 30 June 2026, so far as the Directors are aware, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the 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 required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix C3 to the Listing Rules, were as follows:

Name	Nature of interest ⁽¹⁾	Number of H Shares	Approximate % of total issued share capital of the Company ⁽²⁾
Mr. Zhang Jie (張傑) (“Mr. Zhang”)	Beneficial owner ⁽³⁾	3,712,072	3.59%
	Interest in controlled corporation ⁽⁴⁾	21,098,226	20.40%
	Interest in controlled corporation ⁽⁵⁾	4,578,577	4.43%

Notes:

- (1) All interests stated are long position.
- (2) The calculations of the percentage of shareholding are based on 103,398,787 H Shares as of 30 June 2026.
- (3) Mr. Zhang directly holds 3,712,072 H Shares in the Company.
- (4) Laifu Investment directly held 21,098,226 Shares in the Company, whose general partner is controlled by Mr. Zhang. Therefore, Mr. Zhang is deemed to be interested in the 21,098,226 Shares held by Laifu Investment for purpose of Part XV of the SFO.
- (5) Jieyang Information, the employee share ownership platform, directly held 4,578,577 Shares in the Company, whose general partner is Mr. Zhang. Therefore, Mr. Zhang is deemed to be interested in the 4,578,577 Shares held by Jieyang Information for purpose of Part XV of the SFO.

Save as disclosed above, as of 30 June 2026, so far as the Directors or chief executive of the Company are aware, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required, pursuant to Section 352 of the SFO, to be recorded into the register referred to therein, or are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Other Information

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As of 30 June 2026, so far as the Directors are aware, the following persons had, or were deemed or taken to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Shareholder	Nature of interest ⁽¹⁾	Number of H Shares	Approximate % of total issued share capital of the Company ⁽²⁾
Mr. Zhang	Beneficial owner	3,712,072	3.59%
	Interest in controlled corporation ⁽²⁾	21,098,226	20.40%
	Interest in controlled corporation ⁽²⁾	4,578,577	4.43%
Laifu Investment	Beneficial owner	21,098,226	20.40%
Jieyang Information	Beneficial owner	4,578,577	4.43%
Beta Achieve Limited (越焯有限公司) ("Beta Achieve") ⁽³⁾	Beneficial owner	10,209,771	9.87%
Northern Light Venture Fund V, L.P. ⁽³⁾	Interest in controlled corporation	10,209,771	9.87%
Northern Light Strategic Fund V, L.P. ⁽³⁾	Interest in controlled corporation	10,209,771	9.87%
Northern Light Partners Fund V, L.P. ⁽³⁾	Interest in controlled corporation	10,209,771	9.87%
Northern Light Partners V, L.P. ⁽³⁾	Interest in controlled corporation	10,209,771	9.87%
Northern Light Venture Capital ⁽³⁾	Interest in controlled corporation	10,209,771	9.87%
Mr. Deng Feng ⁽³⁾	Interest in controlled corporation	10,209,771	9.87%
CDBC Manufacturing Industry Transformation and Upgrading Fund (Limited Partnership) (國開製造業轉型升級基金(有限合夥)) ("CDBC Fund") ⁽⁴⁾	Beneficial owner	8,995,689	8.70%
CDBC Investment ⁽⁴⁾	Interest in controlled corporation	8,995,689	8.70%
CDB Capital ⁽⁴⁾	Interest in controlled corporation	8,995,689	8.70%
National MTU Fund ⁽⁴⁾	Interest in controlled corporation	8,995,689	8.70%
Guozhong SME Fund ⁽⁵⁾	Beneficial owner	6,715,833	6.50%
Guozhong Capital ⁽⁵⁾	Interest in controlled corporation	6,715,833	6.50%
Mr. Shi Anping ⁽⁵⁾	Interest in controlled corporation	6,715,833	6.50%
Zhuji Rushan Huian Venture Capital Partnership (L.P.) (諸暨如山匯安創業投資合夥企業(有限合夥)) ("Rushan Huian") ⁽⁶⁾	Beneficial owner	6,259,616	6.05%
Rushan Huijin ⁽⁶⁾	Interest in controlled corporation	6,259,616	6.05%
Zijin Mining ⁽⁶⁾	Interest in controlled corporation	6,424,616	6.21%
Zijin Capital Investment ⁽⁶⁾	Interest in controlled corporation	6,259,616	6.05%
Zijin Investment Shanghai ⁽⁶⁾	Interest in controlled corporation	6,259,616	6.05%

Other Information

Shareholder	Nature of interest ⁽¹⁾	Number of H Shares	Approximate % of total issued share capital of the Company ⁽²⁾
Redview Capital Investment XIV Limited (“Redview”) ⁽⁷⁾	Beneficial owner	5,453,345	5.27%
REDVIEW CAPITAL II MASTER INVESTMENT LIMITED ⁽⁷⁾	Interest in controlled corporation	5,453,345	5.27%
REDVIEW CAPITAL II L.P. ⁽⁷⁾	Interest in controlled corporation	5,453,345	5.27%
REDVIEW CAPITAL PARTNERS II LIMITED ⁽⁷⁾	Interest in controlled corporation	5,453,345	5.27%
Golden Sage Investments Limited ⁽⁷⁾	Interest in controlled corporation	5,453,345	5.27%
Success Growth Limited ⁽⁷⁾	Interest in controlled corporation	5,453,345	5.27%
Kee Chan Hebert Pang ⁽⁷⁾	Interest in controlled corporation	5,453,345	5.27%

Notes:

- (1) All interests stated are long position. The calculations of the percentage of shareholding are based on 103,398,787 H Shares as of 30 June 2026.
- (2) Laifu Investment directly held 21,098,226 Shares in our Company, whose general partner is controlled by Mr. Zhang. Jieyang Information, our employee share ownership platform, directly held 4,578,577 Shares in our Company, whose general partner is Mr. Zhang. Therefore, Mr. Zhang is deemed to be interested in the 21,098,226 Shares and 4,578,577 Shares held by Laifu Investment and Jieyang Information for purpose of Part XV of the SFO, respectively.
- (3) Beta Achieve is owned by Northern Light Venture Fund V, L.P., Northern Light Strategic Fund V, L.P. and Northern Light Partners Fund V, L.P. The three limited partnerships are exempted limited partnerships established in the Cayman Islands and are managed by Northern Light Partners V, L.P. which is managed by Northern Light Venture Capital V, Ltd. (“Northern Light Venture Capital”) as its general partner. Northern Light Venture Capital is a company controlled by Mr. Deng Feng. Therefore, each of Northern Light Venture Fund V, L.P., Northern Light Strategic Fund V, L.P., Northern Light Partners Fund V, L.P., Northern Light Partners V, L.P., Northern Light Venture Capital and Mr. Deng Feng is deemed to be interested in the Shares held by Beta Achieve under the SFO.
- (4) The general partner of CDBC Fund is CDBC Investment Fund Management Co., Ltd. (國開投資基金管理有限責任公司) (“CDBC Investment”), which is wholly owned by China Development Bank Capital Co., Ltd (國開金融有限責任公司) (“CDB Capital”). The only limited partner of CDBC Fund is National Manufacturing Transformation and Upgrade Fund Co., Ltd. (國家製造業轉型升級基金股份有限公司) (“National MTU Fund”), holding 99.80% partnership interests in CDBC Fund. Therefore, each of CDBC Investment, CDB Capital and National MTU Fund is deemed to be interested in the Shares held by CDBC Fund by virtue of the SFO.
- (5) The general partner of Guozhong SME Fund is Shenzhen Guozhong Venture Capital Management Co., Ltd. (深圳國中創業投資管理有限公司) (“Guozhong Capital”), a company which is ultimately controlled by Mr. Shi Anping (施安平). None of the limited partners holds 30% or more partnership interest in Guozhong SME Fund. Therefore, each of Guozhong Capital and Mr. Shi Anping is deemed to be interested in the Shares held by Guozhong SME Fund by virtue of the SFO.
- (6) The general partner of Rushan Huian is Zhejiang Rushan Huijin Private Equity Fund Management Co., Ltd. (浙江如山匯金私募基金管理有限公司) (“Rushan Huijin”), which is in turn wholly owned by Zijin Mining Group Capital Investment Co., Ltd. (紫金礦業集團資本投資有限公司) (“Zijin Capital Investment”) and ultimately owned and controlled by Zijin Mining Group Company Limited (紫金礦業集團股份有限公司) (“Zijin Mining”) (stock code: 601899.SZ and 02899.hk). The largest limited partner of Rushan Huian is Zijin Mining Investment (Shanghai) Co., Ltd. (紫金礦業投資(上海)有限公司) (“Zijin Investment Shanghai”), holding 43.33% partnership interest therein. Zijin Investment Shanghai is wholly owned by Zijin Mining Group Company Limited (紫金礦業集團股份有限公司). None of the other 13 limited partners holds 30% or more partnership interest in Rushan Huian. Therefore, each of Rushan Huijin, Zijin Capital Investment, Zijin Investment Shanghai and Zijin Mining is deemed to be interested in the Shares held by Rushan Huian by virtue of the SFO.

In addition, ZIJINNING Limited Partnership holds 165,000 Shares and is ultimately and wholly owned and controlled by Zijin Mining. Therefore, Zijin Mining is deemed to be interested in the Shares held by ZIJINNING Limited Partnership by virtue of the SFO.

Other Information

- (7) Redview is wholly controlled by REDVIEW CAPITAL II MASTER INVESTMENT LIMITED, which is wholly controlled by REDVIEW CAPITAL II L.P. REDVIEW CAPITAL II L.P. is controlled by REDVIEW CAPITAL PARTNERS II LIMITED, which is wholly controlled by Golden Sage Investments Limited. Golden Sage Investments Limited is wholly controlled by Success Growth Limited, which is in turn wholly controlled by Kee Chan Hebert Pang. Accordingly, each of the foregoing entities and Kee Chan Hebert Pang is deemed to be interested in the Shares held by Redview under Part XV of the SFO.

Save as disclosed above, as of 30 June 2026, so far as the Directors are aware, no other person (other than the Directors and chief executives of the Company) or corporation had any interests or short positions in the shares or underlying Shares of the Company which fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

LOCK-UP UNDERTAKINGS UNDER RULE 18C.14 OF THE LISTING RULES

The table below sets out the list of persons who are, together with their respective close associates, subject to lock-up requirements pursuant to Rule 18C.14 of the Listing Rules:

Name	Capacity	Aggregate number of Shares held at the date of this interim report	Approximate percentage of shareholding in the total issued share capital of the Company at the date of this interim report ⁽¹⁾	Lock-up period
Key persons and their close associates				
Mr. Zhang	Chairman of the Board, executive Director and general manager	3,712,072	3.56%	Commencing on the date of the Prospectus and ending on expiry of 12 months from the Listing Date
Laifu Investment ⁽²⁾	Shareholding platform controlled by Mr. Zhang	21,098,226	20.26%	
Jieyang Information ⁽³⁾	Shareholding platform controlled by Mr. Zhang	4,578,577	4.40%	
Pathfinder SIs				
CDBC Fund	Pathfinder SII	8,995,689	8.64%	Commencing on the date of the Prospectus and ending on expiry of six months from the Listing Date
Hubei Lenovo Yangtze River Technology Industrial Fund Partnership (Limited Partnership) (湖北省聯想長江科技產業基金合夥企業 (有限合夥))	Pathfinder SII	5,082,259	4.88%	

Notes:

- (1) The calculations of the percentage of shareholding are based on 104,135,187 H Shares as of the date of this interim report.
- (2) The general partner of Laifu Investment is Shengzhou Shunhe Information Consulting Co., Ltd. (嵊州市順和信息諮詢有限公司) (“**Shengzhou Shunhe**”), a company which is held as to 99% by Mr. Zhang and 1% by Ms. Qian Songyu (錢松魚), a former employee of the Group. Ms. Qian Songyu served as the Company’s financial head at the early stage of its establishment and invested her own funds to acquire a 1% equity interest in Shengzhou Shunhe in connection with the Company’s early development and equity incentive arrangements. The limited partners of Laifu Investment consist of Mr. Zhang, who held approximately 58.83% of limited partnership interests as of 30 June 2026, and 12 individuals who are Independent Third Parties. Except for Mr. Zhang, whose interests in the Company through his control over the general partner of Laifu Investment shall be subject to disposal restrictions pursuant to Rule 18C.14 of the Listing Rules, none of the 12 individuals holds 30% or more interest in Laifu Investment or is a Director, senior management and core R&D employee.
- (3) Jieyang information was established as the employee share ownership platform, under which the eligible participants (including the executive Directors, Mr. Zhang, Mr. Wu Di, Ms. Wang Haiying and Mr. Zhang Han, the senior management Ms. Xue Wei and Mr. Zhou Wenjun as well as a core R&D employee of the Group) were awarded partnership interest in the Employee Share Ownership Platforms. As of 30 June 2026, Mr. Zhang held general partnership interests in Jieyang Information as to 70.57%, Mr. Wu Di, Ms. Wang Haiying, Mr. Zhang Han, Ms. Xue Wei, Mr. Zhou Wenjun and Mr. Shen Zhongfu held limited partnership interests in Jieyang Information as to 1.09%, 0.55%, 2.18%, 0.66%, 1.31% and 1.31%, respectively. Mr. Zhang, Mr. Wu Di, Ms. Wang Haiying and Mr. Zhang Han serve as the executive Directors. Ms. Xue Wei and Mr. Zhou Wenjun are the senior management members. Mr. Shen Zhongfu, the deputy director of Laifual–Chongqing University Institute, operations director and process engineering department manager, is the core R&D employee for the purpose of Rule 18C.14 of the Listing Rules. All the above executive Directors, senior management members and key persons of the Company shall be subject to disposal restrictions pursuant to Rule 18C.14 of the Listing Rules.

USE OF PROCEEDS

Details of the use of the net proceeds from the Global Offering are set out in the section headed “Management Discussion and Analysis – III. Financial Review – Use of Proceeds” in this interim report. As the Listing took place on 30 June 2026, being the last day of the Reporting Period, none of the net proceeds from the Global Offering had been utilised as of 30 June 2026.

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

The H Shares of the Company were listed on the Stock Exchange on 30 June 2026.

On 27 July 2026, pursuant to the partially exercised Over-allotment Option, an aggregate of 736,400 H Shares (the “**Over-allotment Shares**”), representing approximately 0.71% of the total issued share capital of the Company before the exercise of the Over-allotment Option, were issued and allotted by the Company at HK\$85.50 per H Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and the Stock Exchange trading fee of 0.00565%), being the Offer Price per H Share under the Global Offering. The Over-allotment Shares were used to facilitate the delivery of part of the H Shares to the placee, who has agreed to delayed delivery of the relevant Offer Shares subscribed by it under the Global Offering. For details, see the announcement of the Company dated 25 July 2026.

Save for the H Shares issued pursuant to the Global Offering and partial exercise of Over-allotment Option, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (including any sale of treasury shares, if any) during the period from the Listing Date up to the date of this interim report.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the Directors with effect from the Listing Date. Having made specific enquiries with all Directors, all Directors have confirmed that they have complied with the required standards set out in the Model Code from the Listing Date up to the date of this interim report.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance, which are crucial to the Company's development and the safeguarding of the interests of the Shareholders. The Company has applied the principles of good corporate governance and adopted the code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix C1 to the Listing Rules as its own code of corporate governance with effect from the Listing Date. From the Listing Date up to the date of this interim report, the Company has complied with all applicable code provisions set out in Part 2 of the CG Code, save for the deviation set out below.

Pursuant to code provision C.2.1 of Part 2 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company does not have a separate chairman and chief executive and Mr. Zhang currently performs these two roles. Mr. Zhang serves as the chairman of the Board and the general manager of the Company and performs the functions of the chief executive. The Board believes that vesting the roles of both the chairman of the Board and general manager in the same person has the benefit of (1) ensuring consistent leadership within the Company, (2) enabling more effective and efficient overall strategic planning for the Company, and (3) facilitating the flow of information between the management and the Board. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively.

The Board will continue to review the corporate governance structure and practices of the Company from time to time and will consider splitting the roles of the chairman of the Board and the general manager of the Company at a time when it is appropriate, taking into account the circumstances of the Group as a whole.

CONTINUING DISCLOSURE OBLIGATIONS UNDER THE LISTING RULES

From the Listing Date up to the date of this interim report, save as disclosed in this interim report, the Company did not have any disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

CHANGES IN INFORMATION OF DIRECTORS

Mr. Huang He resigned as a non-executive Director with effect from 28 August 2026 in order to devote more time to his other business commitments and personal matters. For further details, please refer to the announcement of the Company dated 28 August 2026.

Save as disclosed in this interim report, there was no change in the information of the Directors which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the Prospectus.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: nil).

MATERIAL PROCEEDINGS AND ARBITRATION

During the Reporting Period, neither the Company nor any of its subsidiaries was involved in any material litigation or arbitration, and so far as the Directors are aware, no material litigation or claims were pending or threatened against the Company or any of its subsidiaries.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the Reporting Period, the Over-allotment Option was partially exercised in respect of 736,400 H Shares, which were listed on the Stock Exchange on 27 July 2026, raising additional net proceeds of approximately HK\$59.8 million.

On 28 August 2026, the Board proposed to change the name of the Company and make corresponding amendments to the Articles of Association, subject to Shareholders' approval and the completion of the relevant regulatory procedures. On the same date, Mr. Huang He resigned as a non-executive Director. The Board also initially proposed to change the registered address of the Company, but subsequently withdrew such proposal on 3 September 2026. For further details, please refer to the announcements and circular of the Company dated 28 August 2026 and the announcement dated 3 September 2026. On 16 September 2026, the change of the Company's name was approved by the Shareholders at the extraordinary general meeting. The Company will proceed with the relevant registration and filing procedures with the relevant authorities in the PRC and will subsequently complete all necessary filing procedures with the Companies Registry in Hong Kong, and the corresponding amendments to the Articles of Association have become effective from 16 September 2026. For further details, please refer to the announcement of the Company dated 16 September 2026.

Save as otherwise disclosed in this interim report, there was no other significant events that may affect the Group since the end of the Reporting Period and up to the date of this interim report.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The Company established the audit committee of the Board (the "**Audit Committee**") with written terms of reference in compliance with the CG Code. The Audit Committee comprises three Directors, namely Mr. Feng Yun, Dr. Li Jun and Ms. Tian Chunshan, with Ms. Tian Chunshan (being the independent non-executive Director of the Company with the appropriate professional qualifications) currently serving as the chairperson of the Audit Committee.

The Audit Committee has reviewed the unaudited interim financial report and the interim results of the Group for the six months ended 30 June 2026, and has discussed with the management of the Company the accounting principles and practices adopted by the Group and matters relating to risk management, internal control and financial reporting. The Audit Committee is of the view that the interim results of the Group for the six months ended 30 June 2026 have been prepared in compliance with the applicable accounting standards, the Listing Rules and all other applicable legal requirements, and that adequate disclosures have been made.

Auditor's Independent Review Report to the Board of Directors



Review report to the board of directors of Zhejiang Laifual Drive Co., Ltd.

(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 25 to 49, which comprises the consolidated statement of financial position of Zhejiang Laifual Drive Co., Ltd. (the “**Company**”) as of 30 June 2026 and the related consolidated statement of profit or loss and other comprehensive income, and consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting* as issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of this interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to express a conclusion, based on our review, on this interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, as issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2026 is not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim financial reporting*.

KPMG

Certified Public Accountants

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

28 August 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2026 – unaudited

(Expressed in Renminbi)

		Six months ended 30 June	
	Note	2026 RMB'000	2025 RMB'000
Revenue	3	142,210	78,973
Cost of sales		<u>(103,379)</u>	<u>(63,336)</u>
Gross profit		38,831	15,637
Other net income	4	3,918	4,048
Selling and marketing expenses		(15,236)	(3,416)
Administrative expenses		(33,178)	(5,871)
Research and development costs		(30,739)	(18,897)
Impairment losses on trade and other receivables		<u>(692)</u>	<u>(2,174)</u>
Loss from operations		(37,096)	(10,673)
Finance costs	5(a)	(3,350)	(539)
Change in the carrying amount of redemption liabilities	14	<u>(31,428)</u>	<u>(72,525)</u>
Loss before taxation	5	(71,874)	(83,737)
Income tax	6	<u>–</u>	<u>–</u>
Loss for the period		<u>(71,874)</u>	<u>(83,737)</u>
Loss attributable to equity shareholders of the Company		<u>(71,874)</u>	<u>(83,737)</u>
Loss per share	7		
Basic and diluted (RMB)		<u>(0.79)</u>	<u>(0.95)</u>
Other comprehensive income for the period		<u>–</u>	<u>–</u>
Total comprehensive income for the period		<u>(71,874)</u>	<u>(83,737)</u>
Total comprehensive income attributable to equity shareholders of the Company		<u>(71,874)</u>	<u>(83,737)</u>

The notes on pages 30 to 49 form part of this interim financial report.

Consolidated Statement of Financial Position

At 30 June 2026 – unaudited

(Expressed in Renminbi)

	Note	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Non-current assets			
Property, plant and equipment	8	257,350	219,476
Right-of-use assets		18,368	18,913
Intangible assets		2,043	1,832
Other non-current assets	10	27,619	14,887
Time deposits with banks	11	–	41,702
		<u>305,380</u>	<u>296,810</u>
Current assets			
Inventories	9	137,609	111,521
Trade and other receivables	10	280,125	238,537
Time deposits with banks	11	42,237	–
Financial assets measured at fair value through profit and loss (“FVPL”)		35,369	35,078
Restricted cash	11	4,686	6,345
Cash and cash equivalents	11	980,071	33,753
		<u>1,480,097</u>	<u>425,234</u>
Current liabilities			
Interest-bearing borrowings	12	173,444	104,813
Trade and other payables	13	134,349	111,458
Contract liabilities		2,107	2,634
Lease liabilities		747	722
Redemption liabilities	14	–	1,207,400
		<u>310,647</u>	<u>1,427,027</u>
Net current assets/(liabilities)		<u>1,169,450</u>	<u>(1,001,793)</u>
Total assets less current liabilities		<u>1,474,830</u>	<u>(704,983)</u>

Consolidated Statement of Financial Position

At 30 June 2026 – unaudited

(Expressed in Renminbi)

	Note	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Non-current liabilities			
Interest-bearing borrowings	12	127,359	91,128
Lease liabilities		486	864
Deferred income		37,158	23,656
		<u>165,003</u>	<u>115,648</u>
NET ASSETS/(LIABILITIES)		<u>1,309,827</u>	<u>(820,631)</u>
CAPITAL AND RESERVES	15		
Share capital		103,399	89,957
Reserves		1,206,428	(910,588)
TOTAL EQUITY/(DEFICIT)		<u>1,309,827</u>	<u>(820,631)</u>

Approved and authorised for issue by the board of directors on 28 August 2026.

Zhang Jie
Director

Zhang Han
Director

The notes on pages 30 to 49 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2026 – unaudited
(Expressed in Renminbi)

	Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Accumulated losses RMB'000	Total (deficit)/ equity RMB'000
Balance at 1 January 2025		87,924	435,202	(483,500)	(710,344)	(670,718)
Changes in equity for the six months ended 30 June 2025:						
Loss and total comprehensive income for the period		—	—	—	(83,737)	(83,737)
Balance at 30 June 2025 and 1 July 2025		87,924	435,202	(483,500)	(794,081)	(754,455)
Changes in equity for the six months ended 31 December 2025:						
Loss and total comprehensive income for the period		—	—	—	(86,872)	(86,872)
Contribution from a shareholder		2,033	15,441	—	—	17,474
Equity-settled share-based transactions		—	—	3,222	—	3,222
Balance at 31 December 2025 and 1 January 2026		89,957	450,643	(480,278)	(880,953)	(820,631)
Changes in equity for the six months ended 30 June 2026						
Loss and total comprehensive income for the period		—	—	—	(71,874)	(71,874)
Issuance of H shares through initial public offering, net of issuance costs	15(b)	13,442	930,727	—	—	944,169
Termination of redemption liabilities	14	—	—	1,238,828	—	1,238,828
Equity-settled share-based transactions		—	—	19,335	—	19,335
Balance at 30 June 2026		103,399	1,381,370	777,885	(952,827)	1,309,827

The notes on pages 30 to 49 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2026 – unaudited

(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2026 RMB'000	2025 RMB'000
Operating activities			
Cash used in operations		(20,851)	(3,725)
Income tax paid		—	—
Net cash used in operating activities		(20,851)	(3,725)
Investing activities			
Payment for purchase of property, plant and equipment and intangible assets		(77,820)	(58,164)
Proceeds from disposal of property, plant and equipment		385	—
Proceeds from disposal of financial assets measured at FVPL		65,301	90,207
Placement of financial assets measured at FVPL		(65,200)	(120,000)
Net cash used in investing activities		(77,334)	(87,957)
Financing activities			
Proceeds from interest-bearing borrowings		120,972	71,719
Repayment of interest-bearing borrowings		(16,110)	(12,500)
Net proceeds from issuance of H shares		948,256	—
Payment for listing expenses		(4,087)	—
Interest paid		(3,326)	(812)
Capital element of lease rentals paid		(1,027)	(4,782)
Interest element of lease rentals paid		(24)	(18)
Net cash generated from financing activities		1,044,654	53,607
Net increase/(decrease) in cash and cash equivalents		946,469	(38,075)
Cash and cash equivalents at 1 January		33,753	70,761
Effect of foreign exchanges rates changes		(151)	85
Cash and cash equivalents at 30 June	11	980,071	32,771

The notes on pages 30 to 49 form part of this interim financial report.



Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 28 August 2026.

The interim financial report has been prepared in accordance with the same accounting policies adopted or preparing the Group’s historical financial information included in the accountants’ report as set out in Appendix I to the prospectus of the Company dated 22 June 2026, except for the accounting policy changes that are expected to be reflected in the 2026 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Zhejiang Laifual Drive Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) since the consolidated financial statements for the year ended 31 December 2025. The condensed consolidated interim financial statements and the accompanying notes do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. KPMG’s independent review report to the Board of Directors is included on page 24.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of amendments to IFRS Accounting Standards that are first effective for the current accounting period. Of these, only the amendments to IFRS 9, *Financial instruments* and IFRS 7, *Financial instruments: Disclosures – Amendments to the classification and measurement of financial instruments*, are relevant to the Group’s financial statements. The amendments do not have material impact on the Group’s consolidated financial statements for the periods presented.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING

(a) Disaggregation of revenue

The Group principally derives revenues from sales of harmonic reducers and other precision components, joint modules and robotic arms and automated workstations.

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

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Revenue from contracts with customers within the scope of IFRS 15 and recognised at a point in time		
Sales of products		
– Harmonic reducers and other precision components	119,364	65,658
– Joint modules and robotic arms	14,834	12,645
– Automated workstations	7,887	–
	142,085	78,303
Others	125	670
Total	142,210	78,973

(b) Segment and geographical information

The Group manages its businesses as a whole by the most senior executive management for the purposes of resource allocation and performance assessment. The Group's chief operating decision maker is the founder of the Group who reviews the Group's consolidated results of operations in assessing performance of and making decisions about allocations to this segment. Accordingly, no reportable segment information is presented.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment and geographical information (Continued)

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

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Chinese Mainland	137,623	76,579
Overseas	4,587	2,394
	142,210	78,973

The Group's non-current assets, including property, plant and equipment and intangible assets are all located in the PRC, and accordingly, no geographical information of non-current assets is presented.

4 OTHER NET INCOME

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Government grants (i)	2,098	2,393
Interest income on deposits	637	824
Net realised and unrealised gain on financial assets measured at FVPL	392	230
Net loss on disposal of property, plant and equipment and right-of-use assets	(259)	—
Net foreign exchange (loss)/gain	(389)	452
Others	1,439	149
	3,918	4,048

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

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

5 LOSS BEFORE TAXATION

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

Six months ended 30 June		
	2026 RMB'000	2025 RMB'000
(a) Finance costs		
Interest on bank loans	3,326	812
Interest on lease liabilities	24	18
Total interest expense on financial liabilities not at fair value through profit or loss	3,350	830
Less: Interest expense capitalised into properties under development	—	(291)
	<u>3,350</u>	<u>539</u>

Six months ended 30 June		
	2026 RMB'000	2025 RMB'000
(b) Other items		
Depreciation charge		
– property, plant and equipment	12,420	8,788
– right-of-use assets	545	2,112
Amortisation cost of intangible assets	844	879
Impairment losses on trade and other receivables	692	2,174
Listing expenses	16,987	—
Cost of inventories	<u>102,391</u>	<u>61,306</u>

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

6 INCOME TAX

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

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Current tax	—	—
Deferred tax	—	—
	—	—

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

(i) Chinese Mainland

Pursuant to the Corporate Income Tax Law of Chinese Mainland (the “**CIT**”), the Company and its subsidiaries incorporated in the PRC are subject to the CIT at a rate of 25% unless otherwise specified.

Pursuant to the PRC Corporate Income Tax Law and its relevant regulations, entities that qualified as a high and new technology enterprise (“**HNTE**”) are entitled to a preferential income tax rate of 15%. The Company obtained its certificate of HNTE on 8 December 2023, with a validity period of three years and therefore, is entitled to a preferential income tax rate of 15% during the validity period.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

7 LOSS PER SHARE

(a) Basic loss per share

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

Loss attributable to ordinary equity shareholders of the Company

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Loss for the period attributable to all equity shareholders of the Company	(71,874)	(83,737)
Allocation of loss for the period attributable to ordinary shares with redemption rights	48,393	57,684
Loss for the period attributable to ordinary equity shareholders of the Company	(23,481)	(26,053)

Weighted average number of ordinary shares

	Six months ended 30 June	
	2026 '000	2025 '000
Issued ordinary shares at the beginning of the year	89,957	87,924
Effect of ordinary shares with redemption rights	(60,233)	(60,568)
Effect of issuance of H shares through initial public offering	74	-
Weighted average number of ordinary share at the end of the period	29,798	27,356

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

7 LOSS PER SHARE (CONTINUED)

(b) Diluted loss per share

Ordinary shares issued to investors with redemption rights (note 14) and over-allotment options in connection with the initial public offering (note 15(b)) were not included in the calculation of diluted loss per share as their inclusion would have been anti-dilutive. The Company does not have other potential ordinary shares and therefore diluted loss per share for each of the reporting period were the same as basic loss per share of the respective periods.

8 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group acquired items of property, plant and equipment with a cost of RMB54,658,000 (six months ended 30 June 2025: RMB53,898,000). Items of plant and machinery with a net book value of RMB1,931,000 (six months ended 30 June 2025: nil) were disposed of during the six months ended 30 June 2026, resulting in a loss on disposal of RMB440,000 (six months ended 30 June 2025: nil).

9 INVENTORIES

During the six months ended 30 June 2026, RMB411,000 (2025: RMB993,000) has been recognised as a reduction in the amount of inventories recognised as an expense in profit or loss during the period, being the amount of a write-down of inventories to the estimated net realisable value.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

10 TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade and bills receivable (which are included in trade and other receivables), based on the receivables recognition date and net of loss allowance, is as follows:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Current assets		
Within 1 year	257,117	213,125
1 to 2 years	6,961	7,840
Over 2 years	2,540	1,216
Trade and bills receivable, net of loss allowance	266,618	222,181
Bills receivable, measured at fair value through other comprehensive income ("FVOCI")	4,105	1,824
Prepaid listing expenses	–	1,941
Deposits and prepayments	5,551	10,491
Value added tax ("VAT") recoverable	2,075	1,539
Other receivables	1,776	561
	280,125	238,537
Non-current assets		
Prepayment for purchase of property, plant and equipment	27,619	14,887
	307,744	253,424

Trade receivables are due within 30-180 days from the date of billing.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

11 TIME DEPOSITS AND CASH AND CASH EQUIVALENTS

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Time deposits with original maturities over two years		
– Non-current	–	41,702
– Current	42,237	–
	<u>42,237</u>	<u>41,702</u>
Cash at bank	984,757	40,098
Less: Restricted cash (i)	(4,686)	(6,345)
Cash and cash equivalents	<u>980,071</u>	<u>33,753</u>

(i) The Group's restricted cash mainly represents secured deposits held in designated bank accounts for issuance of bank acceptance bills and the letters of credit as of the end of the reporting period.

12 INTEREST-BEARING BORROWINGS

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Within one year	173,444	104,813
After one year but within two years	8,950	5,000
After two years but within five years	118,409	86,128
	<u>300,803</u>	<u>195,941</u>

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

12 INTEREST-BEARING BORROWINGS (CONTINUED)

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
– Secured	52,950	36,000
– Unsecured	247,853	159,941
Total	300,803	195,941

As at 30 June 2026, the bank loans drawn down by the Group totaling RMB52,950,000 (31 December 2025: RMB36,000,000) were secured by the patents of the Group. The carrying amount of these patents is nil as they have not been capitalised as intangible assets.

13 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade creditors and bills payables (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Within 1 year	74,726	73,317
After 1 year but within 2 years	257	53
After 2 years but within 3 years	50	1
Over 3 years	4	3
Total creditors and bills payable	75,037	73,374
Payables for purchase of property, plant and equipment	5,066	7,289
Payroll payables	12,754	8,315
Accrued listing expenses	10,666	7,001
Endorsement liabilities	24,285	9,972
Others	6,541	5,507
	134,349	111,458

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

14 REDEMPTION LIABILITIES

	At 30 June 2026 RMB'000
At the beginning of the period	1,207,400
Changes in the carrying amount of redemption liabilities	31,428
Termination of redemption rights	(1,238,828)
At the end of the period	—

From September 2016 to December 2022, the Company conducted several rounds of financing by issuing registered capital to investors and granting them a right to put back the Company the registered capital acquired upon the occurrence of any of the following events:

- (i) a qualified Initial Public Offering (the “**Qualified IPO**”) has not been consummated by the Company by 31 December 2024;
- (ii) the occurrence of a change in control of the Group or substantial obstacle from the Qualified IPO;
- (iii) material breach of the transaction documents by the Group or its founders that cannot be remediated within 60 days;
- (iv) the founder proposing not to serve in the Group or having integrity issues that leads to significant adverse impact on business operation of the Group and cannot be remediated within 60 days; and
- (v) other events specified in the shareholders agreements, which are beyond the control of the Company.

In case of the occurrence of events of (iii) and (iv) as described above, the redemption amount is the respective subscription consideration plus a simple interest at 30% per annum for the period commencing from the original investment date to the redemption settlement date and deducting any dividends already paid.

In case of the occurrence of the other events as described above, the redemption amount is the respective subscription consideration plus a simple interest at 13% per annum for the period commencing from the original investment date to the redemption settlement date, and any declared but unpaid dividends.

The redemption liabilities are measured at the highest amount expected to be paid to the investors upon redemption at the initial recognition and at the end of each reporting period. Any changes in the carrying amount of redemption liabilities were recorded in “Changes in carrying amount of redemption liabilities”.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

14 REDEMPTION LIABILITIES (CONTINUED)

Pursuant to a supplemental agreement entered into in December 2025, on the date immediately before the date of the first submission, which was 1 January 2026, the redemption rights upon the occurrence of events of (iii) and (iv) as described above were irrevocably terminated. Accordingly, RMB410,210,000 of redemption liabilities were derecognised and reclassified into capital reserve.

On 30 June 2026, the Company has completed its qualified IPO (note 15(b)) and the remaining redemption rights were automatically terminated. Therefore, RMB828,618,000 of redemption liabilities were derecognised and reclassified into capital reserve.

15 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

No dividends were paid or declared by the Company during the six months ended 30 June 2026 and 2025.

(b) Share capital and share premium

	Numbers of ordinary shares '000	Share capital RMB'000	Share premium RMB'000
Issued and fully paid			
At 31 December 2025 and 1 January 2026	89,957	89,957	450,643
Issuance of H shares through initial public offering (i)	13,442	13,442	930,727
At 30 June 2026	103,399	103,399	1,381,370

- (i) On 30 June 2026, the Company issued 13,442,000 H shares of RMB1.00 each at a price of Hong Kong dollar ("HK\$") 85.50 per share by way of the Hong Kong and international public offering (the "Offering"). Consequently, the share capital increased by RMB13,442,000, and the corresponding share premium increased by RMB930,727,000 (after deduction of listing expense of RMB54,113,000).

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

15 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Equity-settled share-based transactions

In December 2025, the Group adopted a share incentive plan (the “**Incentive Plan**”), pursuant to which, 1,140,000 shares and 175,000 shares of the Company were granted to eligible employees and certain executive directors of the Group (the “**Participants**”), respectively. These shares are held by Shengzhou Jieyang Information Consulting Partnership (Limited Partnership) (“**Jieyang Information**”). Jieyang Information is controlled and managed by Zhang Jie, Chairman of the board of directors of the Company. The subscription price of these awarded shares is RMB8.60 per share.

The awarded shares granted to the Participants shall be vested upon the condition that the Participants remain in service upon the first anniversary of completion of an IPO of the Company. The share-based payment transactions were recognized over the vesting period.

None of the awarded shares were vested during the period ended 30 June 2026.

16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) 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 Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

(i) Fair value hierarchy (Continued)

The Group has a team headed by the finance manager performing valuation for structured deposits which are categorized into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. A valuation analysis of changes in fair value measurement is prepared by the team periodically, and is reviewed and approved by the chief financial officer.

	Fair value at 30 June 2026 RMB'000	Fair value measurements as at 30 June 2026 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Financial assets:				
Bill receivables measured at FVOCI	4,105	–	4,105	–
Structured deposits	35,369	–	–	35,369

	Fair value at 31 December 2025 RMB'000	Fair value measurements as at 31 December 2025 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Financial assets:				
Bill receivables measured at FVOCI	1,824	–	1,824	–
Structured deposits	35,078	–	–	35,078

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

(i) Fair value hierarchy (Continued)

During the six months ended 30 June 2026, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2025: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The fair value of bill receivables measured at FVOCI has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities at the end of each reporting period.

The fair value of structured deposits as at 30 June 2026 is determined using discounted cash flow model based on the estimated yield rate ranging from 0.50% to 1.60% (31 December 2025: 1.20% to 1.66%). If the estimated yield rate increase/decrease 100 base points, while all the other variables were held constant, the Group's loss would decrease/increase by RMB59,000 at 30 June 2026 (31 December 2025: RMB56,000).

The movement during the period in the balance of these Level 3 fair value measurements are as follow:

	Structured deposits RMB'000
At 1 January 2026	35,078
Disposal of structured deposits	(65,301)
Placement of structured deposits	65,200
Net realised and unrealised gain recognised in profit or loss during the period	392
At 30 June 2026	35,369

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2025 and 30 June 2026.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

17 COMMITMENTS

Commitments outstanding at 30 June 2026 not provided for in the interim financial report:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Contracted for	121,022	38,747

18 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Salaries and other emoluments	1,896	2,253
Discretionary bonuses	3,297	578
Retirement scheme contribution	57	57
Equity-settled share-based payment expenses	4,779	—
	10,029	2,888

(b) Related party transactions

During the reporting period, the directors are of the view that the following parties are related parties:

Name of party	Relationship
Zhang Jie	Director of the Company
Shengzhou Wuzhou Xinhua Bearing and Forging Co., Ltd. ("Wuzhou Xinhua")	Entity controlled by the immediate family member of a director of the Company
Shengzhou Xinhua Bearing Co., Ltd. ("Shengzhou Xinhua")	Entity controlled by the immediate family member of a director of the Company

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

18 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Related party transactions (Continued)

During the reporting period, the Group entered into the following material related party transactions:

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Rendering of services	125	670
Purchase of services and goods	1,018	2,150
Payment on behalf of the Group	466	1,918
Lease payments	—	4,548
	<u> </u>	<u> </u>

(c) Related party balances

The outstanding balances arising from the above transactions are as follows:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Trade receivables	68	—
Trade payables	—	1,503
Other payables	—	631
	<u> </u>	<u> </u>

19 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 25 July 2026, the over-allotment options in connection with the Offering were exercised by the underwriter of the Company, pursuant to which, an aggregate of 736,400 additional H shares of the Company were issued at HK\$85.5 per share on 27 July 2026.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

20 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS, AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2026

A number of amendments and new standards are not yet mandatory for annual periods beginning 1 January 2026. Earlier application is permitted; however, the Group has not early adopted any new or amended standards in preparing this interim financial report.

The following updates the information provided in the last annual financial statements about the possible impacts of IFRS 18 which may have a significant impact on the Group's consolidated financial statements when adopted.

IFRS 18, *Presentation and disclosure in financial statements*

IFRS 18 will replace IAS 1, *Presentation of financial statements*, and is first effective for annual reporting periods beginning on or after 1 January 2027.

IFRS 18 introduces new requirements for presentation and disclosure in financial statements, including new categories and defined subtotals in the statement of profit or loss, enhanced requirements for aggregation and disaggregation of information, and specific disclosures about management-defined performance measures. The Group is assessing the expected impact that the initial application of IFRS 18 will have on its consolidated financial statements.

The Group expects that the adoption of IFRS 18 will not change the Group's net assets or net profit. However, it is expected to affect the presentation of the Group's consolidated statement of profit or loss and related note disclosures. Based on the work performed to date, the Group's assessment on the expected impact of the initial application of IFRS 18 is summarised below. The assessment remains subject to change as the Group continues its implementation work.

(a) *Structure of the statement of profit or loss*

IFRS 18 requires entities to classify income and expenses into specified categories in the statement of profit or loss, including operating, investing, and financing categories. It also requires entities to present two newly defined subtotals, which are "operating profit" and "profit or loss before financing and income taxes". The operating profit subtotal is expected to differ from the current profit from operations subtotal presented by the Group. Based on the work performed to date, the Group also expects the following changes to the consolidated statement of profit or loss:

- Interest income and net realised and unrealised gain on financial assets measured at FVPL, which are currently presented in the Group's other net income subtotal, are expected to be classified in the investing category. The income and expenses classified in the investing category, together with the subtotal "operating profit", will form the new subtotal "profit or loss before financing and income taxes";

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

20 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS, AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2026 (CONTINUED)

IFRS 18, *Presentation and disclosure in financial statements* (Continued)

(a) *Structure of the statement of profit or loss* (Continued)

- The Group is assessing the classification of income and expenses as currently included in the finance cost line item and expects that this line item will be disaggregated into “income and expenses on liabilities arising solely from raising of finance” and “interest expenses on other liabilities” in the financing category;
- The Group is required to assess the classification of foreign exchange differences in the same category as the income and expenses from the items that gave rise to the differences, unless doing so would involve undue cost or effort; and
- The Group currently presents operating expenses by function. The Group is assessing whether its current presentation, or a mixed presentation by nature and function, will provide the most useful structured summary of its operating expenses under IFRS 18. If the Group continues to present one or more operating expense line item by function, information about five specific expenses by nature will be provided in a single note to the financial statements.

(b) *Management-defined performance measures (“MPM”)*

MPMs are subtotals of income and expenses used in public communications outside the financial statements that communicate management's view of an aspect of the financial performance of the entity as a whole to users. Based on the Group's current assessment, the following items are identified as MPMs since they are currently being reported by the Group in its management commentary, press releases, and investor presentations.

- “Adjusted net loss”, which is defined as loss for the year/period adjusted for listing expenses, change in the carrying amount of redemption liabilities, and equity-settled share-based payments expenses;
- “EBITDA”, which is defined as loss for the year/period adjusted by adding finance costs, depreciation charge and amortisation cost of intangible assets; and subtracting interest income on deposits; and
- “Adjusted EBITDA”, which is defined as EBITDA adding back listing expenses, change in the carrying amount of redemption liabilities, and equity-settled share-based payments expenses.

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(Expressed in Renminbi unless otherwise indicated)

20 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS, AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2026 (CONTINUED)

IFRS 18, *Presentation and disclosure in financial statements* (Continued)

(b) *Management-defined performance measures ("MPM") (Continued)*

The Group is also developing a process to identify its public communications and assess whether other measures reported in those communications meet the definition of an MPM.

The Group will be required to disclose specific information about MPMs in a single note in the financial statements. The MPMs disclosed by the Group following adoption of IFRS 18 will be determined based on public communications issued by the Group relating to the same reporting period.

(c) *Principles of aggregation and disaggregation*

IFRS 18 provides enhanced principles on how to group information in the financial statements, including the primary financial statements and the notes. It also introduces guidance on labelling and describing items presented in the primary financial statements or disclosed in the notes.

The Group has been consistently applied the principles of aggregating and disaggregating the items on the basis of similar and dissimilar characteristics. The Group is also assessing line items currently labelled as "other" across the primary financial statements and the notes and expects to use more informative labels where material information would otherwise be obscured.

IFRS 18 also introduces consequential amendments to IAS 7, Statement of cash flows. The Group is assessing the impact of those amendments, including the requirement to use the newly defined operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method and the classification of interest and dividend cash flows.

The actual impact of applying IFRS 18 may change as the Group continues to assess the new requirements and finalises any changes to its reporting processes, controls and accounting policies before the date of initial application.



Definitions

“Articles of Association”	the articles of association of the Company, as amended from time to time
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of the Company
“Company” or “Laifual”	Zhejiang Laifual Drive Co., Ltd. (浙江來福諾波傳動股份有限公司)
“Corporate Governance Code”	the Corporate Governance Code in Appendix C1 to the Listing Rules
“Director(s)”	director(s) of the Company
“Global Offering”	the Hong Kong Public Offering and the International Offering described in the Prospectus
“Group”	the Company and its subsidiaries
“H Share(s)”	ordinary Share(s) in the share capital of the Company with a nominal value of RMB1.00 each, listed and traded on the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards
“Jieyang Information”	Shengzhou Jieyang Information Consulting Partnership (Limited Partnership), an employee share ownership platform controlled by Mr. Zhang Jie
“Laifu Investment”	Shengzhou Laifu Investment Management Partnership (Limited Partnership), a shareholding platform controlled by Mr. Zhang Jie
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	30 June 2026, the date on which dealings in the H Shares commenced on the Stock Exchange

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Listing Rules
“Prospectus”	the prospectus of the Company dated 22 June 2026
“Reporting Period”	the six months ended 30 June 2026
“RMB”	Renminbi, the lawful currency of the PRC
“R&D”	research and development
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent