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**Application Proof of**




# WYBOTICS Co.,LTD
# 天津望圓智能科技股份有限公司

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

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WYBOTICS

# WYBOTICS Co.,LTD
# 天津望圓智能科技股份有限公司

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

**[REDACTED]**

| | | |
|---|---|---|
| **Number of [REDACTED] under the [REDACTED]** | **:** | **[REDACTED] H Shares (subject to the [REDACTED])** |
| **Number of [REDACTED]** | **:** | **[REDACTED] H Shares (subject to reallocation)** |
| **Number of [REDACTED]** | **:** | **[REDACTED] H Shares (subject to reallocation and the [REDACTED])** |
| **Maximum [REDACTED]** | **:** | **[REDACTED] per H Share, plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on [REDACTED] and subject to refund)** |
| **Nominal value** | **:** | **RMB[1.00] per H Share** |
| **[REDACTED]** | **:** | **[REDACTED]** |

***Sole Sponsor, Overall Coordinator,* [REDACTED]**

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[REDACTED]



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# IMPORTANT

[**REDACTED**]



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# EXPECTED TIMETABLE

[**REDACTED**]



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# EXPECTED TIMETABLE

[**REDACTED**]



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# EXPECTED TIMETABLE

[**REDACTED**]



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# SUMMARY

*This summary aims to give you an overview of the information contained in this document and should be read in conjunction with the full text of this document. Since this is a summary, it does not contain all the information that may be important to you. You should read the whole document, including our financial statements and the accompanying notes, before you decide to* [**REDACTED**] *in the* [**REDACTED**]. *There are risks associated with any* [**REDACTED**]. *Some of the particular risks of* [**REDACTED**] *in the* [**REDACTED**] *are set forth in the section headed "Risk Factors." You should read that carefully before you decide to* [**REDACTED**] *in the* [**REDACTED**].

## OVERVIEW

We are a growing global participant focused on the research, design, manufacture and marketing of robotic pool cleaners. We are the world's top three and China's top one provider of robotic pool cleaners, as measured by both shipment volume and GMV of self-manufactured products in 2024, with a comprehensive product portfolio equipped with advanced pool cleaning technology, according to the CIC Report. We are also the inaugurator and the world's largest provider of cordless robotic pool cleaners, as measured by shipment volume of self-manufactured products in 2024, according to the same source.

Tracing our history back to two decades ago, we played an active role in the development China's robotic pool cleaner industry with accumulated expertise in the research, design, manufacture and marketing of robotic pool cleaners which span a wide range of market demands at residential, commercial and public facilities. We have contributed to the development of robotic pool cleaners by inaugurating the earliest lightweight products in 2009, the earliest cordless products in 2014, and the earliest AI-powered products in 2023. We began the development of cordless products and the application of the relevant patents in 2009. At present, the adoption of cordless robotic pool cleaners has become a clear trend in pool cleaning and maintenance, according to the CIC Report. We leverage our advanced R&D center and production bases to ensure product performance and consistent quality in our products and operate an expansive sales network across the continents to provide comprehensive support and services to our global clientele. Aligned with our commitment to technological innovation, we are participating in the intelligent transformation of the global pool cleaning and maintenance industry with AI-powered robotic products.

We achieved growth during the Track Record Period. Our revenue increased at a CAGR of 46.6% from RMB378.0 million in 2023 to RMB812.2 million in 2025. Our net profit increased at a CAGR of 28.5% from RMB60.8 million in 2023 to RMB100.4 million in 2025.

### Our Robotic Products

We research, design, manufacture and market robotic pool cleaners and collaborate with world-renowned pool equipment brands to meet the evolving pool cleaning and maintenance needs of consumers worldwide. Our full suite of robotic pool cleaners consists of cordless, corded and handheld models to perform cleaning underwater primarily at the bottom, on the wall, or on the water surface of a pool. We boast a comprehensive product portfolio of robotic pool cleaners with 48 major models as of the Latest Practicable Date. Leveraging our innovative, AI-powered technology, we have launched intelligent robotic products featuring precise underwater acoustic positioning, underwater AI vision, underwater 3D mapping, autonomous navigation, and autonomous waste collection, capable of executing complex pool cleaning tasks with high efficiency and precision at the cost of minimal human intervention. As of the Latest Practicable Date, our robotic pool cleaners had been shipped to 60 countries and regions worldwide.

Based on the automation and intelligence level and the sophistication of the application scenarios, we divide our cordless robotic pool cleaners into entry, premium, flagship and pioneer levels, represented by series models in *WYBOT A1*, *WYBOT C2*, *WYBOT S2*, and *WYBOT S3*, respectively, suitable for all the major pool types in environments ranging from residential back yards to commercial complexes and public facilities. The following diagram illustrates certain information related to our prominent product models—cordless robotic pool cleaners.



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# SUMMARY

## ON-SALE CORDLESS ROBOTIC POOL CLEANERS



The following table sets forth the sales volume and average selling price of our branded products and ODM products for the periods indicated.

| | For the year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | Sales volume | Average selling price | Sales volume | Average selling price | Sales volume | Average selling price |
| | *(Units in thousands, RMB in yuan)* | | | | | |
| Branded products | 167.5 | 1,515 | 263.2 | 1,494 | 370.4 | 1,830 |
| ODM products | 203.0 | 579 | 167.8 | 796 | 130.7 | 972 |
| **Total robotic pool cleaners** | **370.5** | **1,002** | **431.0** | **1,222** | **501.1** | **1,606** |

During the Track Record Period, the retail price of our branded products and ODM products typically ranged from US$89 to US$2,499, and from US$79 to US$879, respectively.

The following table sets forth a breakdown of our revenue and gross profit margin by sales model for the periods indicated.

| | For the year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | Revenue | Gross profit margin | Revenue | Gross profit margin | Revenue | Gross profit margin |
| | *(RMB in thousands, except for percentages)* | | | | | |
| Sales of branded products | 253,765 | 63.4 | 393,332 | 60.4 | 677,948 | 65.2 |
| Sales under ODM model | 117,551 | 44.4 | 133,516 | 50.7 | 127,088 | 49.9 |
| Sales of accessories[(1)] | 6,634 | 63.8 | 16,687 | 60.9 | 7,166 | 75.1 |
| **Total** | **377,950** | **57.5** | **543,535** | **58.0** | **812,202** | **62.9** |

(1) Accessories included primarily components and semi-manufactured products.

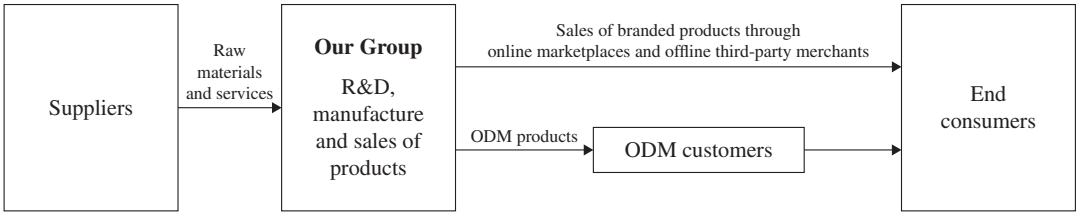
**Our Business Model**

We have a robust capability in the research, design, manufacture and marketing of robotic pool cleaners. We sell branded products under two brands, *WYBOT* and *Winny Pool Cleaner*, to end consumers primarily in North America, Europe, Asia and Oceania primarily through online E-commerce marketplaces and our E-commerce independent websites. In particular, our revenue generated through Amazon was RMB211.1 million, RMB309.8 million and RMB404.1 million in 2023, 2024 and 2025, respectively, accounting for 55.9%, 57.0% and 49.7% of our total revenue in the same periods, respectively. We sell our products on Amazon primarily through the Seller Central program, a comprehensive seller services program provided by Amazon that allows us to conduct online sales directly to end consumers under a DTC sales model. In addition, we have also participated in Amazon's Vendor Central program. This program operates under a B2B sales model, where Amazon places bulk purchase orders with us on buyer-seller contractual arrangement, and subsequently fulfills its customer orders without our further involvements. We also conduct offline sales of our branded products to third-party merchants to expand our market reach. In addition, we also sell commissioned products on an ODM basis primarily to global pool equipment brands, such as Bestway, CASH and Productos QP, which on-sell them to end consumers primarily through offline channels.



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The following diagram illustrates our business model.




**Shift in Business Model**

Since our inception and prior to 2023, our business operated predominantly under an ODM model, involving the research, design, manufacturing, and sale of commissioned products for global pool equipment brands. Through this ODM-based business model, we have built robust capabilities across the entire product lifecycle of robotic pool cleaners, enabling us to meet diverse market needs spanning residential, commercial, and public facilities.

Since 2023, we strategically transitioned our business model from a predominantly ODM-based approach to focusing on the sale of our branded products under two brands, *WYBOT* and *Winny Pool Cleaner*, to end consumers primarily in North America, Europe, Asia and Oceania primarily through E-commerce marketplaces, such as Amazon, our E-commerce independent websites on Shopify, Woot, Walmart, Best Buy, Lowe's, Target, and Home Depot. In addition, we also conduct offline sales of our branded products to third-party merchants in complement with our online sales channel and to further expand our market reach. This strategic shift in business model was driven by our thorough evaluation of several key factors, including primarily (1) enhancing profitability, (2) reducing customer concentration risk, and (3) establishing long-term brand value and customer relationships. During our business model transition, we strategically chose to scale down our ODM operations rather than maintain their existing size. This deliberate reduction enabled us to reallocate and optimize our relatively limited resources, including manufacturing capacity, working capital, labor, and management attention, toward higher-value initiatives for our branded products. Specifically, the decision was primarily driven by the following key considerations: (1) strategic repositioning for higher value, (2) focused resource allocation, and (3) enhanced operational efficiency. The shift in business model has exerted impact on our operational and financial performance, primarily including impact on our (1) customer mix, (2) revenue mix, (3) cost and operating expense structure, (4) gross profit margin, and (5) net profit margin. For details of the shift in our business model, see "Business—Shift in Business Model."

**MARKET OPPORTUNITY**

The pool is the centerpiece of the growing outdoor living space, which is increasingly connected and smart through the proliferation of home IoT devices and the emergence of AI technology which is expected to drive the next-generation trend in the ultimate back yard experience, including hassle-free, smart pool cleaning and maintenance. Pool cleaning is an onerous undertaking for pool owners and operators. The demand for robotic pool cleaners to replace human labor is increasingly considered non-discretionary and recurring for the ongoing operation of pools because robotic pool cleaners significantly enhance the ease of pool maintenance, promotes water conservation, and/or decrease harsh chemical usage.

The global robotic pool cleaner market, in terms of GMV, increased from US$1,393.9 million in 2020 to US$2,799.7 million in 2025, at a CAGR of 15.0%. It is projected to reach US$4,567.7 million by 2030, with a CAGR of 10.3% from 2025 to 2030 according to the CIC Report. The adoption rate of robotic pool cleaners worldwide, calculated by dividing the number of pools adopting robotic pool cleaners by the total number of pools, is expected to increase from 27.8% in 2025 to 34.7% in 2030 according to the same source. The rapid growth of the global robotic pool cleaner market will continue to be driven by, among other factors, the consumer trend towards healthy outdoor living, technological advancements, and the construction of private pools in emerging markets. In China, the adoption rate of robotic pool cleaners is expected to increase from 8.7% in 2025 to 16.2% in 2030 with significant growth prospects in pools at sports centers, luxury hotels, condominiums, and hot spring or spa facilities, and other underwater environments, such as aquariums and breeding ponds.



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Pool cleaners have evolved from heavy suction-side or pressure-side pool cleaners utilizing a combination of suction and manipulation of water pressure, to electric corded robotic pool cleaners, and in recent years, to lightweight and cordless robotic pool cleaners. We have contributed to the development of robotic pool cleaners by inaugurating the earliest lightweight products in 2009, the earliest cordless products in 2014, and the earliest AI-powered products in 2023. We began the development of cordless products and the application of the relevant patents in 2009. Nowadays, AI-powered robotic pool cleaners capable of executing complex pool cleaning tasks with high efficiency and precision as well as minimal human intervention are gaining increasing consumer acceptance. With the pool as the centerpiece of outdoor living space, we are well positioned to springboard from robotic pool cleaners to AI-powered "smart" outdoor living solutions, eyeing the growth prospects in the broader global smart outdoor living market.

## COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success and differentiated us from our competitors: (1) growing technology company in the robotic pool cleaner industry, (2) robust R&D capability for relentless product innovation, (3) comprehensive product portfolio with AI-powered capabilities, (4) omni-channel sales network with global customer outreach, and (5) visionary management team and seasoned talents.

## GROWTH STRATEGIES

We aspire to springboard from pool cleaning and maintenance to providing a comprehensive back yard management solution to make outdoor living more convenient and enjoyable. Specifically, we intend to pursue the following strategies to further grow our business: (1) continue to increase our R&D investment to strengthen our market position, (2) enrich our product portfolio and its application scenarios to enhance brand equity, (3) expand our global omni-channel sales network to augment our market share, (4) continue to expand production capacity and enhance production efficiency, and (5) attract, retain and cultivate talents to propel future growth.

## OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, our customers for branded products primarily include (1) end consumers or Amazon Vendor Center for Amazon Vendor Central program for online sales of our branded products, and (2) third-party merchants, such as pool equipment specialty retail chain stores, shopping malls, and supermarkets, for offline sales of our branded products. Our customers also include robotic pool cleaner companies and companies in the pool care and outdoor living industries, to whom we offer our products on ODM basis. In 2023, 2024 and 2025, revenue generated from our top five customers accounted for 27.0%, 23.4% and 22.0% of our total revenue, respectively, and revenue from our top customer accounted for 7.8%, 7.3% and 8.8% of our total revenue in the same periods, respectively. See "Business—Our Customers" for details. Our suppliers primarily provide us with raw materials, hardware, and logistics and marketing services. Purchase from our top five suppliers accounted for 51.5%, 44.8% and 44.2% of our total purchases in 2023, 2024 and 2025, respectively, and purchase from our largest supplier accounted for 35.7%, 26.6% and 24.3% of our total purchases in the same periods, respectively. See "Business—Suppliers and Raw Materials—Our Suppliers" for details.

## SUMMARY HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary of our financial information for the Track Record Period, and should be read together with the consolidated financial statements in the Accountants' Report set out in Appendix I to this document, including the accompanying notes and the information set forth in "Financial Information." Our consolidated financial information was prepared in according with the IFRS Accounting Standards.



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### Summary of Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table sets forth selected data from our consolidated statements of profit or loss and other comprehensive income for the periods indicated.

| | Year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | *(RMB in thousands except for percentages)* | | | | | |
| Revenue | 377,950 | 100.0 | 543,535 | 100.0 | 812,202 | 100.00 |
| Cost of sales | (160,735) | (42.5) | (228,272) | (42.0) | (301,079) | (37.1) |
| **Gross profit** | **217,215** | **57.5** | **315,263** | **58.0** | **511,123** | **62.9** |
| **Profit before taxation** | 67,626 | 17.9 | 83,160 | 15.3 | 116,517 | 14.3 |
| Income tax | (6,777) | (1.8) | (12,650) | (2.3) | (16,106) | (2.0) |
| **Profit for the year/period** | **60,849** | **16.1** | **70,510** | **13.0** | **100,411** | **12.4** |

***Revenue***

During the Track Record Period, we generated revenue primarily from the sales of robotic pool cleaners. We sold our branded robotic pool cleaners, and also sold commissioned products on ODM basis. We also generated de minimis revenue from the sales of accessories during the Track Record Period. Our revenue was RMB378.0 million, RMB543.5 million and RMB812.2 million in 2023, 2024 and 2025, respectively. The following table sets forth a breakdown of our revenue by sales model, both in absolute amount and as a percentage of our total revenue, for the periods indicated.

| | Year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | *(RMB in thousands except for percentages)* | | | | | |
| Sales of branded products | 253,765 | 67.1 | 393,332 | 72.4 | 677,948 | 83.5 |
| Sales under ODM model | 117,551 | 31.1 | 133,516 | 24.6 | 127,088 | 15.6 |
| Sales of accessories[(1)] | 6,634 | 1.8 | 16,687 | 3.1 | 7,166 | 0.9 |
| **Total** | **377,950** | **100.0** | **543,535** | **100.0** | **812,202** | **100.0** |

(1) Accessories included primarily components and semi-manufactured products.

***Gross Profit and Gross Profit Margin***

Our gross profit was RMB217.2 million, RMB315.3 million and RMB511.1 million in 2023, 2024 and 2025, respectively, representing a gross profit margin of 57.5%, 58.0% and 62.9% for the same periods, respectively. The following table sets forth a breakdown of our gross profit and gross profit margin by sales model for the periods indicated.

| | Year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *Gross profit* | *Gross profit margin (%)* | *Gross profit* | *Gross profit margin (%)* | *Gross profit* | *Gross profit margin (%)* |
| | *(RMB in thousands except for percentages)* | | | | | |
| Sales of branded products | 160,787 | 63.4 | 237,383 | 60.4 | 442,282 | 65.2 |
| Sales under ODM model | 52,194 | 44.4 | 67,724 | 50.7 | 63,462 | 49.9 |
| Sales of accessories | 4,234 | 63.8 | 10,156 | 60.9 | 5,379 | 75.1 |
| **Total** | **217,215** | **57.5** | **315,263** | **58.0** | **511,123** | **62.9** |



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During the Track Record Period, we strategically transitioned our business model from a predominantly ODM-based approach to focusing on our branded products under *WYBOT* and *Winny Pool Cleaner*. The business model transition drove a substantial increase in branded product revenue, which grew from 67.1% of our total revenue in 2023 to 72.4% in 2024, and further to 83.5% in 2025. The transition also strengthened our pricing power and increased the gross profit margin of our branded products. See "Business—Our Business—Shift in Business Model."

**Summary of Consolidated Statements of Financial Positions**

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

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | |
| **Total non-current assets** | 85,120 | 90,554 | 92,435 |
| **Total current assets** | 455,707 | 593,522 | 826,597 |
| **Total current liabilities** | 79,147 | 150,248 | 634,844 |
| **Total assets less current liabilities** | 461,680 | 533,828 | 284,188 |
| **Net assets** | **454,792** | **527,459** | **267,811** |

**Summary of Consolidated Statements of Cash Flows**

The following table sets forth selected cash flow data from our consolidated statements of cash flows for the periods indicated.

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | |
| Net cash generated from operating activities | 40,308 | 6,501 | 34,825 |
| Net cash generated from/(used in) investing activities | 88,044 | (3,661) | 1,360 |
| Net cash (used in)/generated from financing activities | (587) | (3,967) | 71,327 |
| Net increase/(decrease) in cash and cash equivalents | 127,765 | (1,127) | 107,512 |
| Cash and cash equivalents at beginning of the period | 124,714 | 254,150 | 253,568 |
| Effect of foreign exchange rate changes | 1,671 | 545 | (543) |
| Cash and cash equivalents at end of the period | 254,150 | 253,568 | 360,537 |

**NON-IFRS MEASURE**

To supplement our consolidated financial statements which are prepared and presented in accordance with the IFRS Accounting Standards, we use adjusted net profit (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, the IFRS Accounting Standards. We believe that such non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating the potential impact of items that our management does not consider to be indicative of our operating performance. The use of such non-IFRS measure has limitations as an analytical tool, and you should not consider them in isolation from, as a substitute for, analysis of, or superior to, our results of operations or financial condition as reported under the IFRS Accounting Standards. In addition, such non-IFRS financial measure may be defined differently from similar terms used by other companies, and may not be comparable to other similarly titled measure used by other companies. Our presentation of such non-IFRS measure should not be construed as an implication that our future results will be unaffected by unusual or non-recurring items.



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We define adjusted net profit (non-IFRS measure) as profit for the year adjusted for equity-settled share-based payment expenses, expenses related to previous A-share listing attempt, [**REDACTED**] and changes in the carrying amount of redemption liabilities. Equity-settled share-based payment expenses is non-cash expenses arising from granting restricted share units and options to senior management and employees. Expenses related to previous A-share listing attempt represent professional service fees in connection with the previous A-share listing attempt. [**REDACTED**] arise from activities relating to the [**REDACTED**]. Our redemption liabilities to investors during the Track Record Period was primarily attributable to the redemption rights of the Pre-[**REDACTED**] Investors included in our financing arrangements, which were recorded as financial liabilities. Upon the [**REDACTED**], the redemption rights will be automatically terminated, and the redemption liabilities will be reclassified from liabilities to equity. See "History, Development and Corporate Structure—Pre-[**REDACTED**] Investments—Special Rights of the Pre-[**REDACTED**] Investors." The following table sets forth a reconciliation of our adjusted net profit (non-IFRS measure) to the most directly comparable financial measure calculated and presented in accordance with the IFRS Accounting Standards.

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | |
| **Profit for the year** | **60,849** | **70,510** | **100,411** |
| *Add:* | | | |
| Equity-settled share-based payment expenses | 4,629 | 397 | 11,083 |
| Expenses related to previous A-share listing attempt | 7,393 | – | – |
| [**REDACTED**] | – | [**REDACTED**] | [**REDACTED**] |
| Changes in the carrying amount of redemption liabilities | – | – | 6,488 |
| **Adjusted net profit (non-IFRS measure)** | **72,871** | **77,502** | **124,247** |

## KEY FINANCIAL RATIOS

The following table set forth our key financial ratios as of the dates or for the periods indicated.

| | For the year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| Gross profit margin | 57.5% | 58.0% | 62.9% |
| Net profit margin | 16.1% | 13.0% | 12.4% |
| Adjusted net profit margin (non-IFRS measure) | 19.3% | 14.3% | 15.3% |
| Revenue growth rate | 19.0% | 43.8% | 49.4% |
| Gross profit growth rate | 28.0% | 45.1% | 62.1% |

See "Financial Information—Key Financial Ratios."

## OUR CONTROLLING SHAREHOLDERS AND SHAREHOLDING STRUCTURE

During the Track Record Period and up to the Latest Practicable Date, our Company was controlled by the Controlling Shareholders, namely (i) Ms. Fu as to 10.88%, (ii) Mr. Yu as to 0.93%, (iii) Tianjin Zhuhui as to 21.55%, which is owned as to 57.50% and 42.50% by Ms. Fu and Mr. Yu, respectively, (iv) Tianjin Wangyuan as to 32.75%, which is owned as to 60.00% and 40.00% by Ms. Fu and Mr. Yu, respectively, and (v) Tianjin Kanfang LP and Tianjin Wangyuan LP as to 1.24% and 4.23%, respectively, with Ms. Fu being their respective sole general partner and entitled to exercise the voting rights attaching to the Shares held by them. As of the Latest Practicable Date, the Controlling Shareholders have been able to control 71.58% of the voting rights in shareholders' meetings of our Company. See "Relationship with Our Controlling Shareholders" and "Directors and Senior Management" for more information about their relationship and biographical details.



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## PRE-[REDACTED] INVESTMENTS

Since 2021, with confidence in our business development and management, many investors invested in our Company. For further details of the background of the Pre-[**REDACTED**] Investors and the principal terms of the Pre-[**REDACTED**] Investments, see "History, Development and Corporate Structure—Pre-[**REDACTED**] Investments" in this document.

## [REDACTED]

We expect to incur a total of approximately [**REDACTED**] ([**REDACTED**]) of [**REDACTED**] in connection with the [**REDACTED**], representing approximately [**REDACTED**]% of the [**REDACTED**] from the [**REDACTED**] (assuming an [**REDACTED**] of [**REDACTED**], being the [**REDACTED**] of the indicative [**REDACTED**] between [**REDACTED**] and [**REDACTED**], and assuming that the [**REDACTED**] is not exercised), including (1) [**REDACTED**] and [**REDACTED**], SFC transaction levy, Stock Exchange trading fees and AFRC transaction levy for all [**REDACTED**] of approximately [**REDACTED**] ([**REDACTED**]), and (2) [**REDACTED**] of approximately [**REDACTED**] ([**REDACTED**]), which consist of (i) fees and expenses of legal advisors and reporting accountants of approximately [**REDACTED**] ([**REDACTED**]), and (ii) other fees and expenses of approximately [**REDACTED**] ([**REDACTED**]). Approximately [**REDACTED**] is expected to be charged to our profit or loss, and approximately [**REDACTED**] is expected to be deducted from equity. The [**REDACTED**] above are the best estimate as of the Latest Practicable Date and for reference only. The actual amount may differ from this estimate.

## [REDACTED] STATISTICS

All statistics in this table are based on the assumption that (1) the [**REDACTED**] has been completed and [**REDACTED**] are [**REDACTED**] pursuant to the [**REDACTED**], and (2) the [**REDACTED**] is not exercised.

| | **Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]** | **Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]** |
|---|---|---|
| [**REDACTED**] of our Shares[(1)] | [**REDACTED**] | [**REDACTED**] |
| Unaudited [**REDACTED**] adjusted net tangible assets per Share as of December 31, 2025[(2)] | [**REDACTED**] | [**REDACTED**] |

(1) The calculation of [**REDACTED**] is based on [**REDACTED**] total [**REDACTED**] Shares immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

(2) The unaudited [**REDACTED**] adjusted net tangible assets per Share as of December 31, 2025 is calculated after making the adjustments referred to in Appendix II and on the basis that [**REDACTED**] Shares were in [**REDACTED**] immediately following the completion of the [**REDACTED**], but does not take into account any H Shares which may be [**REDACTED**] upon the exercise of the [**REDACTED**]. No adjustment has been made to reflect any trading result or other transactions of our Group entered into subsequent to December 31, 2025.

## DIVIDENDS

During the Track Record Period, we declared dividends of RMB62.0 million in 2025. We have adopted a dividend policy of declaring and paying dividends, without a predetermined dividend payout ratio. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be determined by our Shareholders. For details, see "Financial Information—Dividends."

## CSRC FILING

We submitted a filing to the CSRC for application of the [**REDACTED**] and the [**REDACTED**] on [●] and received notice of completion of filing issued by the CSRC on [●].



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## FUTURE PLANS AND USE OF [REDACTED]

We estimate that the net [**REDACTED**] of the [**REDACTED**], after deducting the estimated [**REDACTED**] commissions and other fees and expenses payable by us in connection with the [**REDACTED**], will be approximately [**REDACTED**], assuming an [**REDACTED**] of [**REDACTED**] per Share (being the [**REDACTED**] of the indicative range of the [**REDACTED**] of [**REDACTED**] to [**REDACTED**] per Share), without the exercise of the [**REDACTED**].

We currently intend to use the net [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts that: (1) approximately [**REDACTED**]% of the net [**REDACTED**], or [**REDACTED**], will be used to further expand our production capacity and enhance production efficiency by (i) establishing our new production base and adjacent warehouses; (ii) purchasing production equipment and intelligent production related hardware and software; and (iii) recruiting and training production personnel; (2) approximately [**REDACTED**]% of the net [**REDACTED**], or [**REDACTED**], will be used to expand our global online and offline sales and augment our market share; (3) approximately [**REDACTED**]% of the net [**REDACTED**], or [**REDACTED**], will be used to elevate our R&D capabilities and enrich our product portfolio with expanded application scenarios; and (4) approximately [**REDACTED**]% of the net [**REDACTED**], or [**REDACTED**], for working capital and other general corporate purposes. See "Future Plans and Use of [**REDACTED**]" for further information relating to our future plans and use of [**REDACTED**] from the [**REDACTED**], including the adjustment on the [**REDACTED**] of the [**REDACTED**] in the event that the [**REDACTED**] is fixed at a higher or lower level compared to the midpoint of the estimated [**REDACTED**].

## LEGAL PROCEEDINGS

We were involved in certain legal proceedings regarding alleged patent infringement. See "Business—Legal Proceedings and Compliance" for details.

### Concluded Legal Proceeding

On July 29, 2022, Zodiac Pool Systems LLC ("Zodiac LLC") and Zodiac Pool Care Europe ("Zodiac Europe", collectively with Zodiac LLC, "Zodiac") commenced a Section 337 investigation at the United States International Trade Commission ("ITC") alleging that Shenzhen Aiper Intelligent Co., Ltd., Aiper Intelligent, LLC and Aiper, Inc. (collectively, "Aiper") infringed certain U.S. patents of Zodiac United States Patent Nos. 8,393,029 and 8,393,031 in connection with the importation and sale of certain robotic pool cleaners ("ITC Investigation"). The ITC Investigation did not proceed to a final merits determination against our Group on infringement or validity of Zodiac's asserted patents, as it was voluntarily dismissed by Zodiac in February 2023 after Aiper entered into a settlement agreement on its own with Zodiac in February 2023. Based on information available to us as of the Latest Practicable Date, and as advised by our Independent U.S. Litigation Advisor, we believe the ITC Investigation does not indicate that our current products infringe Zodiac's asserted patents in the ITC Investigation.

### Pending Overseas Legal Proceedings

We are currently involved in a pending patent infringement litigation in front of the Tribunal Judiciaire de Paris ("Paris Judicial Court") (the "French Proceeding") initiated by Zodiac Europe on December 15, 2022 and a complaint was recently filed before a United States court (the "U.S. Complaint") initiated by Zodiac on May 23, 2025, for alleged infringement of certain patents held by the Zodiac registered in Europe and the United States. Meanwhile, we are also currently involved in an insurance claim litigation in front of Superior Court of Arizona in the United States ("Arizona Proceeding").

#### *French Proceeding*

In the French Proceeding, Zodiac Europe alleged infringement of some of its European patents and requested, among other things, EUR2,544,000 as provisional damages to be confirmed once financial documents have been provided, and an injunctive remedy to discontinue marketing and to recall from commercial circuit of infringing products. Our Company and WYBOTICS EUROPE are challenging the validity of the asserted patents of Zodiac with a 55% to 60% chance of success of obtaining nullity of the asserted patents of Zodiac, as advised by our Independent French Litigation Advisor. Should Zodiac French Patent be found invalid, the French Proceeding will be dismissed in accordance with the laws of France. Consequently, the chance of not being condemned for infringement should be more than 50%, as advised by our Independent French Litigation Advisor.



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Considering that (1) our Independent French Litigation Advisor is of the opinion that the chance of not being condemned for infringement should be more than 50%, and (2) the accused models were outdated models or not marketed as of the Latest Practicable Date,our Directors are of the view that the French Proceeding will not have any material adverse effect on our business, results of operations and financial condition. For details of the French Proceeding, see "Business—Legal Proceedings and Compliance—Pending Overseas Legal Proceedings—French Proceeding."

***U.S. Complaint***

Based on information available to us as of the Latest Practicable Date, Zodiac filed the U.S. Complaint on May 23, 2025, and amended its complaint on September 22, 2025 ("Amended U.S. Complaint") to assert certain additional patents. Zodiac claimed that certain our robotic pool cleaner models infringed some of its U.S. patents. Zodiac sought both monetary damages and injunctive relief. However, Zodiac has not specified the amount of damages sought in the U.S. Complaint or Amended U.S. Complaint. As of the Latest Practicable Date, the case schedule for the U.S. Complaint and any eventual trial date have not been determined and remained at a very early litigation stage. On September 9, 2025, we also filed a declaratory judgment complaint before another United States court against Zodiac, requesting the court to declare non-infringement of all the asserted patents of Zodiac and to declare that certain the asserted patents of Zodiac are invalid. On November 25, 2025, we also filed inter partes review petitions with the U.S. Patent and Trademark Office challenging the validity of the camera/vision-related patents asserted by Zodiac.

Considering that (1) it is more likely than not that each of the asserted patents of Zodiac will be held invalid based on prior art, (2) Zodiac's allegations also face substantive challenges on infringement and validity that are expected to be tested through claim construction, dispositive motions, and/or other merits determinations in the U.S. Complaint, and (3) we have implemented new product designs and transitions such that the products currently offered for sale in the U.S. are not accused, or are being transitioned away from, the legacy designs alleged by Zodiac, our Independent U.S. Litigation Advisor is of the view that it is more likely than not that the Group will be able to defend the U.S. Complaint successfully.

Considering that (1) our Independent U.S. Litigation Advisor's view that it is more likely than not that our Group will be able to defend the U.S. Complaint successfully, (2) the procedural posture of the U.S. Complaint, and (3) our Independent U.S. Litigation Advisor's view that the new designs and product transition reduce the likelihood that Zodiac could obtain any remedy that would materially affect our ongoing U.S. sales, our Directors are of the view that the U.S. Complaint and the Amended U.S. Complaint will not have any material adverse effect on our business, results of operations and financial condition. For details of the French Proceeding, see "Business—Legal Proceedings and Compliance—Pending Overseas Legal Proceedings—U.S. Complaint."

***Arizona Proceeding***

On February 23, 2026, Nationwide General Insurance Company, as subrogee of certain homeowners, filed a lawsuit against Wybotics Inc in the Superior Court of Arizona, Maricopa County, alleging product liability claims in connection with an alleged defect in a battery-operated pool cleaner that purportedly caused a residential fire. Such complaint seeks recovery of approximately US$38,000 in damages. The Arizona Proceeding is at an early stage. Our Directors confirm that this matter is an isolated claim. Considering the monetary value of the claim brought by such complaint is relatively modest, our Directors are of the view that this proceeding will not have any material adverse effect on our business, results of operations and financial condition.

**Pending PRC Legal Proceeding**

***Pending Suzhou Legal Proceeding***

We are also currently involved in one pending contract dispute litigation in front of a PRC court in Suzhou filed by one of our domestic customers ("Suzhou Proceeding Plaintiff") in January 2024 for alleged breach of two contracts on the alleged basis that our subject matter products were subject to material safety risk that the charging port of certain robotic pool cleaners of the Company had safety risk (the "Allegation"). On July 8, 2025, the Suzhou court held, as the first instance judgment, that subject matter products were subject to safety risks and ordered that (1) the two contracts were validly terminated, (2) we shall return Suzhou Proceeding Plaintiff the pre-payment of the two contracts of approximately RMB0.5 million, (3) we shall pay Suzhou Proceeding Plaintiff damages of approximately RMB0.5 million, and (4) our counterclaim be dismissed ("First Instance Judgement"). We have appealed the First Instance Judgement and the appellate procedure was still pending as of the Latest Practicable Date.



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As advised by our PRC litigation counsel, (1) the alleged safety risk of the charging port does not exist because the charging port concerned is compliant with the relevant standards, as supported by the certification body which had certified the alleged products, and (2) the Allegation is not accurate and the First Instance Judgement is erroneous. Considering (1) the monetary value of the claim brought by the Suzhou Proceeding Plaintiff is relatively modest, as can be demonstrated the First Instance Judgment that we are ordered to pay the Suzhou Proceeding Plaintiff an aggregated amount of approximately RMB1.0 million, (2) as advised by our PRC litigation counsel, the Allegation is not accurate and the First Instance Judgement is erroneous, and (3) the alleged charging port have been replaced in our current and future models, our Directors are of the view that this proceeding will not have any material adverse effect on our business, results of operations and financial condition.

***Pending Tianjin Legal Proceeding***

We are also currently involved in one pending contract dispute litigation in front of a PRC court in Tianjin filed by one of our domestic suppliers of batteries ("Tianjin Proceeding Plaintiff"). The Tianjin Proceeding Plaintiff claimed for RMB1.3 million from us, consisting of our unpaid contract amount of RMB1.2 million, the interests thereupon and the relevant legal costs. In January 2026, we counterclaimed that the quality of the batteries supplied by the Tianjin Proceeding Plaintiff did not meet the stipulated standards and claimed for RMB5.8 million from them. The first instance hearings for this dispute were conducted on January 22 and March 18, 2026, and the first instance judgment is still pending. Considering the monetary value of the claim brought by the Tianjin Proceeding Plaintiff is relatively modest, our Directors are of the view that this proceeding will not have any material adverse effect on our business, results of operations and financial condition.

## RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position since December 31, 2025 (being the date on which the latest audited consolidated financial information of our Group was prepared) and there is no event since December 31, 2025 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report set out in Appendix I to this document.



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*In this document, unless the context otherwise requires, the following terms shall have the following meanings. Certain technical terms are explained in the section headed "Glossary" in this document.*

| | |
|---|---|
| "Accountants' report" | the accountants' report of our Company for the Track Record Period, the text of which is set out in Appendix I to this document |
| "affiliate" | with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person |
| "AFRC" | the Accounting and Financial Reporting Council of Hong Kong |
| "Articles" or "Articles of Association" | the articles of association of our Company, as amended, which shall become effective on the [**REDACTED**], a summary of which is set out in Appendix V to this document |
| "Audit Committee" | the audit committee of the Board |
| "Aviation Industry Integration" | Qingdao Aviation Industry Integration Development Equity Investment Fund Partnership (L.P.) (航空產業融合發展(青島)股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on January 27, 2021, one of our Pre-[**REDACTED**] Investors, the details of which are set out in "History, Development and Corporate Structure" |
| "Baoding Jiahe" | Baoding High Tech Zone Jiahe Equity Investment Fund Partnership Enterprise (Limited Partnership) (保定高新區嘉合股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on December 30, 2024, one of our Pre-[**REDACTED**] Investors, the details of which are set out in "History, Development and Corporate Structure" |
| "Board" or "Board of Directors" | the board of Directors of our Company |
| "business day" | a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong |
| "CAC" | the Cyberspace Administration of China (中華人民共和國國家互聯網信息辦公室) |
| "CAGR" | compound annual growth rate |

[**REDACTED**]



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[**REDACTED**]

| | |
|---|---|
| "China" or "PRC" | the People's Republic of China excluding, for the purpose of this document, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| "Chizhou Dongsheng Yingda" | Chizhou Dongsheng Yingda Enterprise Management Consulting Partnership (Limited Partnership) (池州東晟英達企業管理諮詢合夥企業(有限合夥)), a limited partnership established in PRC on October 15, 2021, one of our Pre-[**REDACTED**] Investors, the details of which are set out in "History, Development and Corporate Structure" |
| "CIC" | China Insights Industry Consultancy Limited, an independent professional market research and consulting company |
| "CIC Report" | a commissioned industry report prepared by CIC |
| "Companies Ordinance" | the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| "Companies (Winding Up and Miscellaneous Provisions) Ordinance" | the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| "Company," "our Company," or "the Company" | WYBOTICS Co.,LTD (天津望圓智能科技股份有限公司), a joint stock company established in the PRC with limited liability on December 31, 2021, or, where the context requires (as the case may be), its predecessor, Tianjin Wangyuan Environmental Protection & Technology Co., Ltd. (天津望圓環保科技有限公司), a company established in the PRC with limited liability on December 23, 2005 |
| "Company Law" or "PRC Company Law" | the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time |
| "Controlling Shareholders" | has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Ms. Fu, Mr. Yu, Tianjin Zhuhui, Tianjin Wangyuan, Tianjin Kanfang LP and Tianjin Wangyuan LP |
| "Conversion of [**REDACTED**]" | the conversion of [**REDACTED**] Shares in aggregate held by [**REDACTED**] existing Shareholders into [**REDACTED**] upon the completion of the [**REDACTED**]. Such conversion of [**REDACTED**] has been filed with the CSRC on [●], 2026 and an [**REDACTED**] for [**REDACTED**] to be [**REDACTED**] on the [**REDACTED**] has been made to the [**REDACTED**] |



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| | |
|---|---|
| "CSDCC" | China Securities Depositary and Clearing Corporation Limited (中國證券登記結算有限責任公司) |
| "CSRC" | the China Securities Regulatory Commission (中國證券監督管理委員會) |
| "Director(s)" | the director(s) of our Company |
| "Dulwich Electronic" | Dulwich Electronic Commerce Inc, a limited liability company established in the U.S. on February 1, 2024, one of our subsidiaries |
| "Extreme Conditions" | extreme conditions caused by a super typhoon as announced by the government of Hong Kong |
| "Filing Measures" | the Notice on Filing Management Arrangements for Overseas Listing of Domestic Enterprises (關於境內企業境外發行上市備案管理安排的通知), promulgated by the CSRC on February 17, 2023 |
| | [**REDACTED**] |
| "Group," "our Group," "the Group," "we," or "us" | the Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time |
| "Guosen Capital" | Guosen Capital Co., Ltd. (國信資本有限責任公司), a company established in the PRC with limited liability on June 18, 2019, one of our Pre-[**REDACTED**] Investors, the details of which are set out in "History, Development and Corporate Structure" |
| "H Share(s)" | overseas [**REDACTED**] foreign share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are [**REDACTED**] and [**REDACTED**] in HK dollars and to be [**REDACTED**] on the [**REDACTED**] |
| | [**REDACTED**] |
| "Hainan Haisheng" | Hainan Haisheng Jinlian Technology Investment Partnership (Limited Partnership) (海南海盛金聯科技投資合夥企業(有限合夥)), a limited partnership established in PRC on February 24, 2021, the details of which are set out in "History, Development and Corporate Structure" |
| | [**REDACTED**] |



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[**REDACTED**]

| | |
|---|---|
| "Hong Kong" or "HK" | the Hong Kong Special Administrative Region of the People's Republic of China |
| "Hong Kong dollars," "HK dollars" or "HK$" | Hong Kong dollars, the lawful currency of Hong Kong |

[**REDACTED**]

| | |
|---|---|
| "Hong Kong Stock Exchange" or "Stock Exchange" | The Stock Exchange of Hong Kong Limited |

[**REDACTED**]



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| | |
|---|---|
| "iFlytek Haihe" | iFlytek Haihe (Tianjin) AI Venture Capital Fund Partnership (Limited Partnership) (訊飛海河(天津)人工智能創業投資基金合夥企業(有限合夥)), a limited partnership established in PRC on April 27, 2020, one of our Pre-[**REDACTED**] Investors, the details of which are set out in "History, Development and Corporate Structure" |
| "IFRS Accounting Standards" | IFRS Accounting Standards as issued by the International Accounting Standards Board |
| "Independent Third Party(ies)" | any entity(ies) or person(s) who is not a connected person of our Company within the meaning of the Hong Kong Listing Rules |

[**REDACTED**]

| | |
|---|---|
| "Jiangsu Zijin" | Jiangsu Zijin Cultural Industry Phase II Venture Capital Fund (Limited Partnership) (江蘇紫金文化產業二期創業投資基金(有限合夥)), a limited partnership established in PRC on September 16, 2014, one of our Pre-[**REDACTED**] Investors, the details of which are set out in "History, Development and Corporate Structure" |
| "Jiashan Runxin" | Runxin (Jiashan) Equity Investment Partnership (Limited Partnership) (潤信(嘉善)股權投資合夥企業(有限合夥)), a limited partnership established in PRC on January 25, 2021, one of our Pre-[**REDACTED**] Investors, the details of which are set out in "History, Development and Corporate Structure" |
| "Latest Practicable Date" | April 15, 2026, being the latest practicable date for ascertaining certain information in this document before its publication |

[**REDACTED**]



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[**REDACTED**]

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| "Listing Rules" | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time |
| "Main Board" | the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange |
| "Mr. Yu" | Mr. Yu Qian (余淺), our vice chairman of the Board of Directors, executive Director and product director and one of our Controlling Shareholders |
| "Ms. Fu" | Ms. Fu Guilan (付桂蘭), our chairman of the Board of Directors, executive Director and one of our Controlling Shareholders |
| "Nanjing Runxin" | Nanjing Runxin Collaborative Small and Medium Enterprise Development Fund Partnership (Limited Partnership) (南京潤信協同中小企業發展基金合夥企業(有限合夥)) (formerly known as Small and Medium Enterprise Development Fund (Nanjing) Collaborative Partnership (Limited Partnership) (中小企業發展基金(南京)協同合夥企業(有限合夥))), a limited partnership established in PRC on April 22, 2021, one of our Pre-[**REDACTED**] Investors, the details of which are set out in "History, Development and Corporate Structure" |
| "NDRC" | the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會) |

[**REDACTED**]



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| "PRC Legal Advisor" | Allbright Law Offices, being the legal advisor to the Company as to the PRC laws |
| "Pre-[**REDACTED**] Investor(s)" | the investor(s) from whom our Company obtained several investments, details of which are set out in the section headed "History, Development and Corporate Structure—Pre-[**REDACTED**] Investments" in this document |

[**REDACTED**]

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| "Qingdao Honghua" | Qingdao Honghua Qianyuan Land Private Equity Investment Fund Partnership Enterprise (Limited Partnership) (青島弘華乾元陸號私募股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on August 21, 2025, one of our Pre-[**REDACTED**] Investors, the details of which are set out in "History, Development and Corporate Structure" |
| "Regulation S" | Regulation S under the U.S. Securities Act |
| "RMB" or "Renminbi" | Renminbi, the lawful currency of the PRC |
| "SAFE" | the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局) |
| "SAMR" | the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局) |
| "SAT" | the State Administration of Taxation (國家税務總局) |
| "SCNPC" | Standing Committee of the National People's Congress, the permanent body of the National People's Congress of the PRC |
| "Securities and Futures Ordinance" or "SFO" | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| "SFC" | the Securities and Futures Commission of Hong Kong |
| "Share(s)" | ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, comprising Unlisted Shares and H Shares |
| "Shareholder(s)" | holder(s) of our Share(s) |



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| "Shinna Technology" | Shinna Technology Inc, a limited liability company established in the U.S. on February 1, 2024, one of our subsidiaries |
| | [**REDACTED**] |
| "Sole Sponsor" | China Securities (International) Corporate Finance Company Limited |
| | [**REDACTED**] |
| "State Council" | the State Council of the PRC (中華人民共和國國務院) |
| "Strategy Committee" | the strategy committee of the Board |
| "subsidiary(ies)" | has the meaning ascribed thereto under the Listing Rules |
| "Suzhou Shenqilina" | Suzhou Shenqilina Green Equity Investment Partnership (Limited Partnership) (蘇州申祺利納綠色股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on November 29, 2022, one of our Pre-[**REDACTED**] Investors, the details of which are set out in "History, Development and Corporate Structure" |
| "Takeovers Code" | the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time |
| "Tianjin Kanfang LP" | Tianjin Kanfang Enterprise Management Partnership (Limited Partnership) (天津瞰方企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on August 31, 2021 |
| "Tianjin Dongwang" | Tianjin Dongwang Enterprise Management Partnership Enterprise (Limited Partnership) (天津東望企業管理合夥企業(有限合夥)) (formerly known as Tianjin Liwang Venture Capital Fund Partnership Enterprise (Limited Partnership) (天津麗望創業投資基金合夥企業(有限合夥))), a limited partnership established in the PRC on August 29, 2025, one of our Pre-[**REDACTED**] Investors, the details of which are set out in "History, Development and Corporate Structure" |



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| "Tianjin Shenglin" | Tianjin Shenglin Enterprise Management Partnership (Limited Partnership) (天津盛霖企業管理合夥企業(有限合夥)), a limited partnership established in PRC on October 8, 2021, one of our Pre-[**REDACTED**] Investors, the details of which are set out in "History, Development and Corporate Structure" |
| "Tianjin Teda" | Tianjin Teda Haihe Intelligent Manufacturing Industry Development Fund Partnership Enterprise (Limited Partnership) (天津泰達海河智能製造產業發展基金合夥企業(有限合夥)), a limited partnership established in the PRC on April 22, 2020, one of our Pre-[**REDACTED**] Investors, the details of which are set out in "History, Development and Corporate Structure" |
| "Tianjin Wangyuan" | Tianjin Wangyuan Industry and Trade Co., Ltd (天津望圓工貿有限責任公司), a limited liability company established in the PRC on July 1, 2004, and one of our Controlling Shareholders |
| "Tianjin Wangyuan LP" | Tianjin Wangyuan Enterprise Management Partnership (Limited Partnership) (天津望圓企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on August 31, 2021 |
| "Tianjin Zhuhui" | Tianjin Zhuhui Commercial Co., Ltd. (天津市竹輝商貿有限責任公司), a limited liability company established in the PRC on May 26, 1998, and one of our Controlling Shareholders |
| "Track Record Period" | the period consisting of the three years ended December 31, 2025 |
| "Trial Measures" | the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (境內企業境外發行證券和上市管理試行辦法), promulgated by the CSRC on February 17, 2023 |

[**REDACTED**]

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| "United States" or the "U.S." | the United States of America, its territories, its possessions and all areas subject to its jurisdiction |
| "Unlisted Share(s)" | ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi |
| "U.S. Securities Act" | United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder |
| "US$," "US dollars" or "USD" | United States dollars, the lawful currency of the United States |



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| "WYBOTICS EUROPE" | WYBOTICS EUROPE, a limited liability company established in the France on September 8, 2022, one of our subsidiaries |
| "WYBOTICS HONGKONG" | WYBOTICS HONGKONG COMPANY LIMITED (望圓科技(香港)有限公司), a limited liability company established in the Hong Kong on September 28, 2022, one of our subsidiaries |
| "Wybotics Inc" | Wybotics Inc, a limited liability company established in the U.S. on September 12, 2022, one of our subsidiaries |
| "Yida No. 2" | Jiangsu Gaotou Yida Small and Medium Enterprise No. 2 Venture Capital Partnership (Limited Partnership) (江蘇高投毅達中小貳號創業投資合夥企業(有限合夥)) (formerly previously known as Small and Medium Enterprise Development Fund (Jiangsu Limited Partnership No. 2) (中小企業發展基金(江蘇有限合夥貳號))), a limited partnership established in PRC on September 18, 2021, one of our Pre-[**REDACTED**] Investors, the details of which are set out in "History, Development and Corporate Structure" |
| "Yida Xinhai" | Jiangsu Yida Xinhai Venture Capital Fund (Limited Partnership) (江蘇毅達鑫海創業投資基金(有限合夥)), a limited partnership established in PRC on June 28, 2017, one of our Pre-[**REDACTED**] Investors, the details of which are set out in "History, Development and Corporate Structure" |
| "Yiyi Hygiene" | Tianjin Yiyi Hygiene Products Co., Ltd. (天津市依依衛生用品股份有限公司), a limited liability company established in PRC on May 10, 1990, one of our Pre-[**REDACTED**] Investors, the details of which are set out in "History, Development and Corporate Structure" |
| "%" | Percent |

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

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

*For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or entities have been included in this document in both the Chinese and English languages; the English versions are for identification purposes only and in the event of any inconsistency, the Chinese versions shall prevail.*



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# GLOSSARY

*This glossary contains definitions of certain terms used in this document in connection with our Company and our business. Some of these may not correspond to standard industry definitions.*

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| "3D mapping" | a technology that uses sensors, algorithms, and computer vision to collect environmental data and construct a digital three-dimensional model of physical space, specifically enabling robotic pool cleaners to map and navigate the three-dimensional structure of swimming pools |
| "AI" | artificial intelligence |
| "B2B" | business to business |
| "Bluetooth" | a short-range wireless technology standard for data exchange between fixed and mobiles devices over short distances |
| "branded products" | products designed, manufactured and sold under the Company's own brand |
| "CE" | Conformité Européenne, meaning European Conformity |
| "CETL" | Conformity Electrical Testing Laboratories |
| "cordless models" | robotic pool cleaners powered by built-in rechargeable batteries, allowing greater mobility without cables; some models support wall-climbing functions |
| "corded models" | robotic pool cleaners powered via electric cords, typically featuring high suction power and stable cleaning performance, but may be limited by cable tangling risks |
| "DTC" | direct to consumer |
| "FCC" | Federal Communications Commission |
| "handheld models" | compact and portable pool cleaning devices operated manually by users, typically used for spot cleaning or smaller pool areas |
| "IoT" | internet-of-things |
| "ISO9001" | an internationally recognized standard for a quality management system. It aims at the effectiveness of the quality management system in meeting consumer requirements. It prescribes requirements for ongoing improvement of quality assurance in design, development, production, installation and servicing |



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| "GMV" | gross merchandise value, the total value (with VAT) of products sold on over a specific period of time, without considering product returns |
| "Lightweight products" | lightweight robotic pool cleaning devices designed with a significantly reduced product weight, typically around 5 kg, compared with conventional corded robotic pool cleaners which commonly weighed over 10 kg in earlier generations |
| "large pools" | larger residential pools equal to or more than 18×36 feet (or equal to or more than 5×11 m), with volumes from 20,000 to 35,000 gallon (or 76 to 133 $m^3$) |
| "$m^3$" | cubic meter |
| "medium pools" | standard family pools around 14×28 feet to 16×32 feet (or 4×8 meters), with volumes from 10,000 to 20,000 gallon (or 38–76 $m^3$) |
| "OBM" | Original Brand Manufacturer |
| "ODM" | Original Design Manufacturer |
| "ODM models" | products designed and manufactured by the Company based on specifications provided by third-party brand owners, and typically sold under their brands |
| "OEM" | Original Equipment Manufacturer |
| "R&D" | research and development |
| "RoHS" | Restriction of Hazardous Substances |
| "SAA" | Standards Association of Australia |
| "small pools" | residential pools up to 10×20 feet (or 3×6 meters), typically with volumes equal to or less than 10,000 gallon (or equal to or less than 38 $m^3$) |
| "underwater AI vision" | a technology that integrates artificial intelligence, particularly deep learning and computer vision, with underwater imaging techniques to overcome the inherent challenges of underwater environments, enabling efficient, automated, and intelligent processing and analysis of underwater images and video data for tasks such as object detection, recognition, tracking, scene understanding, 3D reconstruction, and navigation decision-making, specifically aimed at enhancing the perception, cognition, and operational capabilities of robotic pool cleaners in swimming pools |



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# FORWARD-LOOKING STATEMENTS

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

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

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

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



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- certain statements in the sections headed "Risk Factors," "Industry Overview," "Regulatory Overview," "Business," "Financial Information," "Relationship with Our Controlling Shareholders" and "Future Plans and Use of [**REDACTED**]" with respect to trends in interest rates, foreign exchange rates, prices, volumes, operations, margins, risk management and overall market trends.

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



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[**REDACTED**] *in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before deciding to* [**REDACTED**] *in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, results of operations, financial condition and growth prospects. In any such case, the* [**REDACTED**] *of our* [**REDACTED**] *could decline, and you may lose all or part of your* [**REDACTED**].

*These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business and results of operations.*

Our business and operations involve certain risks and uncertainties, many of which are beyond our control. These risks can be broadly categorized into (1) risks relating to our business and industry, (2) risks relating to our financial performance, (3) risks relating to conducting business in China, and (4) risks relating to the [**REDACTED**].

## RISKS RELATING TO OUR BUSINESS AND INDUSTRY

**The highly competitive industries that we operate in are characterized by constant changes. If we fail to stay abreast of technology innovation and continuously advance our robotic pool cleaner products to meet the expectations and needs of our customers and end users, our business, results of operations and financial condition may be materially and adversely affected.**

The highly competitive industries that we operate in are characterized by constant changes, including rapid technological evolution, frequent introductions of new products, continual shifts in customer demands, and the constant emergence of new industry standards and practices. As such, our success will depend, in part, on our ability to respond to these changes in a cost-effective and timely manner. Nowadays, cordless robotic pool cleaners with greater automation and intelligent features are gaining wider adoption for pool cleaning and maintenance, including in more complex scenarios. We need to constantly anticipate the emergence of new technologies and assess their market acceptance. To remain competitive, we must continue to stay abreast of the evolving industry trends and rapid technological development. Our business growth also relies on our ability to identify and anticipate the evolving expectations and needs of customers and end users in a timely manner, and develop and provide satisfying products and services accordingly.

We have invested, and will continue to invest, significant resources to enhance our robotic pool cleaner products. Nevertheless, given the fast pace with which the technology has been and will continue to be developed, we may not be able to timely upgrade our technologies in an efficient and cost-effective manner, or at all. We also may not be able to leverage new technologies effectively or adapt our offerings to meet customer needs or emerging industry standards, and our technology approach might not align with our future development plans or even become obsolete if we are unable to adapt in a cost-effective and timely manner to changing market conditions, whether for technical, legal, financial or other reasons. Any of the circumstances would render our existing technologies or products obsolete or unattractive. Our failure to keep up with the technological development in the robotic pool cleaner industry and deliver effective results by our products would result in user dissatisfaction, which will materially and adversely affect our business, results of operations, financial condition and prospects.

The success of new product introductions and innovation also depends on other factors, such as timely and successful completion of development efforts, successful production ramp-ups and market acceptance of the products. Further, consumer demands, preferences and lifestyle trends in relation to outdoor living may change from time to time and depend upon various factors, including global lifestyle trends, consumption patterns, disposable income, consumer confidence and other factors beyond our control. If we are unable to compete successfully by introducing competitive new products that meet the demands and preferences of customers, our business, results of operations and financial condition would be adversely affected.



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**Our addressable markets and the demand for robotic pool cleaners may not increase as rapidly as we anticipate due to a variety of factors, which would materially and adversely affect our business, results of operations and financial condition.**

During the Track Record Period, substantially all of our revenue was generated from sales of robotic pool cleaners. Our business largely relies on consumers' demands for swimming pools and recreational activities, which may vary based on the social and economic conditions in the countries in which our robotic pool cleaners are sold. If there is any material and adverse change in the social and economic conditions of the relevant markets, including changes in local government policies, rules or regulations, riots, natural disasters or other acts of God, or sudden downturns in the economy or consumer demands, the demand for robotic pool cleaners may be adversely affected.

The global robotic pool cleaner industry has been developing rapidly, according to the CIC Report. The future demand for robotic pool cleaner products may, however, be difficult to anticipate since it depends on a number of variables, most of which are beyond our control. For instance, the market expansion may depend on the growth in the application of robotic pool cleaner products in various use cases, the prevalence of commercial and residential pools, as well as the benefits and cost-efficiency of these products. If the robotic pool cleaner products do not achieve widespread acceptance, or there is a reduction in customer demand caused by weakening economic conditions, technical challenges, enhanced regulations, alternative technologies or products, our business, results of operations and financial condition will be materially and adversely affected.

In addition, the market acceptance of robotic pool cleaner products may vary across different industry sectors. Whether potential customers accept robotic pool cleaner products depends, to a large extent, on their level of awareness of such products and the widespread use of similar offerings. We cannot assure you that the trend of adopting and utilizing robotic pool cleaner products by potential customers will develop or continue in the future, which in turn would hinder our ability to achieve the desired level of adoption of our products.

**We may record net operating cash outflows, which may adversely affect our financial condition.**

Although we recorded net operating cash inflows in 2023, 2024 and 2025, we may record net operating cash outflows in the future. In particular, according to our stockpiling cycle, we might incur net operating outflows in the middle of a year and/or ahead of peak sales season for inventory management purposes.

If we record net operating cash outflows in the future, our working capital may be constrained, which may adversely affect our financial condition. Our future liquidity primarily depends on our ability to maintain adequate cash inflows from our operating activities and adequate external financing such as offering and issuing securities, and/or other sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. If we fail to obtain sufficient funding in a timely manner and on reasonable terms, or at all, we will be in default of our payment obligations and may not be able to expand our business. As a result, our business, results of operations and financial condition may be adversely affected.



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

Our ability to retain existing customers, attract new customers and increase the spending by our customers depends on a number of factors, including our ability to offer more intelligent products that address the needs of our customers at competitive prices, the strength of our technologies and the effectiveness of our sales and marketing efforts. If we fail to retain existing customers, attract new customers or increase the spending by our customers, we may not be able to grow our revenue as quickly as we anticipate, or at all. Specifically, if our branded products achieve substantial market success, they could compete directly with the products we manufacture for our ODM customers. This potential competition could lead to the decline of purchases from our ODM customers, negatively impacting our future revenue streams.

As we have been and will continue expanding our customer base, the demands of our customers may differ from each other and evolve over time. As such, we need to upgrade, expand and modify our products to satisfy their requirements. We cannot assure you that we can always provide products that meet our customers' requirements, or improve and enhance, to our customers' anticipations, the functionality, performance, reliability, design and cost-effectiveness of our products. Such failures could result in customer dissatisfaction and decrease in the overall demand for our products, which would materially and adversely affect our business, results of operations, financial condition and prospects.

**We have been continuously investing in our R&D efforts, which may not generate the results we expect to achieve.**

Our R&D capabilities and infrastructure are critical to our success. We have been continuously investing in our R&D efforts. See "—Risks Relating to Our Financial Performance—We have been continuously investing in our R&D efforts, which may negatively impact our profitability in the short term" for details.

We have achieved various breakthroughs in core technologies, including among others, precise underwater acoustic positioning, underwater AI vision, underwater 3D mapping, autonomous navigation and autonomous waste collection. Aiming to further enhance the automation and intelligence level and the sophistication of the application scenarios of robotic pool cleaners, our R&D team is continuously exploring the innovative application of intelligent hardware and AI algorithms in robotic pool cleaners. We are developing AI algorithms to equip robotic pool cleaners with simultaneous localization and 3D mapping technology to chart out unfamiliar underwater environment while keeping track of their locations for enhanced 3D mapping and AI path planning. In addition, we are also developing AI algorithms for sensors with ultrasonic radar to automatically perceive underwater environment, which will allow our products to have enhanced underwater AI vision for improved efficiency, precision and safety in complex cleaning tasks.

Our investments in R&D require significant management time and a high level of financial and other commitments, and we may need to increase expenditure on R&D in response to changes in consumer demand. Our business, results of operations and financial condition may be adversely affected if we fail to successfully anticipate and react in a timely manner to changes in customer preferences. Furthermore, R&D activities are inherently uncertain, and we might encounter practical difficulties in applying and commercializing our R&D results. As such, our significant R&D expenditures may not generate desirable benefits, which could materially and adversely affect our business, results of operations and financial condition.



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**The growth of AI technologies or the usage of AI technologies in the global robotic pool cleaner industry may not meet expectation, and our business, growth and prospects may be significantly affected as a result.**

We may face challenges brought by the uncertain demand for the applications of AI technologies in the global robotic pool cleaner industry. Whether potential customers accept our products depends, to a large extent, on their level of awareness of our products offerings and the widespread use of similar products. We cannot assure you that the trend of adopting and utilizing AI technologies by potential customers will continue in the future. In addition, with the continuous development of AI technologies and commercialization of the relevant robotic pool cleaners with AI and intelligence features, any potential future decrease in growth of the global robotic pool cleaner industry in general or the price and profit margin of our robotic pool cleaners could result in material and adverse change to our business, growth and prospects.

Moreover, the development of robotic pool cleaners with AI and intelligence features depends on a number of factors, including the development of AI technologies that applicable for robotic pool cleaners and the growth in such application, the prevalence of such products, and the performance and perceived value associated with such products. If AI technologies that applicable for robotic pool cleaners do not develop as expected, or robotic pool cleaners with AI and intelligence features do not achieve widespread acceptance, or there is a reduction in demand for such products caused by weakening economic conditions, decreases in corporate spending, technical challenges, data security or privacy concerns, governmental regulation, competing technologies and products or services or otherwise, our business, growth prospects and results of operations may be materially and adversely affected.

**We conduct operations worldwide and are exposed to legal, regulatory, political, economic, commercial and other risks in each country in which we operate.**

During the Track Record Period, we generated a substantial portion of our revenue from sales of robotic pool cleaner products to overseas customers, primarily including those in North America, Europe, Asia and Oceania. In 2023, 2024 and 2025, our revenue generated from overseas customers outside of mainland China was RMB339.3 million, RMB523.7 million and RMB756.0 million, respectively, accounting for 89.8%, 96.3% and 93.1% of our total revenue in the same periods, respectively. As a result of our global footprint, we are subject to legal, regulatory, political, economic, commercial and other risks associated with cross-border business, including:

- fluctuations in foreign currency exchange rates;
- increased costs associated with maintaining the ability to understand local markets and follow their trends, as well as develop and maintain an effective marketing and sales presence;
- difficulty in providing efficient customer service and support in markets abroad;
- consumer preferences for local products, and laws and business practices favoring local companies;
- risks associated with dealing with regulatory regimes, regulatory bodies and government policies with which we might be unfamiliar, in order to obtain overseas permits, licenses and approvals necessary to manufacture or import, market and sell products in or to overseas jurisdictions;
- high costs relating to compliance with the commercial and legal requirements of overseas markets, including those relating to labor, environmental and industry-specific regulations;



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- risks associated with local unions and employment disputes, including allegations of discrimination, harassment, violation of collective bargaining agreements, wrongful termination, among others;
- difficulty in obtaining or enforcing intellectual property rights;
- strict foreign exchange controls and cash repatriation restrictions;
- unanticipated changes in prevailing economic conditions and regulatory requirements;
- political instability and civil unrest, cultural and religious conflicts, and acts of terrorism;
- potential for violations of anti-corruption laws and regulations, including those related to bribery and fraud;
- risks associated with compliance with local tax laws and regulations including but not limited to timely filing of tax returns, tax payment, and disputes or disagreements with local tax authorities with respect to matters including but not limited to calculation of tax liabilities and preferential tax treatments;
- risks associated with disputes with local tax authorities on the judgment of transfer pricing arising out of our intragroup transactions, which may result in reallocation or adjustment of our taxable income and a different tax amount payable;
- difficulties in enforcing agreements and collecting overdue receivables through local legal systems; and
- trade barriers such as export requirements, sanctions, tariffs and other restrictions and expenses.

Our overall success as a global business depends, in part, on our ability to succeed in managing such risks. The risks and their potential impact on us or our business partners vary from country to country and are difficult to predict with any degree of accuracy. We may not be able to develop and implement policies and strategies that address these risks effectively in each location in which we conduct business, and there can be no assurance that our exposure to such risks, which may become greater as we expand our international operations, will not adversely affect our reputation, business, results of operations and financial condition or otherwise divert our resources in handling any lawsuits, legal proceedings or complaints.

We are subject to applicable antitrust and competition laws in the jurisdictions in which we operate, and we may be subject to certain regulatory scrutiny procedures and investigations, from time to time, by antitrust or competition regulatory authorities relating to claims of infringement of antitrust or competition laws, or civil lawsuits and criminal proceedings with respect to anticompetitive behaviors, in certain of these jurisdictions. Such regulatory scrutiny procedures and investigations may be carried out by the relevant antitrust or competition regulatory authorities on an individual entity or a group of entities within an industry or a segment of an industry and may relate to a range of activities including acquisitions, pricing and other behaviors. These investigations and scrutiny procedures may be carried out by antitrust or competition regulatory authorities in confidence and we may not become aware of the details of such scrutiny procedures or investigations until we are formally notified of the outcome. In addition, our competitors may resort to making allegations or complaints against us to regulators without our knowledge which may give rise to further scrutiny and investigations. Such scrutiny procedures, investigations, lawsuits and proceedings may result in fines, civil liability or criminal liabilities or may result in a change in the way we operate. Further, there can be no assurance that our business, results of operations and



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financial condition will not be adversely affected by the introduction of new antitrust or competition laws in the jurisdictions in which we operate, the interpretation of existing antitrust or competition laws, or the enforcement of existing antitrust or competition laws by competent regulatory authorities or civil antitrust litigation by private parties against us or our subsidiaries. Our business can also be subject to rules and regulations under economic sanctions programs. See "—Export control and economic or trade restrictions that were imposed on a number of entities may affect our business, financial conditions and results of operations" for details.

In addition, if relations between China and the countries and regions where our products are sold worsen, our business and results and operations may be adversely impacted. Specifically, the United States government has previously made statements and taken actions that led to significant changes to United States and international trade policies, including recently-imposed tariffs affecting certain products manufactured in China. For example, the trade war and imposition of tariffs between the United States and China have caused uncertainties to the global market, and have adversely affected our operation and profitability, as our products have been subject to an additional 30.0% tariff since May 2025 for all products being exported to the United States during the Track Record Period. Between February and April 2025, the United States and China engaged in a rapid escalation of trade tensions, with both countries imposing increasingly severe tariffs on each other's goods. The United States raised tariffs on Chinese imports multiple times, reaching as high as 245%, while China responded with equivalent retaliatory measures. Despite a provisional agreement reached between the United States and China on May 12, 2025 and subsequently on October 30, 2025, the international trade environment remains highly uncertain. We do not engage in direct procurement of raw materials from the United States. Our revenue generated from North America was RMB188.2 million, RMB268.7 million and RMB359.2 million in 2023, 2024 and 2025, respectively, accounting for 49.8%, 49.4% and 44.2% of our total revenue in the same periods, respectively. Furthermore, if the United States implement substantially more favorable tariff policies for other regions compared to those applied to China, our overseas customers might make strategic global supply chain adjustments, which impact the competitive position of our products or prevent us from being able to sell products overseas, which could have an adverse effect on our business, financial condition and results of operations.

**We utilize E-commerce marketplaces to sell our branded products. If we fail to maintain our business relationship with these platforms or if they lose their market influence or popularity, our product sales volume may decline, and our business, results of operations and financial condition may be materially and adversely affected.**

During the Track Record Period, we utilized E-commerce marketplaces, such as Amazon, Shopify, Woot, Walmart, Best Buy, Lowe's, Target, and Home Depot, to sell our branded products. In particular, our revenue generated through Amazon was RMB211.1 million, RMB309.8 million and RMB404.1 million in 2023, 2024 and 2025, respectively, accounting for 55.9%, 57.0% and 49.7% of our total revenue in the same periods, respectively. Leveraging the end consumer reach of these E-commerce marketplaces and their overall popularity, we are able to reach more end consumers through these platforms. We have benefited significantly from such cooperation with the E-commerce marketplaces and expect to maintain our cooperation with them so that their massive end consumer base and strong brand could lend us credibility and a broad marketing reach. If we fail to maintain our business relationships with these platforms, we may have to source new platforms to sell our products, which could lead to decline in our sales volume and materially and adversely affect our business, results of operations and financial condition. During the Track Record Period and up to the Latest Practicable Date, we had not had any material dispute with E-commerce marketplaces on which we sold our products.

We cannot assure you that we will be able to maintain our collaboration with Amazon, or other E-commerce platforms on favorable terms. These platforms can also suspend seller accounts and withhold proceeds under certain circumstances. Our agreements with partners generally do not prohibit them from working with our competitors or selling competing products. Competitors may be more effective in providing incentives to E-commerce platforms to favor their products and promote their sales. Building



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and maintaining strong relationships with our third-party E-commerce platforms requires significant time and resources. Any deterioration in these relationships, or any material disruptions to the operations of Amazon or other E-commerce platforms could significantly reduce our sales volume and market reach.

If these E-commerce marketplaces lose their market influence, or becomes less attractive to end consumers, it may lead to a significant decrease in their end consumer base and, in turn, affect the reach and popularity of our products and affect the attractiveness of our products to end consumers. If we are unable to find other E-commerce marketplaces with comparable end consumer base to market and sell our products, our business, results of operations and financial condition may be materially and adversely affected. Additionally, any negative publicity associated with these E-commerce marketplaces, or any negative development with respect to their market position, market influence, financial condition, maintenance of its platform infrastructure or compliance with legal or regulatory requirements, would have an adverse impact on the attractiveness of the E-commerce marketplaces and, consequently, the market outreach of our products, which in turn would materially and adversely affect our reputation, business and results of operations.

**If we fail to compete effectively, our business, results of operations and financial condition may be materially and adversely affected.**

The global robotic pool cleaner industry is highly competitive. Our competitors may have longer corporate operating history and broader established customer base than us. They may also have, or in the future gain, more financial resources and sophisticated technological capabilities than us. In addition, as we develop additional robotic pool cleaner products catering to more diversified use cases or expand into other industry sections in the global smart outdoor living industry, the basis for the competition will become different, and we are likely to face additional competitors. As a result, our competitors may be able to respond more quickly and effectively to new or changing opportunities, technologies, regulatory requirements or user demand than us.

We may also face competition from new entrants who may offer lower prices or new technologies and products, and thus increase the level of competition in the future. Intensified competition could result in lower sales, price reductions, declined profit margins or loss of market share. Furthermore, we may be required to make substantial additional investments in R&D, marketing and sales, recruiting and retaining scientists and innovative talents, and acquiring technologies complementary to, or necessary for, our current and future products in response to such competitive threats, and we cannot assure you that these measures will be effective. If we are unable to compete successfully, our business, results of operations and financial condition may be materially and adversely affected.

**Our brand is integral to our success. If we fail to maintain and enhance our brand recognition and reputation effectively, our business and results of operations may be harmed.**

We sell our branded products under the brands of *WYBOT* and *Winny Pool Cleaner* to end consumers primarily in North America, Europe, Asia and Oceania. We also conduct offline sales of our branded products to third-party merchants to expand our market reach. In addition, we also sell commissioned products on an ODM basis primarily to world-renowned pool equipment brands, such as Bestway, CASH and Productos QP. We believe that the market recognition of our brand by our end consumers and ODM customers has significantly contributed to the success of our business, and that maintaining and enhancing our brand is critical to sustaining our competitive advantage.

Our brand image depends largely on our ability to continue to provide quality, well-designed, useful, reliable and innovative robotic pool cleaner products. Any loss of trust in our products could harm the value of our brand. In addition, from time to time, we participate in offline events, such as industry conferences and exhibitions, and industry research reports in collaboration with third parties to associate our brand image and reputation with advanced technology and raise our profile. We cannot assure you, however, that these activities will be successful or will enable us to achieve increases in revenue and



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customer base, or that such increases in revenue are sufficient to offset the expenses. As such, if we are unable to maintain our reputation, enhance our brand recognition or promote our offerings, or if we incur excessive expenses in this effort, our business, results of operations and financial condition may be materially and adversely affected.

**Our sales are affected by seasonal fluctuations.**

Our sales are affected by seasonal fluctuations, which is consistent with industry norm, according to the CIC Report. Our sales under the ODM model typically peak in the first and fourth quarters of each year, as our ODM customers tend to stock up on pool cleaners ahead of the summer season in the Northern Hemisphere to accommodate the heightened demand from end consumers. Correspondingly, our branded product sales also increase between in the second and third quarters of each year for the same seasonal reason. There is no assurance that our customers' purchase orders and delivery will be consistent with our expectations over each season. Accordingly, our results of operations may vary from period to period. If we cannot effectively plan our production and delivery schedules and secure purchase orders from our customers during non-peak seasons, our business, financial condition and results of operations may be adversely affected.

Furthermore, if seasonal demand is lower than our expectation, we could be left with excess inventory, higher working capital and liquidity requirements, as well as the risk of impairment losses on our inventory. As a result, historical patterns of our results of operations may not be indicative of our future performance, and period-to-period comparisons of our results of operations may not be meaningful, especially given our limited operating history with respect to our branded product sales.

**Disruption in production could interrupt the supply of our products to customers, and cause our sales to drop, which will materially and adversely affect our business, financial conditions and results of operations.**

As of the Latest Practicable Date, we operated three manufacturing workshops in China and have depended on these manufacturing facilities for the continuous operation of our business. Natural disasters or other unanticipated catastrophic events, including storms, fires, explosions, earthquakes, terrorist attacks and wars, as well as changes in governmental planning for the land where our manufacturing facilities are located, could significantly impair our ability to manufacture our products and operate our business. Catastrophic events could also destroy the inventories stored in our manufacturing facilities. The occurrence of aforementioned events could result in the temporary or long-term closure of our manufacturing facilities and severely disrupt our business operations, which may materially and adversely affect our business, financial condition and results of operations.

**Failure to successfully execute our equipment upgrade and capacity expansion plans may have a material adverse effect on our business, results of operations and financial condition.**

Our future success will depend, to a large extent, on our ability to increase our production output and enhance our production efficiency. We have continued to upgrade our current manufacturing equipment, install additional manufacturing equipment and seek additional manufacturing facilities, such as our new production site, to expand our production capacity and enhance our production efficiency. See "Business—Manufacturing—Expansion Plan." If we fail to achieve these objectives, we may not be able to attain the desired level of economies of scale in our operations or reduce our marginal manufacturing costs to the level necessary to maintain our pricing and other competitive advantages and achieve our business expansion plan.

Our equipment upgrade and capacity expansion require and will continue to require substantial capital investment, significant engineering efforts, timely delivery of manufacturing equipment and substantial management attention, and are subject to the following risks and uncertainties: (1) negative effect on the working capital available to us; (2) the need to finance our equipment upgrade and capacity



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expansion through bank or other borrowings, which may not be available on commercially reasonable terms or at all; (3) delay in or denial of government approvals, permits or documents of similar nature necessary and required for our expansion; (4) increase in depreciation charges associated with our new equipment and interest expenses associated with our future borrowings for planned upgrade or expansion; (5) cost overruns, construction delays, manufacturing equipment problems, including delays in equipment delivery or delivery of equipment that does not meet our specifications, and other operating difficulties; (6) failure to improve our operational and financial systems and risk monitoring and management system in line with our upgrade or expansion; (7) decrease in the prices of our products, which fail to cover our increased production cost; (8) failure to maintain or establish relationships with our existing or prospective customers and suppliers to match our increased production output; (9) the failure of our new equipment to perform as expected and lower our manufacturing cost; and (10) insufficient management resources to properly oversee and manage our planned capacity expansion.

Any of the abovementioned or similar risks or uncertainties could significantly delay or constrain our ability to execute our equipment upgrade and capacity expansion as planned, which may in turn hinder our ability to achieve economies of scale and satisfactory utilization rates. As a result, our business, financial conditions and results of operations may be materially and adversely affected.

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

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

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

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

Robotic pool cleaner products may contain errors, defects, security vulnerabilities or software issues that are difficult to detect and correct, particularly when first introduced or when new versions or enhancements are released. Despite internal testing, our products may contain serious errors or defects, security vulnerabilities or software issues, which we are unable to successfully correct in a timely manner or at all. Some errors or defects in our products may only be discovered after they have been commercialized and deployed by our customers and we may incur costs relating to product recall, repair or replacement. For instance, on April 9, 2026, we conducted a voluntary product recall concerning certain models of our cordless robotic pool cleaners. For details, see "Business—Quality Control." Furthermore, these issues could potentially lead to lawsuits filed against us by our customers or other parties, exposing us to potential liabilities and damages. We may also experience revenue loss, significant capital expenditures, delay or loss in market acceptance and damage to our reputation and brand, any of which could adversely affect our reputation, business, results of operations and financial condition.



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**We are exposed to risks associated with cost fluctuation and supply shortage of key raw materials and hardware procured from our suppliers.**

The principal raw materials and hardware used to produce our products include batteries, motors, chargers, circuit board assembly, metal components, injection molding materials and packaging materials. Mass production of our products requires timely and adequate supply of various raw materials and hardware. We rely on third-party suppliers to source raw materials and hardware for production of our products, and certain of these key raw materials and components are sourced from a limited number of suppliers. Therefore, we are subject to risks of shortages or discontinuation in supply, cost increases and quality control issues with our suppliers. In addition, some of our suppliers may have more established relationships with our competitors and may choose to limit or terminate their relationships with us or prioritize our competitors' orders in the case of supply shortages.

Our cost of raw materials was RMB100.4 million, RMB142.8 million and RMB196.0 million in 2023, 2024 and 2025, respectively, representing 26.6%, 26.3% and 24.1% of our total revenue in the same periods, respectively. While we monitor the price of raw materials and hardware and adjust our price quotations accordingly, we may not be able to directly pass on any increase in costs to our customers in time or at all. Furthermore, shortage of or any defect in raw materials and hardware will affect our production output and product quality. In line with our continuous business growth, we expect that our cost of raw materials and hardware will increase in an absolute amount and as a percentage of our total revenue. In addition, as our product pricing is based on our estimated cost plus a markup margin, any fluctuation in the cost of raw materials and hardware will also affect our profitability. All of these events may have a material and adverse effect on our business, financial conditions and results of operations.

**We do not have long-term purchase commitments from most of our ODM customers and third-party merchants, which may subject us to uncertainty and revenue volatility from period to period.**

We do not have long-term purchase commitments from most of our ODM customers and third-party merchants. Purchases from our ODM customers and third-party merchants are made on a purchase order basis, and it is difficult to forecast quantities of future purchase orders. Our ODM customers and third-party merchants typically place order forecast two to three months in advance. We cannot assure you that the production volume or purchase orders from our ODM customers and third-party merchants will be consistent with our expectation when we plan for our expenditures. Cancellations, reductions or postponements of purchase orders by a major customer or by a group of customers could adversely affect our business, financial condition and results of operations.

In addition, we make significant decisions, including determining the levels of business that we will seek and accept, production schedules, raw material procurement commitments, personnel needs and other resource requirements, based on our estimates of customer demands. The short-term nature of our customers' commitments and the possibility of rapid changes in their demands reduce our ability to accurately estimate future customer requirements. On occasion, customers may require rapid increases in production, which can strain our resources. We may not be able to increase our production capacity at any given time to meet our customers' demands. On the other hand, a reduction in customer demand may negatively impact our business, financial condition and results of operations.

**Our international operations may be subject to transfer pricing adjustment by competent authorities.**

During the Track Record Period, we engaged in intra-group transactions involving transfer pricing arrangement. These transactions primarily involved the purchase and sale of tangible goods and provision of operational services among our subsidiaries and us. See "Business—Transfer Pricing Arrangement." In 2023, 2024 and 2025, the total value of such intra-group transactions was RMB156.8 million, RMB176.9 million and RMB332.0 million, respectively.



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During the Track Record Period, we did not receive any demands or challenges from relevant authorities in any jurisdiction for additional tax payment. We believe that our transfer pricing arrangement aligns with arm's length principle and that we have complied with the relevant laws and regulations on transfer pricing. Further, we expect that the transfer pricing arrangement will continue in the foreseeable future and we will conduct transfer pricing arrangement in accordance with arm's length principle basis.

However, there is no assurance that the relevant authorities will not challenge our transfer pricing arrangement in the future, or that the relevant regulations or standards governing such arrangement will remain unchanged. If the relevant authorities later find that the transfer prices and terms that we have applied are not in line with arm's length negotiations, they may require us to re-assess the transfer prices, re-allocate the income, or adjust the taxable income. Any such re-allocation or adjustment could result in higher tax liabilities for us and may adversely affect our business, results of operations, and financial condition. Furthermore, failure to rectify any incidents within the limited timeframe required by the relevant authorities may result in late payment interest, surcharge, or other penalties for any unpaid taxes. Additionally, if relevant authorities challenge the transfer pricing arrangement, it could give rise to tax recoverable in certain jurisdictions due to adjustments in taxable income. However, there is no assurance that we would successfully recover such taxes from the relevant authorities, which could have a material adverse effect on our business, results of operations, and financial condition.

**Unauthorized use of our intellectual properties by third parties may harm our brands and reputation and materially and adversely affect our business.**

We regard our patents, copyrights, trademarks and other intellectual properties as critical to our success. We rely on a combination of patent, trademark and copyright laws, trade secrets protection, restrictions on disclosure and other agreements that restrict the use of our intellectual properties to protect these rights. For details, see "Business—Intellectual Property."

Our business partners may not always comply with our contract terms prohibiting the unauthorized use of our brands, images, characters and other intellectual property rights. The agreements may not effectively prevent the disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, third parties may independently discover trade secrets and proprietary information, limiting our ability to assert any trade secret rights against such parties.

In addition, our competitors and other third parties may register trademarks or apply for patents that are similar to ours and may divert potential customers from us to them. Preventing such unfair competition activities is inherently difficult. If we are unable to prevent such activities, competitors and other third parties may drive potential customers away from our products, which could harm our reputation and materially and adversely affect our results of operations.

Implementation of intellectual property laws in China has been developing. Policing unauthorized use of our proprietary technology, trademarks and other intellectual property is difficult and expensive, and litigation may be necessary to enforce our intellectual property rights. Future litigation could result in substantial costs and a diversion of our resources, which in turn would materially and adversely affect our business, results of operations and financial condition.

**We may be subject to intellectual property infringement claims, which could be time-consuming or costly to defend and may result in a diversion of our financial and management resources, and have a material adverse impact on our business, results of operations and financial condition.**

We cannot assure you that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, copyrights or other intellectual property rights held by third parties. From time to time, we may be subject to intellectual property disputes or litigation based on allegations of infringement, misappropriation, or other violations of intellectual property rights or other rights. We have been, and currently are involved in intellectual property disputes. See "Business—Legal Proceedings



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and Compliance" for details. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. Defending against such infringement or licensing allegations and claims is costly and time-consuming and may divert management's time and other resources from our business and operations, and the outcome of many of these claims and proceedings cannot be predicted. If a judgment, a fine or a settlement involving a payment of a material sum of money were to occur, or injunctive relief was issued against us, it may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question, and our business, financial position and results of operations could be materially and adversely affected.

Moreover, our agreements with customers and other third parties generally include indemnification provisions, under which we agree to indemnify them for losses incurred as a result of claims of intellectual property infringement arising from our products. Indemnity payments could harm our business, results of operations and financial condition. Although we normally contractually limit our liability with respect to such indemnity obligations, in some cases, those limitations may not cover all situations. Any dispute with a customer with respect to such obligations could have adverse effects on our relationship with that customer and other customers and may harm our business and results of operations.

**Our success depends heavily on the continuing efforts of our senior management and other key personnel. If we are unable to retain, attract and train such personnel, our business may be materially and adversely affected.**

We rely on the expertise, experience and vision of our senior management. If any member of our senior management becomes unable or unwilling to continue their services, we may not be able to replace them in a timely manner, or at all. As a result, our business may be severely disrupted, and our results of operations and financial condition may be materially and adversely affected.

Our future success also depends on our ability to retain existing key personnel, including the members of our R&D team and sales and marketing team to further our R&D and marketing initiatives, and attract and train a large pool of other qualified employees. In order to compete for talents, we may need to offer higher compensation, better training and more attractive career opportunities and other employee benefits, which may be costly and burdensome. We cannot assure you that we will be able to attract or retain the qualified workforce necessary to support our future growth. Furthermore, any disputes between our employees and us or any labor-related regulatory or legal proceedings may divert management and financial resources, negatively impact staff morale, reduce our productivity, or harm our reputation and future recruiting efforts. In addition, our ability to train and integrate new employees into our operations may not meet the demands of our growing business. Any of the above circumstances may materially and adversely affect our business operations and future growth.

**We have been involved, and may continue to be involved, in litigations, legal or contractual disputes, governmental investigations or administrative proceedings, which may divert our management's attention and adversely affect our business, results of operations and financial condition.**

We have been, and may continue to be, subject to claims, disputes and various legal and administrative proceedings in the ordinary course of our business. These may concern issues relating to, among others, intellectual property disputes, labor disputes, licenses and permits relating to our daily business operations, and contract disputes.

We were involved in certain concluded legal proceedings regarding alleged patent infringement. For instance, on July 29, 2022 Zodiac commenced a Section 337 investigation at the United States ITC alleging that Aiper infringed United States Patent Nos. 8,393,029 and 8,393,031 in connection with the importation and sale of certain robotic pool cleaners ("ITC Investigation"). The ITC Investigation did not



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proceed to a final merits determination against our Group on infringement or validity of Zodiac's asserted patents, as it was voluntarily dismissed by Zodiac in February 2023 after Aiper entered into a settlement agreement on its own with Zodiac in February 2023. See "Business—Legal Proceedings and Compliance—Concluded Legal Proceedings" for details.

We are currently involved in a pending patent infringement litigation in front of the Paris Judicial Court (the "French Proceeding") initiated by Zodiac Europe on December 15, 2022 and a complaint was recently filed before a United States court (the "U.S. Complaint") initiated by Zodiac on May 23, 2025, for alleged infringement of certain patents held by the Zodiac registered in Europe and the United States. In the French Proceeding, Zodiac Europe requested, among other things, EUR2,544,000 as provisional damages to be confirmed once financial documents have been provided, and an injunctive remedy to discontinue marketing and to recall from commercial circuit of infringing products. In the U.S. Complain, Zodiac sought both injunctive relief and monetary damages, which had not been quantified as of the Latest Practicable Date. See "Business—Legal Proceedings and Compliance—Pending Legal Proceedings" for details.

We are also currently involved in one insurance claim in front of Superior Court of Arizona in the United States, in which the complaint alleged product liability claims in connection with an alleged defect in a battery-operated pool cleaner that purportedly caused a residential fire. Such complaint seeks recovery of approximately US$38,000 in damages. The Arizona Proceeding is at an early stage. See "Business—Legal Proceedings and Compliance—Pending Legal Proceedings" for details.

We are also currently involved in one pending contract dispute litigation in front of a PRC court filed by one of our domestic customers, who claimed damages and the repayment of their pre-payment of approximately RMB1.7 million in aggregate and we counterclaimed and claimed damages of approximately RMB7.3 million. See "Business—Legal Proceedings and Compliance—Pending Legal Proceedings" for details. On July 8, 2025, the PRC court held, as the first instance judgment, that subject matter products were subject to safety risks and ordered that (1) the two contracts were validly terminated, (2) we shall return Suzhou Proceeding Plaintiff the pre-payment of the two contracts of approximately RMB0.5 million, (3) we shall pay Suzhou Proceeding Plaintiff the damages of approximately RMB0.5 million, and (4) our counterclaim be dismissed ("First Instance Judgement"). We have appealed the First Instance Judgement and the appellate procedure was still pending as of the Latest Practicable Date. See "Business—Legal Proceedings and Compliance—Pending Legal Proceedings" for details.

We are also currently involved in one pending contract dispute litigation in front of a PRC court in Tianjin filed by one of our domestic suppliers of batteries ("Tianjin Proceeding Plaintiff"). The Tianjin Proceeding Plaintiff claimed for RMB1.3 million from us, consisting of our unpaid contract amount of RMB1.2 million, the interests thereupon and the relevant legal costs. In January 2026, we counterclaimed that the quality of the batteries supplied by the Tianjin Proceeding Plaintiff did not meet the stipulated standards and claimed for RMB5.8 million from them. The first instance hearings for this dispute were conducted on January 22 and March 18, 2026, and the first instance judgment is still pending. See "Business—Legal Proceedings and Compliance—Pending Legal Proceedings" for details.

In addition, agreements we entered into sometimes include indemnification provisions which may subject us to costs and damages in the event of a claim against an indemnified third party. Any such claims or proceedings against us, with or without merit, may be expensive, time-consuming and disruptive to our operations and distracting to management.

Our Directors have confirmed that, as of the Latest Practicable Date, there had been no legal or administrative proceedings pending or threatened against us or any of our Directors that could, individually or in the aggregate, have a material effect on our business, results of operations and financial condition. However, new legal or administrative proceedings and claims may arise in the future, and the current legal or administrative proceedings and claims we face are subject to inherent uncertainties. If one or more legal or administrative matters were resolved against us or an indemnified third party for amounts



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in excess of our management's expectations, or certain injunctions are granted to prevent us from using certain technologies in our robotic pool cleaner products, our business, results of operations and financial condition could be materially and adversely affected. Furthermore, unfavorable outcomes could result in significant compensatory or punitive monetary damages, disgorgement of revenue or profits, corporate remedial measures, injunctive relief or specific performance against us that could materially and adversely affect our results of operations and financial condition.

**We are subject to risks in relation to our product transportation and custom clearance.**

Transportation disruptions may occur due to various reasons that are beyond our control, including transportation bottlenecks, legislation, typhoon, flood, earthquakes and other natural disasters and labor strikes, which could lead to delayed or lost deliveries. In addition, our products may face the risk of theft or damage due to any poor handling by us or the logistics companies. Furthermore, the custom clearance procedures for our products could be lengthy and may involve unexpected complexity. If our products are not delivered on time or are damaged or lost during delivery, we may have to pay compensation to the relevant parties and could lose certain customers as well as suffer harm to our reputation, business, financial conditions and results of operations.

**Negative publicity involving us, our product offerings, management, business partners or shareholders or the industries we operate in may materially and adversely affect our reputation and business.**

We may, from time to time, receive negative publicity about us, our product offerings, management, business partners or shareholders. Certain of such negative publicity may be the result of malicious harassment or unfair competition acts by third parties. Any such negative coverage in the media, with or without merit, may threaten the perception of our brand. In addition, other companies operating in the global robotic pool cleaner and similar industries may a high degree of negative media coverage or citation concerning their products, services, customers and business practices, which may also harm the perception of us and our brand.

However, we cannot preclude media reports of similar nature from being made in the future, nor can we assure you that we will be able to defuse such negative publicity or citation to the satisfaction of our investors, customers and business partners or prevent related misconceptions and other damages caused by such reports. Preventing and mitigating the impact of such negative publicity could also incur significant resources and management attention. As a result, our brand may suffer, and our reputation may be materially and adversely affected, which in turn may cause us to lose market share, customers and business partners.

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

Our policy allows products with defects to be repaired for free within the warranty period. As we continue to grow our operations and support our customer base, we need to be able to continue to provide efficient customer support that meets our customers' needs at scale. We may not be able to recruit or retain sufficient qualified support personnel with experiences in supporting customers of our products. As a result, we may be unable to respond quickly enough to accommodate spikes in customer demand for technical support or maintenance assistance. We may also be unable to modify the future scope and the delivery of our maintenance services and technical support to compete with changes in the technical services provided by our competitors. If we experience increased customer demand for support and maintenance, we may face increased costs that may affect our results of operations. If we are unable to provide efficient customer maintenance and support, our business may be harmed. Our ability to attract new customers is highly dependent on our business reputation. Any failure to maintain quality maintenance and support services, or a market perception that we do not maintain quality maintenance and support services for our customers, would harm our business.



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

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

**Our technology infrastructure may experience unexpected system failure, interruption, inadequacy, security breaches or cyber-attacks. Our reputation and business may be harmed by service disruptions or by our failure to timely and effectively scale up and adapt our existing technology and infrastructure.**

Our technology infrastructure may encounter disruptions or other outages caused by problems or defects in our own technologies and systems, such as malfunctions in software or network overload, and by damages from fires, floods, earthquakes and other natural disasters, telecommunication failures, power loss, human error or other accidents. Our infrastructure and systems may be breached if any vulnerabilities therein are exploited by unauthorized third parties. We cannot assure you that any applicable recovery system, security protocol, network protection mechanisms or other defense procedures are, or will be, adequate to prevent such network or service interruptions, system failures or data losses. Despite any precautionary measures we may take, the occurrence of unanticipated problems that affect our technology infrastructure could result in interruptions in the availability of our products. It may be difficult for us to respond to such interruptions in a timely manner, or at all.

Any such disruption or inadequacy that causes interruptions to our operations, or failure to maintain the network and server or solve such problems in a timely manner, could affect our ability to timely deliver customer orders or harm user experience. An actual or perceived attack or security breach may damage our reputation and brand, expose us to risks of potential litigation and liabilities, and require us to expend significant capital and other resources to alleviate problems caused by such attacks or security breaches. As a result, our reputation, business, results of operations and financial condition could be adversely affected.

**We are subject to various risks relating to the Third-Party Payment Arrangements.**

During the Track Record Period, certain of our customers (the "Relevant Customers") settled payments with us through bank accounts that were not held by the contractual parties specified in the corresponding sales and purchase agreements (the "Third-Party Payment Arrangements"). In 2023, 2024 and 2025, the number of the Relevant Customers was two, one and one, respectively. The aggregate amount they settled under the Third-Party Payment Arrangements was RMB0.4 million, RMB1.2 million and RMB0.6 million, respectively, accounting for 0.1%, 0.2% and 0.1% of our total revenue in the same periods, respectively. No individual Relevant Customer has made material contribution to our revenue during the Track Record Period. See "Business—Third-Party Payment Arrangements."

We were exposed to several risks related to these Third-Party Payment Arrangements during the Track Record Period, including (1) the designated third party payers who are not contractually obligated debtors may seek reimbursement of funds from us; and (2) potential money laundering risks as we have limited knowledge about the source and purpose of the funds utilized by the third-party payors. If any



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claims are made by third-party payers, or if any legal proceedings are initiated or brought against us regarding any third-party payments, we may need to allocate additional financial and management resources to address these claims or legal proceedings, which could adversely affect our business and financial performance.

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

Through executive orders, passing of legislation or other governmental means, the certain authorities of the United Nations, the United States, the European Union, the United Kingdom, and Australia, have implemented measures that impose economic sanctions against certain countries or targeted industry sectors, groups of companies, persons or organizations.

During the Track Record Period, we sold our products to customers located in Russia, Belarus and Venezuela, which are subject to certain forms of international sanctions programs administered by certain sanctions authorities. In 2023, 2024 and 2025, our revenue from these countries was RMB1.1 million, RMB2.3 million and RMB0.8 million, respectively, accounting for 0.3%, 0.4% and 0.1% of our total revenue in the same periods, respectively. Our comprehensive screening against relevant sanctions programs, including those of the U.S. and EU, confirms that none of our customers are sanctioned entities related to Russia, Belarus, or Venezuela. Furthermore, as our products are entirely of domestic origin with no foreign components, we ensure full compliance in all our transactions with customers from these countries. We do not expect to further expand our sales efforts in these countries in the future.

Sanctions laws and regulations are constantly evolving, and new targeted industry sectors, groups of companies, persons or organizations are regularly added to the list of international sanctions programs. Further, new laws or restrictions could increase the obstacles for us to conduct our business internationally, and some or all of our products may be deemed subject to sanctions restrictions in the future.

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

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

**Export control and economic or trade restrictions that are imposed on a number of entities may affect our business, financial conditions and results of operations.**

In recent years, the U.S. government has imposed targeted export control and trade restrictions on China and a number of Chinese companies and institutions, including by adding them onto the Entity List maintained by the Bureau of Industry and Security ("BIS") of the U.S. Department of Commerce (the "Entity List"). The Entity List imposes specific license requirements for the export, reexport, and/or transfer (in-country) of items (commodities, software, and technology) subject to the Export Administration Regulations (the "EAR"). To the extent that any of our customers or suppliers are listed on the Entity List and are consequently restricted from sourcing or selling technologies, software, or



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products to or from us, there can be no assurance that we will be able to obtain, extend, or maintain the requisite regulatory licenses for our transactions with such parties, or that such licenses would cover all existing and potential transactions with them.

U.S. export controls and trade laws, policies and regulations are complex and subject to frequent changes, which could have an impact on our business operations. In addition, the interpretation and enforcement of the relevant regulations involve substantial uncertainties, which may be driven by geo-political, geo-economic and/or other factors that are not within our control or that might be heightened by international and national security concerns. Any potential restrictions, associated inquiries or investigations, or other government actions may be difficult or costly to comply with and may, among other things, delay or impede the development of our technology and robotic pool cleaner products and hinder the stability of our supply chain. These changes could also result in negative publicity, require significant time and attention of the management, subject us to fines, penalties or orders, and mandate us to cease or modify our existing business practices. Any of these events may have a material and adverse effect on our business, financial conditions and results of operations.

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

Companies operating in China are required to participate in various employee benefit plans, including social insurance fund and housing provident fund and contribute to the amounts equal to certain percentage of salaries, including bonuses and allowances, of their employees up to a maximum amount specified by the local government from time to time at locations where they operate their business. During the Track Record Period, we did not make adequate contributions to the social insurance and housing provident fund with respect to certain of our employees, as required by the relevant PRC laws and regulations.

As advised by our PRC Legal Advisor, if the competent PRC government authority determines that the social insurance contributions we made for our employees violate the requirements under the relevant PRC laws and regulations, we may be required to pay all outstanding social insurance contributions within a stipulated period, with late fees at a daily rate of 0.05% of the outstanding amount, accruing from the date when the social insurance contributions were due. In the unlikely event that we are required to settle the shortfall of social insurance contribution, if this payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times of the overdue amount on us. We cannot assure that the relevant local government authorities will not require us to pay the outstanding amount within a specific time limit or impose late or additional fees or fines on us in the future, nor can we assure you that there are no, or will not be any, employee complaints regarding payment of the outstanding amount of the social insurance and housing provident fund contributions against us, or that we will not receive any claims in respect of the outstanding amount of the social insurance and housing provident fund contributions under national laws and regulations. In addition, we may incur additional expenses to comply with such laws and regulations promulgated by the PRC government or relevant local authorities.

**Future acquisitions of businesses, technologies or know-how could materially and adversely affect our business, financial condition and results of operation if we fail to integrate the acquired businesses or technologies successfully into our existing operations or if we discover previously undisclosed liabilities.**

To enhance our growth, we may acquire businesses, technologies or know-how that we believe would benefit us in terms of product development, technology advancement or customer acquisition. Our ability to grow through acquisitions depends upon our ability to identify, negotiate, complete and integrate suitable acquisitions and to obtain any necessary financing. Even if we complete acquisitions, as we have limited experience with significant acquisitions, we may experience: (1) difficulties in integrating any acquired companies, technologies or personnel into our existing business; (2) delays or failure in realizing the benefits of the acquired companies, technologies or know-how; (3) the diversion of our management's



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time and attention from other business concerns; (4) higher costs of integration than we anticipated; (5) difficulties in retaining key employees of the acquired business who are necessary to manage these acquisitions; (6) difficulties in obtaining managerial and operational control of the acquired business, which may prevent us from achieving our investment objectives; or (7) loss of existing customers of the businesses we acquired. If we invest in businesses that operate outside of China, these risks may increase because of our limited experience in operating overseas.

An acquisition could also materially impair our results of operations by causing us to incur debt or requiring us to amortize acquired intangible assets. We may also discover deficiencies in internal controls, data adequacy and integrity, and regulatory compliance, as well as legal or contractual liabilities in businesses we acquire which we did not uncover prior to such acquisition. Therefore, we may become subject to penalties, lawsuits or other liabilities. Any difficulties in the integration of acquired businesses or technologies or unexpected penalties, lawsuits or liabilities in connection with such businesses or technologies could have a material adverse effect on our business, results of operations and financial condition.

**We may need additional capital, and we may be unable to obtain such capital in a timely manner or on acceptable terms, or at all.**

We may require additional capital beyond those generated by the [**REDACTED**] from time to time to grow our business, better serve our customers, develop and enhance our offerings, and improve our operating infrastructure. Accordingly, we may need to sell additional equity or debt securities or obtain a credit facility. Future issuances of equity or equity-linked securities could significantly dilute our existing shareholders, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our ordinary shares. The incurrence of debt financing would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operation or our ability to pay dividends to our shareholders.

Our ability to obtain additional capital is subject to a variety of uncertainties, including: (1) our market position and competitiveness in the robotic pool cleaner industry; (2) our future profitability, overall financial condition, and results of operations; (3) the general market condition for capital raising activities by companies in our industry, which in turn depends on the prospect of such industry; and (4) economic, political and other conditions in China and globally.

We may be unable to obtain additional capital in a timely manner or on acceptable terms, or at all. If we are unable to obtain adequate financing on terms satisfactory to us when we require it, our ability to continue to support our business growth could be significantly impaired, and our business and prospects could be adversely affected.

**Confidentiality agreements and non-compete covenants with employees and other third parties may not adequately prevent the disclosure of trade secrets and other proprietary information.**

We have devoted substantial resources to the development of our technology and know-how. Although we enter into employment agreements with confidentiality provisions with our employees, we cannot assure you that these agreements will not be breached, that we will have adequate remedies for any breach in a timely manner or at all, or that our proprietary technology, know-how or other intellectual property will not otherwise become known to third parties. In addition, third parties may independently discover trade secrets and proprietary information, limiting our ability to assert any proprietary rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive position.



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**Our risk management and internal control systems may not be adequate or effective.**

We have implemented risk management and internal control systems for our business operations. While we seek to improve our risk management and internal control systems on a continuous basis, we cannot assure you that these systems are sufficiently effective in ensuring, among other things, accurate reporting of our financial results and the prevention of fraud. See "Business—Internal Control and Risk Management" for details. The proper function of our risk management and internal control systems depends on implementation by our employees. We cannot assure you that our employees are sufficiently or fully trained to implement these systems, or that their implementation will be free from any mistakes. If we fail to timely update, implement and modify our risk management and internal control systems, or if we fail to deploy sufficient human resources to maintain our risk management and internal control policies and procedures, our business, results of operations and financial condition may be materially and adversely affected.

**Failure to protect our leasehold interests could adversely affect our business operations.**

As of the Latest Practicable Date, certain of our leased properties had title defects that may adversely affect our ability to continue to use them in the future. We entered into seven lease agreements as the tenant in mainland China with a gross floor area of 17,637.09 square meters, all of which had yet to be registered with the relevant government authorities in accordance with PRC Law. While the failure to complete the administrative filings may not affect the legality, validity or enforceability of the lease agreement, the government authorities may require that the filing be made within a stated period of time, failing which, they may impose a fine ranging from RMB1,000 to RMB10,000 for each agreement that has not been properly filed. If we fail to complete the administrative filings for all non-registered leases within the period specified by the relevant government authorities, and the relevant authorities determine that we shall be liable for failing to complete the administrative filings of all the relevant lease agreements, we might be subject to a fine ranging from RMB7,000 to RMB70,000.

In addition, as at the Latest Practicable Date, the lessor of one leased property located in Tianjin have not provided us with property ownership certificates or other relevant certificates. One of such leased properties is used merely for business registration and the remaining of such leased properties are primarily used as warehouses. As a result, we may face challenges from the property owners or other third parties regarding our right to occupy the premises. Furthermore, if the landlords fail to perform its obligations under the lease agreements between the landlords and us due to any reason, including but not limited to its own non-compliance with relevant laws and regulations, government demolition or any other unforeseeable events, we may be unable to continue using such properties. As of the Latest Practicable Date, we were not aware of any challenges being made by a third party or government authority on the titles of any of these leased properties that might affect our current occupation. Although we do not expect to become subject to any fines or penalties if any of these leases are terminated as a result of challenges by third parties or government authorities for any of these title defects, we may be forced to relocate the affected business registration place and the warehouses and incur additional expenses accordingly. If we fail to find suitable replacement sites in a timely manner or on terms commercially acceptable to us, our business and results of operations could be adversely affected.

**Misconduct, non-compliance and omissions by our employees or third parties could harm our business and reputation.**

Misconduct and omissions by our employees could subject us to liability or negative publicity. For instance, our employees or other relevant persons may engage in fraudulent, corrupt or other unfair business practices, which may subject us to investigations and proceedings by governmental authorities for alleged infringements of anti-corruption, anti-money laundering, anti-bribery and other relevant laws



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and regulations in the jurisdictions where we operate. These proceedings may result in penalties, fines, sanctions or other liabilities and could have a material adverse effect on our reputation, business, results of operations and financial condition. Although we have implemented internal rules and guidelines to govern our commercial practices, work ethics, fraud prevention mechanisms and regulatory compliance, we cannot assure you that our employees will not engage in misconduct or omissions that could materially and adversely affect our business, results of operations and financial condition.

In addition, misconduct and omissions by our business partners, including our various suppliers, service providers and customers, as well as other third parties who have entered business relationships with us, could subject us to liability or negative publicity. These third parties may be subject to regulatory penalties or punishments because of their regulatory compliance failures, which may, directly or indirectly, affect our business. We cannot be certain whether such third party has infringed or will infringe any other parties' legal rights or violate any regulatory requirements. We cannot rule out the possibility of incurring liabilities or suffering losses due to any non-compliance by third parties. We cannot assure you that we will be able to identify irregularities or non-compliances in the business practices of our business partners or other third parties, or that such irregularities or non-compliance will be corrected in a prompt and proper manner. The legal liabilities and regulatory actions on our business partners or other third parties involved in our business may affect our business activities and reputation, which may, in turn, affect our results of operations.

**Our limited insurance coverage could expose us to considerable costs and business disruption.**

We believe we maintain insurance policies in line with industry standards. We do not maintain business interruption insurance, key-man life insurance or litigation insurance. Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could have a material adverse effect on our results of operations. Our current insurance coverage may not be sufficient to prevent us from any loss, and there is no certainty that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, results of operations and financial condition could be materially and adversely affected. If such risk materializes, we may also suffer substantial losses as we do not have insurance coverage.

**Changes in global and regional macroeconomic conditions and any future occurrence of force majeure events, natural disasters or outbreaks of contagious diseases may materially and adversely affect our business, results of operations and financial condition.**

Uncertainties about global economic conditions and regulatory changes and other factors including fluctuation of interest rates, inflation level, unemployment, labor and healthcare costs, access to credit, consumer confidence and other macroeconomic factors may pose risks and materially and adversely affect demand for our products. In addition, natural disasters such as floods, earthquakes, sandstorms, snowstorms, fire or drought, the outbreak of a widespread health epidemic or any severe epidemic disease such as SARS, Ebola, Zika or the COVID-19, acts of war, terrorism or other force majeure events beyond our control may disrupt our R&D, manufacturing and commercialization activities and business operations, all of which could adversely affect our business, results of operations, financial condition and prospects. In particular, COVID-19 has materially and adversely affected the Chinese and global economy. We cannot assure you that any future occurrence of natural disasters or outbreaks of epidemics and contagious diseases, including COVID-19, avian influenza, severe acute respiratory syndrome, H1N1 influenza or other epidemics, or the measures taken by the PRC government or other countries in response to such contagious diseases, will not seriously disrupt our operations or those of our customers, which may materially and adversely affect our business, results of operations and financial condition.



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## RISKS RELATING TO OUR FINANCIAL PERFORMANCE

**We may not be able to sustain the gross profit margins at the levels recorded during the Track Record Period.**

We have experienced fluctuations in gross profit margins during the Track Record Period. Our gross profit margin was 57.5%, 58.0% and 62.9% in 2023, 2024 and 2025, respectively. There can be no assurance that we will be able to maintain and secure the gross profit margins at the levels recorded during the Track Record Period. In the future, our gross profit margin may decline if the increase in our unit cost of goods sold outpaced the increase in our average selling prices or if the decrease in our average selling prices outpaced the decrease in our unit cost of goods sold. If there is any decline in our gross profit margin in the future or if we fail to sustain the gross profit margins recorded during the Track Record Period, our profitability and financial condition may be adversely affected.

**We derive a significant portion of our revenue from our top five customers during the Track Record Period, and the loss of, or a significant reduction in, sales to any of these customers could materially and adversely affect our business, financial conditions and results of operations.**

A significant portion of our revenue was derived from our top five customers. In 2023, 2024 and 2025, revenue from our top five customers was RMB102.2 million, RMB127.1 million and RMB178.6 million, respectively, accounting for 27.0%, 23.4% and 22.0% of our total revenue in the same periods, respectively. Revenue generated from our largest customer in 2023, 2024 and 2025 was RMB29.4 million, RMB39.8 million and RMB71.7 million, respectively, accounting for 7.8%, 7.3% and 8.8% of our total revenue in the same periods, respectively.

Despite our long-term business relationships with our major customers, we cannot assure you that we will be able to continue to collaborate with them in the future, or accurately forecast their actual demands. We form our business and future expansion plans based on our estimation of the demands from the market and our customers, in particular from these major customers. However, the actual demands may fall short of our estimation, due to, among others, changes in our customers' business models, strategies or financial conditions, changes in local policies regarding the robotic pool cleaner industry and specific products, or changes in the local market conditions and economic development. Although our reliance on our top five customers, in terms of revenue contribution from such customers as a percentage of our total revenue, generally declined during the Track Record Period, any adverse changes in our relationships with our major customers or in the key commercial arrangements with them, such as purchase price, could materially and adversely affect our business, financial conditions and results of operations. Our major customers may also choose our competitors over us in the future.

If any of our top five customers or major customers significantly reduces its purchase volume or ceases to place orders with us, or if we misjudge or predict demands from such customers, or if we are unable to identify new customers in a timely manner and conduct our sales on comparable terms or seek alternative ways to make up for the decrease in our sales, our business, financial conditions, results of operations and prospects will be materially and adversely affected.

**If we are not able to control our staff costs in an effective way, our business, financial condition and results of operations may be adversely affected.**

The manufacturing of robotic pool cleaners is labor intensive. As of the Latest Practicable Date, we had 209 members of manufacturing staff. Our staff costs were primarily incurred in China and were RMB62.8 million, RMB71.5 million and RMB113.4 million in 2023, 2024 and 2025, respectively, representing 16.6%, 13.2% and 14.0% of our total revenue in the same periods, respectively.



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The economy of China has been experiencing significant growth, leading to inflation and increased staff costs, particularly in large cities. In addition, we are required by PRC laws and regulations to pay various statutory employee benefits, including pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. Any labor shortage or attrition at our production base may significantly disrupt our business operations or delay our expansion plan. We may have difficulties in hiring or retaining sufficient and qualified employees. In addition, average wages in China are expected to continue to rise, which we anticipate will have an upward pressure on our staff costs and employees' salaries and benefits, which in turn will negatively affect our profit margins. Any failure to attract qualified employees at reasonable cost and in a timely manner, and any future disputes with our employees may materially and adversely affect our business, financial conditions and results of operations.

**Our success depends on our ability to maintain and expand our online and offline sales. We incurred substantial selling and marketing expenses during the Track Record Period, and we cannot assure you that such investment could bring comparable increase in our product sales volume.**

We have been investing heavily in our sales and marketing efforts. Our selling and marketing expenses was RMB97.2 million, RMB173.8 million and RMB302.5 million in 2023, 2024 and 2025, respectively, representing 25.7%, 32.0% and 37.2% of our revenue in the same periods, respectively. Our sales network comprise primarily online E-commerce marketplaces, our E-commerce independent sites and offline third-party merchants, which include primarily pool equipment specialty retail chain stores, shopping malls and supermarkets. Going forward, we plan to continue to invest in our sales and marketing initiatives and further expand our omni-channel sales efforts. We cannot assure you that such investment will bring about positive impact on our customer development and product sales volume that is sufficient to recoup such investment. If our sales and marketing initiatives do not achieve the desired results, our business, results of operations and financial condition may be adversely affected.

To maintain and increase our market share, we actively evaluate the operational performance of our sales network and we may enter into new collaboration arrangements with our business partners. We may not be successful in any of these respects. Our ability to maintain and expand our offline and online sales depend on a number of factors, including among others, our ability to maintain relationships with the large national and overseas retailors, regional chain store retailors, and major E-commerce marketplaces on terms that are commercially acceptable to us and our ability to respond to changes in their needs, including providing network infrastructure and logistics support. If we are unable to effectively maintain or expand our sales network, our results of operations, growth potential and profitability could be materially and adversely affected.

**We have been continuously investing in our R&D efforts, which may negatively impact our profitability in the short term.**

We have been continuously investing in our R&D efforts. Our research and development expenses was RMB19.3 million, RMB22.1 million and RMB30.4 million in 2023, 2024 and 2025, respectively, representing 5.1%, 4.1% and 3.7% of our revenue in the same periods, respectively. The industries in which we operate are subject to continuous technological changes and are evolving rapidly in terms of technological innovation. We need to invest significant resources, including financial, human and managerial resources, in technological advancement to ensure that our offerings will remain innovative and competitive in the market. As a result, we expect that our research and development expenses will continue to increase in absolute amount, which may adversely affect our short-term profitability.



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**Failure to manage inventory at optimal levels could adversely affect our business, financial conditions and results of operations.**

Maintaining an optimal level of inventory is critical to the success of our business. As of December 31, 2023, 2024 and 2025, we had inventory of RMB120.0 million, RMB202.2 million and RMB281.7 million, respectively. Our inventory mainly consists of raw material, work-in-progress, semi-finished goods and finished goods. Our inventory turnover days were 248 days, 258 days and 293 days in 2023, 2024 and 2025, respectively. We recorded inventory write-down of RMB4.5 million, RMB6.0 million and RMB8.9 million in 2023, 2024 and 2025, respectively.

We plan our inventory levels based on our forecasts of market demands. However, our internal assessment and forecasts are subject to a variety of factors, some of which are beyond our control, such as fluctuating market demands and changes in customer preferences. We cannot assure you that we can accurately predict the demands for our products to avoid the under-stocking or over-stocking of our inventory. Further, we cannot assure you that we will be able to manage our inventory level effectively. If we fail to manage our inventory at an optimal level, our business, financial conditions and results of operations may be adversely affected.

**We have granted, and may continue to grant, share-based awards, which may further increase our share-based payment expenses, adversely affect our financial performance, and dilute existing Shareholders' stake.**

We recorded equity-settled share-based payment expenses of RMB4.6 million, RMB0.4 million and RMB11.1 million for the years ended December 31, 2023, 2024 and 2025, respectively. We believe such share-based awards are important to our ability to attract, retain and motivate our key individuals, and we may continue to grant share-based awards in the future. As a result, our share-based payment expenses may increase, which may further increase our share-based payments expenses, adversely affect our financial performance, and dilute existing Shareholders' stake.

**Our exchange, return and warranty policies may adversely affect our results of operations.**

Our policy generally allows products with defects to be returned and exchanged by our customers, and we typically offer a limited warranty for our products and services. We may be required by law to adopt new or amend existing return, exchange and warranty policies from time to time. While these policies improve user experience of our products and services and help to acquire and retain customers and end-users, we will incur higher costs associated with return, exchange and warranties if we experience any deterioration in the quality of our products and services, and we may be subject to additional costs and expenses which we may not recoup. We cannot assure you that our return, exchange and warranty policies will not be misused by our customers and end-users, which may significantly increase our costs and may adversely impact our business and results of operations. If we revise these policies to reduce our costs and expenses, our customers and end-users may be dissatisfied, which may result in loss of existing customers and end-users or failure to acquire new customers and end-users at a desirable pace, which may materially and adversely affect our results of operations.

**We are subject to credit risks relating to delay in payment and defaults of certain customers, and we incurred impairment losses in the past. Any significant delay in payment or default on our receivables could materially and adversely affect our liquidity, results of operations and financial condition.**

We are exposed to credit risk relating to delay in payment and defaults of certain customers. As of December 31, 2023, 2024 and 2025, our trade receivables were RMB63.7 million, RMB105.8 million and RMB140.9 million, respectively, and our allowance for credit losses of trade receivables was RMB4.4



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million, RMB6.1 million and RMB8.6 million as of the same dates, respectively. We may not be able to collect all such receivables in a timely manner, or at all, due to a variety of factors that are beyond our control, such as long payment cycles and adverse financial situation of certain customers. See "Financial Information—Discussion of Major Statements of Financial Position Items—Trade and Other Receivables." If any of our customers experience financial difficulties in settling trade receivables with us, or if the relationship between us and any of our customers is terminated or deteriorated, our corresponding receivables might be adversely affected in terms of recoverability.

The increase in the amount of provisions made on our trade receivables will be recorded as expenses on our results of operations. As such, if we are unable to manage the credit risk associated with our trade receivables effectively, our results of operations may be materially and adversely affected. Furthermore, substantial defaults or delays by our customers could materially and adversely affect our cash flow, and we may have to terminate our relationships with such customers.

**Fluctuations in exchange rates may result in foreign exchange losses and adversely impact our profitability.**

We develop and maintain a global customer base and transact business with global suppliers, customers and partners. Fluctuations in exchange rates between the Renminbi and the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in the global geopolitical and economic conditions and the foreign exchange policies. Our foreign currency exposure is mainly with respect to Euro and U.S. dollars. During the Track Record Period, a majority of our revenue was generated from sales denominated in U.S. dollars, Euro and Renminbi. However, a majority of our cost of sales and operating expenses are denominated in Renminbi, and our financial information is presented in Renminbi. As a result, when the Renminbi appreciates against the foreign currencies, our margins are pressured. We incurred net foreign exchange loss of RMB33.0 thousand in 2024 and we had net foreign exchange gain of RMB6.2 million and RMB4.8 million in 2023 and 2025, respectively. During the Track Record Period, we did not utilize derivative contracts to hedge against our exposure to currency risk.

**The discontinuation of any favorable government policies and government subsidies and economic incentives currently available to us could adversely affect our business, results of operations and financial condition.**

We have received government subsidies and economic incentives in support of our growth. We recognized government grants of RMB2.2 million, RMB2.6 million and RMB1.5 million in 2023, 2024 and 2025, respectively. However, these policies may be subject to changes that are beyond our control. We cannot assure you that favorable government policies will continue. In addition, the timing, amount and conditions of government incentives and subsidies are within the sole discretion of the governmental authorities. Governmental authorities may require us to perform certain contractual obligations before we could receive such grants, and we cannot assure you that we could always fully satisfy these conditions or perform the obligations. In such cases, the governmental authorities may cease providing subsidies to us or require us to repay part or all of the government subsidies we previously received. Any reduction, elimination, repayment or other negative trends in government subsidies or incentives could adversely affect our business, results of operations and financial condition.



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## RISKS RELATING TO CONDUCTING BUSINESS IN CHINA

**We may be subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with future capital raising activities, and, if required, we cannot predict whether we will be able to obtain such approval or complete such filing.**

On February 17, 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) and five supporting guidelines (together, "Trial Measures"), which came into effect on March 31, 2023. Pursuant to the Trial Measures, domestic companies that seek to list overseas, both directly and indirectly, should fulfill the filing procedure and report relevant information to the CSRC. The filing is required to be conducted within three business days after the submission of the application for initial public offering and listing overseas to the overseas regulators. The CSRC will review the filing application and may have queries and may consult with other relevant regulators. Filings granted by the CSRC will have a valid term of one year during which the issuer should complete the offering. Further follow-up offerings after overseas listings also require a filing within three business days after the completion of the offering, and the listed companies will need to report to the CSRC upon the occurrence and public disclosure of certain significant matters such as a change in control, penalty received from overseas securities regulators or relevant regulators, a switch of listing status and a termination of listing. If a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as orders to rectify, warnings, fines, and the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines, and its controlling shareholders and actual controllers that organize or instruct the aforementioned violations may also be subject to administrative penalties, such as fines.

As advised by our PRC Legal Advisor, we are required to go through the filing procedures with the CSRC under the Trial Measures. We [**REDACTED**] with the CSRC within the specific time limit as required by the Trial Measures and will seek guidance from the relevant regulator and/or legal advisors to ensure our compliance in all respects. However, rescission of any such approval or filing obtained by us, would subject us to sanctions by the CSRC or other PRC regulatory authorities, and such failure may adversely affect our ability to finance the development of our business and could have a material adverse effect on our business and financial condition.

On February 24, 2023, the CSRC, the Ministry of Finance, the National Administration of State Secrets Protection, and the National Archives Administration of China published the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定) ("Archives Rules") which came into effect on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic companies, either in direct or indirect form, such domestic companies, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities.

The CSRC or other PRC regulatory authorities may also take actions requiring us, or making it advisable for us, to halt this [**REDACTED**] before settlement and delivery of the [**REDACTED**] hereby. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory authorities later promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures in addition to those prescribed under the [**REDACTED**] or future capital raising activities, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Such procedures



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for obtaining the waiver remain unclear. Any uncertainties or negative publicity regarding such approval, filing or other requirements could materially and adversely affect our business, prospects, financial condition, reputation, [**REDACTED**] price of the [**REDACTED**].

However, given that the Trial Measures and Archives Rules were recently promulgated, there remain uncertainties as to their interpretation, application, and enforcement and how they will affect our operations and our future financing.

**Changes in China's economic, political and social conditions or global economic environment could affect our business, results of operations, financial condition, cash flows and prospects.**

A substantial portion of our business operations is conducted in China. Our business, results of operations and financial condition are affected to a significant degree by the economic, political and social conditions in China. The Chinese economy has its unique characteristics in many respects, including the amount of government involvement, level of development, control of foreign exchange and allocation of resources. The PRC government has implemented various measures to encourage, but also to control, economic growth and to guide the allocation of resources. Some of these measures benefit the overall Chinese economy but may have a negative effect on us. We cannot predict the changes in China's economic, political and social conditions in the future and the impact of the new government policies on our business and prospects. Any actions and policies taken by the Chinese government, or the long-term slowdown of Chinese economy, especially the slowdown of the growth of China's robotic pool cleaner industry, may have a negative impact on our business, operating performance and financial situation in many ways.

Moreover, the global macroeconomic environment has been facing challenges and uncertainties recently. The Chinese economy has shown slower growth compared to the previous years and the trend may continue. There is also considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States, as well as the problems that may arise from the unwinding of such policies, such as the rise in interest rates. There have also been concerns over the relationship between China and other countries, including the United States and the surrounding Asian countries. In particular, there is significant uncertainty about the future relationship between the United States and China with respect to economic or trade policies, export controls, tariffs, and foreign investment filings and approvals. Moreover, there have been heightened tensions in international relations globally, such as the recent Russia-Ukraine conflict. Unrest, terrorist threats and the potential for war in the Middle East and elsewhere may also increase market volatility globally. Economic conditions in China are sensitive to global economic and geopolitical conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect our business, results of operations, financial condition and prospects.

**The development of the PRC legal system and changes in the interpretation and enforcement of PRC laws, regulations and policies in China could materially and adversely affect us.**

Our Company is incorporated under the laws of the PRC. The PRC legal system is based on written statutes. Since the late 1970s, the PRC government has promulgated laws and regulations dealing with economic matters, such as foreign investment, corporate organization and governance, commerce, taxation and trade, with a view towards developing a comprehensive system of commercial law. However, as many of these laws and regulations are relatively new and continue to evolve, these laws and regulations maybe subject to different interpretation. As other civil law countries, there is a limited volume of published court decisions, which may be cited for reference but are not binding on subsequent cases and have limited



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precedential value unless the Supreme People's Court otherwise provides. As these laws and regulations are continually evolving in response to changing economic and other conditions, these uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect the legal protections and remedies that are available to investors and us.

**Governmental control of currency conversion, and restrictions on the remittance of Renminbi into and out of China, could have a material adverse impact on our financial condition and results of operations, and may reduce the value of, and dividends payable on, our H Shares in foreign currency terms.**

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

However, in the future, the PRC government may take measures to restrict access to foreign currencies for capital account and current account transactions under certain circumstances. If such measures are implemented, we may not be able to pay dividends in foreign currencies to holders of our H Shares. Foreign exchange transactions under our capital account are subject to significant foreign exchange controls and require SAFE's approval. These limitations could affect our ability to obtain foreign exchange through offshore financing.

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

**The PRC government policy on foreign investment in the PRC may affect our business and results of operations.**

The investment activities of foreign investors in the PRC are subject to certain regulations regarding the industry participated and imposed to additional verification procedures by certain authorities. The Special Management Measures (Negative List) for the Access of Foreign Investment (2024) (外商投資准入特別管理措施(負面清單)(2024年版)) (the "Negative List") issued by the NDRC and MOFCOM, which sets out in a unified manner the restrictive measures for the access of foreign investments such as the requirements for equity and senior management, and the industries that are prohibited for foreign investment. The Negative List covers 11 industries, and any field not covered by the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment. As of the Latest Practicable Date, our main business in China had not fallen within the Negative List. However, certain industries are specifically prohibited for foreign investment, which may restrict us from entering into these industries afterwards. Also, as the Negative List could be updated in the future, we cannot assure you that the PRC government will not change its policies in a manner that would render part of our business in China within the Negative List. If we cannot obtain approval from relevant approval authorities to engage in a business in China that becomes prohibited or restricted for foreign investors, we may be forced to sell or restructure our business which has become restricted or prohibited for foreign investment. If we are forced to adjust our corporate structure or business line as a result of changes in government policy on foreign investment, our business, results of operations and financial condition may be adversely affected.



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**If our preferential tax treatments are revoked, become unavailable or if the calculation of our tax liability is successfully challenged by the PRC tax authorities, we may be required to pay tax, interest and penalties in excess of our tax provisions, and our results of operations could be materially and adversely affected.**

We enjoy various types of preferential tax treatment according to the prevailing mainland Chinese tax laws. Our mainland Chinese entities may, if they meet the relevant requirements, qualify for preferential tax treatments. We were qualified as "high and new technology" enterprise (高新技術企業) in 2021 and 2024, and was entitled to a preferential income tax rate of 15% during the Track Record Period. We shall, in accordance with the requirements of the tax authority and other relevant authorities, retain and submit our financial statements together with details of our R&D activities and other technological innovation activities for future reference to enjoy the preferential tax treatment. Furthermore, we were entitled to claim research and development expenses incurred as tax deductible expenses and one-time pre-tax deduction for equipment and apparatus when determining our assessable profits during the Track Record Period.

If our preferential tax treatments are revoked, become unavailable or if the calculation of our tax liability is successfully challenged by the PRC tax authorities, the discontinuation of any of the various types of preferential tax treatment we enjoy could materially and adversely affect our results of operations.

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

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. Although we believe that in the past, we have acted in compliance with the requirements under the relevant PRC tax laws and regulations in all material aspects and established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or action that could adversely affect our reputation, business, results of operations and financial condition. Furthermore, the PRC government from time to time adjusts or changes its tax laws and regulations. For instance, under the Individual Income Tax Law of the People's Republic of China (the "IIT Law") (中華人民共和國個人所得税法), which was amended on August 31, 2018 and came into effect on January 1, 2019, foreign nationals who have domiciles in the PRC, or have no domicile in China but have resided in the PRC for 183 days or more cumulatively within a tax year, would be subject to PRC individual income tax at progressive rates on their income gained within or outside the PRC. Foreign nationals who have no domicile in China and have not resided in China, or who do not have a domicile in China but have resided in China for less than 183 days cumulatively within a tax year would be subject to PRC individual income tax on their income gained within the PRC. Should this rule be strictly enforced, our ability to attract and retain highly skilled foreign scientists and research personnel to work in China may be materially affected. Further adjustments or changes to PRC tax laws are regulations, together with any uncertainty resulting therefrom, could also have an adverse effect on our business, results of operations and financial condition.

**Holders of our [REDACTED] may be subject to PRC income tax obligations.**

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

Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the income derived in China under the IIT Law and its implementation guidelines. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. However, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax (財政部、國家税務總局關於個人所得税若干政策問題的通知) (Cai Shui Zi [1994] No. 020) issued by the MOF and SAT on May 13, 1994, the income gained by individual foreigners from dividends and



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bonuses of enterprise with foreign investment are exempted from individual income tax for the time being. In addition, under the IIT Law and its implementation regulations, non-PRC resident individual holders of H shares are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H shares. However, pursuant to Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (關於個人轉讓股票所得繼續暫免徵收個人所得税的通知) (Cai Shui Zi [1998] No. 61) issued by the MOF and the SAT on March 30, 1998, from January 1, 1997, the income of individuals from the transfer of the shares of listed enterprises continues to be exempted from individual income tax.

As of the Latest Practicable Date, no aforesaid provisions had expressly provided that individual income tax shall be levied non-PRC resident individual holders on the transfer of shares in PRC resident enterprises [**REDACTED**] on overseas [**REDACTED**], and to our knowledge, no such individual income tax was levied by PRC tax authorities in practice. However, the PRC tax authorities may change these practices, which could result in levying income tax on non-PRC resident individual holders on gains from the sale of [**REDACTED**].

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

Despite the arrangements mentioned above, there remain significant uncertainties as to the interpretation and application of applicable PRC tax laws and regulations by the competent tax authorities and the PRC tax laws and regulations may also change, which may adversely affect the value of your [**REDACTED**].

**You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions in China against us and our Directors and management.**

We are a company incorporated under the PRC laws, and the vast majority of our assets and subsidiaries are currently located in China. The majority of our Directors and senior management reside within China. The assets of these Directors and senior management also may be located within China. As a result, it may not be possible to effect service of process upon most of our Directors and senior management outside China. Moreover, China does not have treaties providing for reciprocal recognition and enforcement of court judgments in the United States or most other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, in the PRC or Hong Kong, recognition and enforcement of court judgments from other jurisdictions may be difficult or impossible.

On January 18, 2019, the Supreme People's Court of the PRC and the government of Hong Kong signed an Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "2019 Arrangement") any party concerned may apply to the relevant PRC court or Hong Kong High Court for recognition, and enforcement of the effective judgments in civil and commercial cases under the 2019 Arrangement. We



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cannot assure you that an effective judgment that complies with the 2019 Arrangement can be recognized and enforced in a PRC court. Although we will be subject to the Hong Kong Listing Rules and the Codes on Takeovers and Mergers and Share Repurchases of Hong Kong upon the [**REDACTED**] of our [**REDACTED**] on the [**REDACTED**], the holders of [**REDACTED**] will not be able to bring actions on the basis of violations of the Hong Kong Listing Rules and must rely on the Hong Kong Stock Exchange to enforce its rules.

**Payment of dividends is subject to restrictions under PRC law.**

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

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

**We are subject to complex and evolving laws and regulations regarding data security and personal information protection. Actual or alleged failure to comply with data security and personal information protection laws and regulations could damage our reputation, deter current and potential users from using our offerings and subject us to significant legal, financial and operational consequences.**

In recent years, government authorities across the world have been increasingly focusing on data security and personal information protection. In particular, the PRC government has enacted a series of laws and regulations on the protection of personally identifiable data in the past few years. We may be subject to laws and regulations regarding data security and personal information protection in China. In addition, as we expand our global operations, our customers may leverage our product offerings outside China and are thus required to comply with laws and regulations regarding data security and personal information protection in such jurisdictions. As a result, we may be required to upgrade or alter our offerings to fully comply with such laws and regulations.

We have adopted various measures to ensure our compliance. However, the laws and regulations regarding data security and personal information protection in China, as well as in other jurisdictions, are generally complex and evolving, with uncertainty as to the interpretation and application thereof. As such, we cannot assure you that our data security and personal information protection measures are, and will be, always considered sufficient under applicable laws and regulations. If we are unable to comply with the then-applicable laws and regulations or to address any data security and personal information protection concerns, such actual or alleged failure could damage our reputation, deter current and potential customers and users and could subject us to significant legal, financial and operational consequences.

On June 10, 2021, the Standing Committee of the National People's Congress of China promulgated the PRC Data Security Law (中華人民共和國數據安全法), which became effective on September 1, 2021. The PRC Data Security Law provides for data security obligations on entities and individuals carrying out data processing activities, introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests or legitimate rights and interests of individuals or organizations when



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such data is tampered with, destroyed, leaked, or illegally acquired or used, and provides for a national security review procedure for those data processing activities which may affect national security and imposes export restrictions on certain data and information. On February 24, 2023, the CSRC, Ministry of Finance, State Secrecy Administration, and State Archives Bureau released the Provisions on Strengthening Confidentiality and Archives Administration in Respect of Overseas Issuance and Listing of Securities by Domestic Enterprises (關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定) (the "Confidentiality Provisions"), which became effective on March 31, 2023. Pursuant to the Confidentiality Provisions, domestic joint-stock enterprises listed in overseas markets via direct offering and domestic operational entities of enterprises listed in overseas markets via indirect offering must obtain approval and complete filing or other requirements before they publicly disclose any documents and materials that contain state secrets or government work secrets or that, if divulged, will jeopardize China's national security or public interest, or before they provide such documents or materials to entities or individuals such as securities companies, securities service providers and overseas regulators.

On August 20, 2021, the Standing Committee of the National People's Congress of China promulgated the PRC Personal Information Protection Law (the "PIPL"), which came into effect in November 1, 2021. In addition to other rules and principles of personal information processing, the PIPL specifically provides rules for processing sensitive personal information. As uncertainties remain regarding the interpretation and implementation of the PIPL, we cannot assure you that we will comply with the PIPL in all respects. We may also become subject to fines and/or other penalties which may have material adverse effect on our business, results of operations and financial condition.

On December 28, 2021, the CAC and 12 other relevant PRC government authorities published the amended Cybersecurity Review Measures (網絡安全審查辦法), which became effective on February 15, 2022. According to Articles 5 and 7 of the Cybersecurity Review Measures, enterprises shall apply for cybersecurity review under the following circumstances: (1) critical information infrastructure operators ("CIIO") purchasing network products in a manner which affects or may affect national security; and (2) internet platform operators holding personal information of more than one million users and seeking a foreign listing. According to Article 16 of the Cybersecurity Review Measures, the competent PRC government authority may initiate cybersecurity review if the authority believes that any network product, service or data processing activity affects or is likely to affect national security. As of the Latest Practicable Date, we had not been notified by any authorities of being classified as a CIIO, nor had we been involved in any investigations on cybersecurity review made by the CAC, and we have not received any inquiry, notice, warning, or sanctions in this respect. However, we cannot assure you that we will not be required to follow the cybersecurity review procedures, and if required so, whether we would be able to complete the applicable cybersecurity review procedures in a timely manner. In addition, any failure or delay in the completion of the cybersecurity review procedures or any other non-compliance or perceived non-compliance with the PRC Cybersecurity Law or related regulations may prevent us from using or providing certain products and services, and may result in fines or other penalties such as making certain required rectification, suspending our related business, closing our website or taking down our operations and proceedings or actions against us by PRC regulatory authorities, customers or others, which may have a material adverse effect on our business, reputation, results of operations and financial condition.

On September 24, 2024, the Cyber Data Security Regulations (網絡數據安全管理條例) was promulgated by the State Council and came into effect on January 1, 2025. The Cyber Data Security Regulations reiterate the general regulations for data processing activities and rules of personal information protection, important data security protection, network data cross-border transfer management, and internet platform service providers' obligations.

As of the Latest Practicable Date, we had not been subject to any inquiry, investigation, notice, inspection, action or penalty from the PRC authorities or any other relevant regulatory authorities in relation to our compliance with cybersecurity and data protection laws and regulations. However, given the evolving regulatory environment in these areas, we are subject to substantial legal and economic uncertainties for our future business operations. The legal and regulatory developments could affect the



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way we design and deliver our offerings, our business operations, and how we and our business partners deal with data protection. We may incur substantial costs to comply with these laws and regulations, to address the needs of our customers and users relating to their own compliance with applicable laws and regulations, and to establish and maintain internal compliance policies. If we fail to effectively and timely comply with these laws and regulations and respond to relevant changes, our business operations, results of operations, financial condition and prospects will be materially and adversely affected.

Moreover, different regulatory bodies in China, including among others, the MIIT, the CAC and the Ministry of Public Security have enforced laws and regulations regarding cybersecurity, information security, data security and personal information protection with various standards and applications. We may from time to time be required to rectify or further improve our measures regarding cybersecurity, information security, data security and personal information protection. Any failure or perceived failure by us to comply with all applicable laws and regulations regarding cybersecurity, information security, data security and personal information protection, or any failure or perceived failure of our business partners to do so, or any failure or perceived failure of our employees to comply with our internal control measures, may result in negative publicity and legal proceedings or regulatory actions against us, and could result in fines, revocation of licenses, suspension of relevant operations or other legal or administrative penalties, which may in turn damage our reputation, discourage our current and potential customers and subject us to fines and damages, which could have a material adverse effect on our business and results of operations. To the extent we expand our business to any overseas market, we may become subject to additional or new laws and regulations regarding cybersecurity, information security, data security and personal information protection in foreign jurisdictions, which may result in additional expenses to us and subject us to potential liability and negative publicity.

## RISKS RELATING TO THE [REDACTED]

### An active [REDACTED] market for our [REDACTED] may not develop or be sustained.

Prior to the completion of the [**REDACTED**], there has been no [**REDACTED**] for our [**REDACTED**]. We cannot assure you that an active [**REDACTED**] with adequate liquidity will develop or be sustained following the completion of the [**REDACTED**]. The initial [**REDACTED**] is the result of negotiations between our Company and the [**REDACTED**] (for itself and on behalf of the [**REDACTED**]), which may not be indicative of the price at which our [**REDACTED**] will be traded following the completion of the [**REDACTED**]. The [**REDACTED**] of our [**REDACTED**] may drop below the initial [**REDACTED**] at any time following the [**REDACTED**].

We have applied to the Hong Kong Stock Exchange for the [**REDACTED**] of, and permission to [**REDACTED**], the [**REDACTED**] (including any [**REDACTED**] which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**]). A [**REDACTED**] on the Hong Kong Stock Exchange, however, does not guarantee that an active and [**REDACTED**] for the H Shares will develop, or if it does develop, that it will be sustained following the [**REDACTED**], or that the [**REDACTED**] of the [**REDACTED**] will not decline following the [**REDACTED**]. If an active [**REDACTED**] for our [**REDACTED**] does not develop following the completion of the [**REDACTED**], the [**REDACTED**] and liquidity of our [**REDACTED**] could be materially and adversely affected.

### The price and [REDACTED] of our [REDACTED] may be volatile, which could lead to substantial losses to [REDACTED].

The price and [**REDACTED**] of our [**REDACTED**] may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the [**REDACTED**] of the shares of other companies engaging in similar business may affect the price and [**REDACTED**] of our [**REDACTED**]. In addition to market and industry factors, the price and [**REDACTED**] of our [**REDACTED**] may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments,



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relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies [**REDACTED**] on the [**REDACTED**] with significant operations and assets in China have experienced price volatility in the past, and it is possible that our [**REDACTED**] may be subject to changes in price not directly related to our performance.

**Future sales or perceived sales of substantial amounts of our [REDACTED] in the [REDACTED] could have a material adverse effect on the price of our [REDACTED] and our ability to raise additional capital in the future.**

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

While investors subscribing shares in the [**REDACTED**] are not subject to any restrictions on the disposal of the [**REDACTED**] they subscribed (except as disclosed in "Information about this Document and the [**REDACTED**]"), they may have existing arrangements or agreements to dispose part or all of the [**REDACTED**] they hold immediately or within certain period upon completion of the [**REDACTED**] for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or any time or period after the [**REDACTED**].

Any sale of the [**REDACTED**] subscribed by such [**REDACTED**] pursuant to such arrangement or agreement could adversely affect the [**REDACTED**] of our [**REDACTED**] and any sizeable sale could have a material and adverse effect on the [**REDACTED**] of our [**REDACTED**] and could cause substantial volatility in the [**REDACTED**] of our [**REDACTED**].

**You will incur immediate and significant dilution and may experience further dilution if we [REDACTED] additional Shares in the future.**

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

**Facts, forecasts and statistics in this document obtained from various official government sources have not been independently verified.**

We have derived certain information and statistics in this document from various official government sources. However, we cannot guarantee accuracy or completeness of information obtained from such sources. The information from official government sources has not been independently verified by us, the Sole Sponsor, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], any of their respective directors and advisors, or any other persons or parties involved in the [**REDACTED**], and, therefore, we cannot assure you as to the accuracy and reliability of such information and statistics, which may not be consistent with other information compiled inside or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable with statistics produced for other economies, and you should not place undue reliance on them. Furthermore, we cannot assure you that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to or place on such information or statistics.



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**If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our H Shares, the [REDACTED] for [REDACTED] and [REDACTED] could decline.**

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

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

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

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

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

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



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In preparation for the [**REDACTED**], our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules [**REDACTED**]:

## WAIVER IN RELATION TO PRESENCE OF MANAGEMENT IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Pursuant to Rule 19A.15 of the Listing Rules, the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Stock Exchange.

Since the business operations of our Group are managed and conducted outside of Hong Kong, and all of the executive Directors of our Company ordinarily reside outside Hong Kong, our Company considers that it would be practically difficult and commercially unreasonable and undesirable for our Company to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by means of relocation of existing executive Directors or appointment of additional executive Directors. Therefore, our Company does not have, and does not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules, subject to the following conditions. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

- *Authorized representatives:* we have appointed Mr. Li Hui ("**Mr. Li**") and Ms. Tang Ka Yan ("**Ms. Tang**") as the authorized representatives (the "**Authorized Representatives**") for the purpose of Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our principal channel of communication with the Stock Exchange and would be readily contactable by phone, facsimile and email to deal promptly with enquiries from the Stock Exchange. Accordingly, the Authorized Representatives will be able to meet with the relevant members of the Stock Exchange to discuss any matters in relation to our Company within a reasonable period of time. The Company will also inform the Stock Exchange promptly in respect of any change in the Authorized Representatives. See "Directors and Senior Management" for more information about our Authorized Representatives;

- *Joint company secretaries:* in addition to the appointment of the Authorized Representatives, Ms. Tang, one of our joint company secretaries and a Hong Kong resident, will, among other things, act as our Company's additional channel of communication with the Stock Exchange and be able to answer enquiries from the Stock Exchange. Ms. Tang will maintain contact with our Directors and senior management through various means, including regular meetings and telephone discussions whenever necessary;

- *Directors:* to facilitate communication with the Stock Exchange, we have provided the Authorized Representatives and the Stock Exchange with the contact details (such as mobile phone numbers, office phone numbers, facsimile number and e-mail addresses, to the extent possible) of each of our Directors such that the Authorized Representatives would have the means for contacting all our Directors promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. In the event that any Director expects to travel or otherwise be out of office, he/she will provide the phone number of the place of his/her accommodation to the Authorized Representatives. To the best of our knowledge and



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information, each Director who does not ordinarily reside in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon request of the Stock Exchange;

- *Compliance advisor:* we have appointed Halcyon Capital Limited as our compliance advisor (the "**Compliance Advisor**") upon [**REDACTED**] pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the [**REDACTED**] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**]. The Compliance Advisor will have access at all times to our Authorized Representatives, the Directors and other senior management and act as the additional channel of communication with the Stock Exchange and answer enquiries from the Stock Exchange. The contact details of the Compliance Advisor have been provided to the Stock Exchange. We will also inform the Stock Exchange promptly in respect of any change in the Compliance Advisor; and

- *Hong Kong legal advisor:* we will retain a Hong Kong legal advisor to advise us on the on-going compliance requirements, any amendment or supplement to and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after the [**REDACTED**].

## WAIVER IN RELATION TO JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, we must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, we must appoint as our company secretary an individual, who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- a Member of The Hong Kong Chartered Governance Institute;

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

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

In addition, pursuant to Note 2 to Rule 3.28 of the Listing Rules provides that, in assessing "relevant experience," the Stock Exchange will consider the individual's:

- length of employment with the issuer and other issuers and the roles he/she played;

- familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code and Mergers and Share Buy-backs;

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

- professional qualifications in other jurisdictions.



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Pursuant to the Chapter 3.10 of the Guide for New Listing Applicants, the waiver will be for a fixed period of time and on the following conditions: (1) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 and is appointed as a joint company secretary throughout the Waiver Period (as defined below); and (2) the waiver can be revoked if there are material breaches of the Listing Rules by the [**REDACTED**].

We have appointed Mr. Li as our joint company secretary. He has extensive experience in accounting and finance matters. Mr. Li has been serving as the deputy general manager of our Company since January 2021 and Board secretary of our Company since December 2021 that he has been assisting the chief executive officer on the research and development, design and production, external financing and information disclosures of our Group. We believe that having regard to Mr. Li's past working experience with us, he has a thorough understanding of our operations and is able to perform his duties as our joint company secretary. However, as Mr. Li presently does not possess any of the qualification required under Rules 3.28 and 8.17 of the Listing Rules, we have appointed Ms. Tang of Tricor Services Limited as the other joint company secretary, working closely with Mr. Li. Ms. Tang is an associate of both The Hong Kong Chartered Governance Institute (香港公司治理公會) and The Chartered Governance Institute in the United Kingdom, and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules. For further information regarding the qualifications of Mr. Li and Ms. Tang, see "Directors and Senior Management."

The joint company secretaries will be jointly discharging the duties and responsibilities of a company secretary. Ms. Tang will be assisting Mr. Li in gaining the relevant experience required under Rules 3.28 and 8.17 of the Listing Rules. Also, Mr. Li will be assisted by (1) the Compliance Advisor of our Company for the first full financial year starting from the [**REDACTED**], particularly in relation to Hong Kong corporate governance practice and compliance matters; and (2) the Hong Kong legal advisor of our Company, on matters regarding our Company's ongoing compliance with the Listing Rules and the applicable Hong Kong laws and regulations. In addition, Mr. Li will endeavor to attend relevant trainings and familiarize himself with the Listing Rules and duties required of a company secretary of an issuer [**REDACTED**] on the [**REDACTED**].

We have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Li may be appointed as a joint company secretary of our Company. The waiver is valid for an initial period of a three-year period (the "**Waiver Period**") on the condition that Ms. Tang, as a joint company secretary of our Company, will work closely with, and provide assistance to, Mr. Li in the discharge of his duties as a joint company secretary and in gaining the relevant experience as required under Rule 3.28 of the Listing Rules and to become familiar with the requirements of the Listing Rules and other applicable Hong Kong laws and regulations. The waiver will be revoked immediately if Ms. Tang ceases to provide assistance to Mr. Li as the joint company secretary or if there are material breaches of the Listing Rules by us.

Our Company will further ensure that Mr. Li has access to the relevant training and support that would enhance his understanding of the Listing Rules and the duties of a company secretary of an [**REDACTED**], and to receive updates on the latest changes to the applicable Hong Kong laws, regulations and the Listing Rules. Prior to the end of the three-year period, the qualifications and experience of Mr. Li and the need for on-going assistance of Ms. Tang will be further evaluated by our Company. We will liaise with the Stock Exchange to enable it to assess whether Mr. Li, having benefited from the assistance of Ms. Tang for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the "relevant experience" within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.



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[REDACTED]



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[REDACTED]



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[REDACTED]



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[REDACTED]



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## DIRECTORS

| Name | Address | Nationality |
|---|---|---|
| ***Executive Directors*** | | |
| Fu Guilan (付桂蘭) | No. 302, Building 5, Gate 5<br>Cuiweiyuan, Water Park Road<br>Nankai District, Tianjin, PRC | Chinese |
| Yu Qian (余淺) | 5-3001, Lvyin Mingdi<br>Shuishang East Road<br>Nankai District, Tianjin, PRC | Chinese |
| Li Hui (李暉) | 7-1-704, Hongcheng Baili Garden<br>Hedong District, Tianjin, PRC | Chinese |
| Cen Pu (岑璞) | No. 69, Nanhai Road<br>Binhai New Area, Tianjin, PRC | Chinese |
| ***Non-executive Directors*** | | |
| Wang Shouwen (王壽文) | Room 1101, Entrance 2, Building 5<br>Yard 1, Siji Xinghe Zhongjie<br>Chaoyang District, Beijing, PRC | Chinese |
| Cai Guoqing (蔡國卿) | Room 302, No. 48, Lane 558<br>Fengzhuang West Road<br>Jiading District, Shanghai, PRC | Chinese |
| ***Independent Non-executive Directors*** | | |
| Duan Yong (段詠) | Room 1-1504, Fuxingmen Garden<br>Hexi District, Tianjin, PRC | Chinese |
| Wang Lianen (王連恩) | Room 3-602, Phase II, Roma Garden<br>Youyi Road<br>Hexi District, Tianjin, PRC | Chinese |
| Xu Jiayuan (許佳媛) | Room 2508, Tower 3<br>Harbourview Horizon<br>12 Hung Lok Road, Hung Hom<br>Kowloon, Hong Kong | Chinese |

Further information is set out in the section headed "Directors and Senior Management" in this document.



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## PARTIES INVOLVED IN THE [REDACTED]

**Sole Sponsor**

**China Securities (International) Corporate Finance Company Limited**
18/F, Two Exchange Square
8 Connaught Place
Central, Hong Kong

[REDACTED]

**Legal Advisors to the Company**

*As to Hong Kong law and U.S. law:*

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



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| | |
|---|---|
| | *As to PRC law:*<br><br>**Allbright Law Offices**<br>11, 12/F, Shanghai Tower 501<br>Yincheng Middle Road<br>Pudong New Area<br>Shanghai, PRC<br><br>*As to International Sanctions law:*<br><br>**Commerce and Finance Law Offices**<br>12-15/F, China World Office 2<br>No.1 Jianguomenwai Avenue<br>Beijing, PRC |
| **Legal Advisors to the Sole Sponsor and the [REDACTED]** | *As to Hong Kong law and U.S. law:*<br><br>**Pillsbury Winthrop Shaw Pittman LLP**<br>Suite 1704, 17/F, Alexandra House<br>18 Chater Road<br>Central, Hong Kong<br><br>*As to PRC law:*<br><br>**Jingtian & Gongcheng**<br>34/F, Tower 3, China Central Place<br>77 Jianguo Road<br>Chaoyang District<br>Beijing, PRC |
| **Auditors and Reporting Accountants** | **KPMG**<br>*Certified Public Accountants*<br>8th Floor, Prince's Building<br>10 Chater Road<br>Central, Hong Kong |
| **Independent U.S. Litigation Advisor** | **McDonald Hopkins**<br>600 Superior Avenue East<br>Suite 2100<br>Cleveland, OH 44114, U.S. |
| **Independent French Litigation Advisor** | **FTPA Avocats**<br>50 rue Ampère<br>75017 Paris, France |
| **Industry Consultant** | **China Insights Industry Consultancy Limited**<br>10F, Block B<br>Jing'an International Center<br>88 Puji Road, Jing'an District<br>Shanghai, PRC |



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[**REDACTED**]



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# CORPORATE INFORMATION

| | |
|---|---|
| **Registered Office in the PRC** | No. 30, 4th Zhong Nan Street<br>Tianjin Economic-Technological Development Area<br>Tianjin, PRC |
| **Headquarters and Principal Place of Business in the PRC** | No. 30, 4th Zhong Nan Street<br>Tianjin Economic-Technological Development Area<br>Tianjin, PRC |
| **Principal Place of Business in Hong Kong** | Room 1920, 19th Floor, Lee Garden One<br>33 Hysan Avenue, Causeway Bay<br>Hong Kong |
| **Company's Website** | **www.wybotics.com** *(the information contained on the website does not form part of this document)* |
| **Joint Company Secretaries** | **Li Hui (李暉)**<br>7-1-704, Hongcheng Baili Garden<br>Hedong District, Tianjin<br>PRC<br><br>**Tang Ka Yan (鄧嘉欣)**<br>*(Chartered Secretary, Chartered Governance Professional, Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)*<br>Room 1920, 19th Floor, Lee Garden One<br>33 Hysan Avenue, Causeway Bay<br>Hong Kong |
| **Authorized Representatives** | **Li Hui (李暉)**<br>7-1-704, Hongcheng Baili Garden<br>Hedong District, Tianjin<br>PRC<br><br>**Tang Ka Yan (鄧嘉欣)**<br>Room 1920, 19th Floor, Lee Garden One<br>33 Hysan Avenue, Causeway Bay<br>Hong Kong |
| **Audit Committee** | Duan Yong (段詠) *(Chairman)*<br>Wang Lianen (王連恩)<br>Xu Jiayuan (許佳媛) |
| **Remuneration Committee** | Wang Lianen (王連恩) *(Chairman)*<br>Duan Yong (段詠)<br>Fu Guilan (付桂蘭) |



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| | |
|---|---|
| **Nomination Committee** | Xu Jiayuan (許佳媛) *(Chairman)*<br>Duan Yong (段詠)<br>Cen Pu (岑璞) |
| **Strategy Committee** | Wang Lianen (王連恩) *(Chairman)*<br>Xu Jiayuan (許佳媛)<br>Yu Qian (余淺) |
| **Compliance Advisor** | **Halcyon Capital Limited**<br>Room 3401, 34/F, Hopewell Centre<br>183 Queen's Road East, Wanchai<br>Hong Kong |

[**REDACTED**]

| | |
|---|---|
| **Principal Banks** | **China Merchants Bank Co., Ltd. Tianjin Yingshui Road Branch**<br>No. 22, Yingshui Road,<br>Building 3 Extension,<br>Nankai District, Tianjin,<br>PRC |
| | **Zhejiang Commercial Bank Co., Ltd. Tianjin Branch**<br>No. 37, Youyi North Road,<br>Hexi District, Tianjin,<br>PRC |
| | **CITIC Bank Tianjin Branch**<br>No. 162, Zhang Zizhong Road,<br>Building 5 Extension,<br>Heping District, Tianjin,<br>PRC |
| | **Agricultural Bank of China Limited Tianjin Tonglou Branch**<br>1/F, No. 202 Weidi Road,<br>Hexi District, Tianjin,<br>PRC |
| | **Industrial Bank Co., Ltd. Tianjin Senmiao Branch**<br>Ground Floor Retail Space,<br>Senmiao Business Plaza,<br>Wujiaoyao Street,<br>Hexi District, Tianjin,<br>PRC |



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*This section and elsewhere in this document contain certain information, statistics and data which are derived from various official government publications and other publicly available publications, and a report commissioned by us and prepared by our industry consultant, CIC. We believe that the sources of the information in this section and elsewhere in this document are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false in any material respect or misleading. The information, statistics and data from official government sources have not been independently verified by us, the Sole Sponsor, the* [**REDACTED**]*, the* [**REDACTED**]*, the* [**REDACTED**]*, the* [**REDACTED**]*, any of our or their respective directors, officers, employees, advisers or agents or any other party (other than CIC) involved in the* [**REDACTED**]*, and no representation is given as to their accuracy, reliability or completeness. As such,* [**REDACTED**] *are cautioned not to place any undue reliance on the information, including statistics, data and estimates, set out in this section or similar information included elsewhere in this document.*

## SOURCES AND RELIABILITY OF INFORMATION

CIC was commissioned to conduct an analysis of, and to report on the global robotic pool cleaner market at a fee of approximately RMB1,150,000. The commissioned report was prepared by CIC independent from the influence of the Company and other interested parties. CIC's services include, among others, industry consulting, commercial due diligence, and strategic consulting. Its consulting team has been tracking the latest market trends in multiple business sectors, including the consumer goods, enterprise services, transportation, internet, entertainment, environment, industry, energy, chemicals, healthcare, agriculture, and finance, and has the relevant and insightful market intelligence in the above industries.

During the preparation of the commissioned report, CIC conducted both primary and secondary research using a variety of resources. The information and data collected by CIC have been analysed, assessed and validated using CIC's in-house analysis models and techniques.

The market projections in the commissioned report are based on the following key assumptions: (i) the overall social, economic and political environment in China is expected to remain stable during the forecast period; (ii) there is no extreme *force majeure* or unforeseen set of industry regulations in which the market may be affected in either a dramatic or fundamental way; and (iii) relevant key industry drivers including technological advancements, new opportunities in emerging markets, and the popularization of water recreation as mass entertainment are likely to drive the market during the forecast period.

## DIRECTORS' CONFIRMATION

After making reasonable inquiries, our Directors confirm that, to the best of their knowledge, there has been no detrimental change in the market information demonstrated in the CIC Report since the date of the report that may qualify, contradict or have an impact on the information in this document.

## OVERVIEW OF THE GLOBAL POOL CLEANING MARKET

### Overview

Pool cleaning involves a range of products and services designed to clean pool surface (e.g., bottom, wall, waterline, and water surface) by removing physical debris, organic matter, and contaminants. Pool cleaning can be achieved with a variety of products and services, such as robotic pool cleaners, pool vacuums, chemical products, and manual cleaning products and services. The robotic pool cleaner is an automated pool cleaning equipment, which can automatically walk in the pool to remove sand, dust,



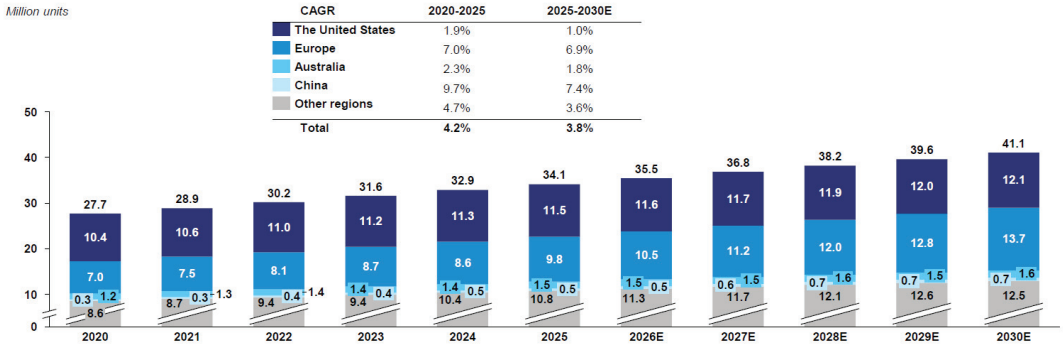
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impurities, dirt, as well as large size debris on the bottom, wall, and surface of the pool. Robotic pool cleaner, with good waterproof performance, equipped with a path navigation system, can achieve underwater autonomous cleaning function. The robotic pool cleaner offers significant advancements in application scenarios, pool coverage, cost-effectiveness, cleaning efficiency, and ease of use, establishing it as a superior alternative to traditional pool cleaning methods.

**Market Size**

Total number of swimming pools globally, including private and public, amounted to around 34.1 million units in 2025, and is expected to further increase to 41.1 million units by 2030, indicating a CAGR of 3.8% between 2025 and 2030. The increase is mainly driven by increasing urbanization and increased number of residential structure, hotels, schools, and other commercial units globally. The United States and Europe are two largest swimming pool market and accounted for around 33.6% and 28.8%, respectively, of the total number of swimming pools globally in 2025.

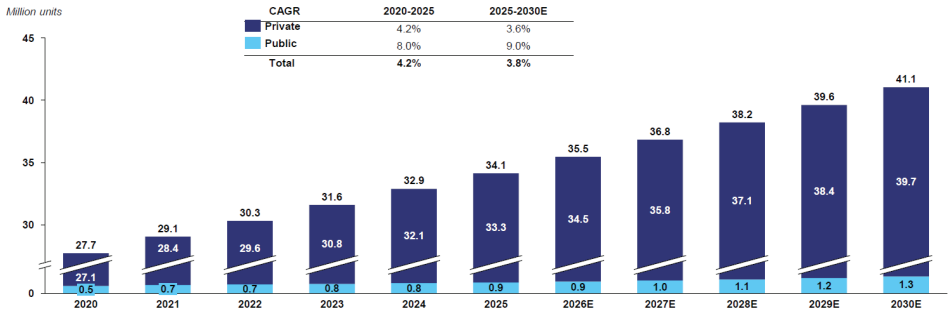
**Total number of swimming pools, Global, by country and region, 2020-2030E**




*Source: National Bureau of Statistics, The European Union of Swimming Pool and Spa Associations (EUSA), Australian Industry and Skills committee, CIC*

Swimming pools can be categorized into private swimming pools and public swimming pools. Private swimming pools refer to residential pools owned by individuals while public swimming pools refer to pools built for commercial use and at public facilities. In 2025, there are 33.3 million private swimming pools and 0.9 million public swimming pools globally.

**Total number of swimming pools, Global, by pool type, 2020-2030E**



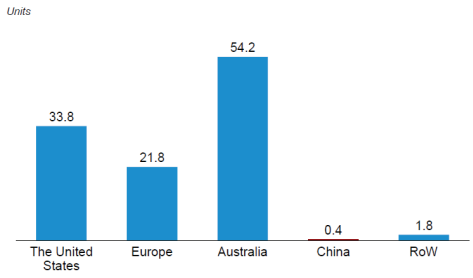

*Source: CIC*



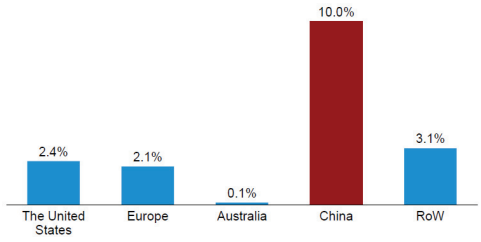
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Pool ownership per thousand people varies widely across countries and regions, influenced by cultural preferences, lifestyle choices, climate, and economic factors. In 2025, the United States, Europe, and Australia exhibit significantly higher rate of pool ownership per thousand people compared to China and other regions. Additionally, proportion of public pools also varies widely. Due to higher population density, cultural and social preferences, and affordability and accessibility of public amenities, China has a much higher proportion of public pools compared to other countries and regions.

**Pool ownership per thousand people, by country and region, 2025**



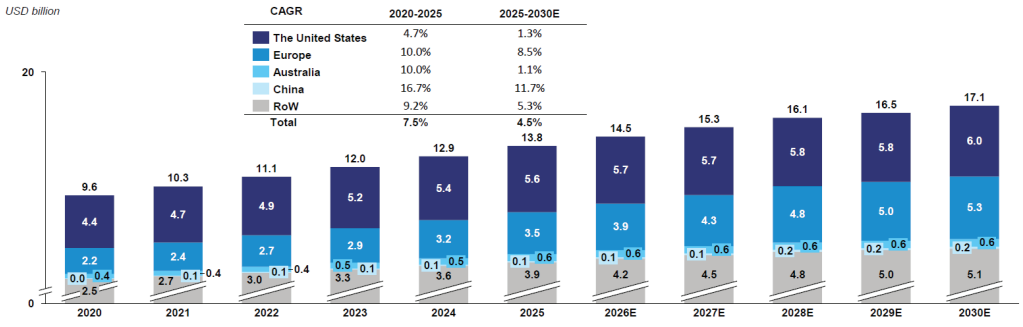

**Proportion of public pools, by country and region, 2025**




*Source: World Bank, CIC*

Expenditure on global swimming pool cleaning, which mainly encompasses costs for as robotic pool cleaners, pool vacuums, chemical products, and manual cleaning products and services increased from USD9.6 billion in 2020 to USD13.8 billion in 2025, indicating a CAGR of 7.5% between 2020 and 2025. It is expected to further increase to USD17.1 billion in 2030 with a CAGR of 4.5% between 2025 and 2030 owning to increasing pool ownership, rising standards regarding water quality and safety, economic development, technological advancements, etc.

**Expenditure on swimming pool cleaning and maintenance, Global, by country and region, 2020-2030E**




*Source: CIC*



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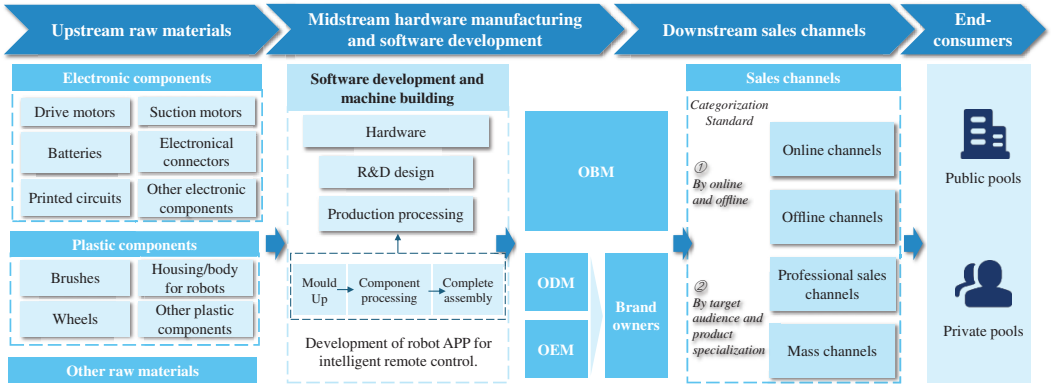
## OVERVIEW OF THE GLOBAL ROBOTIC POOL CLEANER MARKET

### Overview

Robotic pool cleaners are an important part of both the pool cleaning market and the smart outdoor living market. They revolutionize pool cleaning by offering autonomous cleaning capabilities, reducing the need for manual labour and chemical usage. They can integrate seamlessly with modern home automation systems, allowing remote operation and scheduling via smartphones or smart home devices. Their ability to enhance both cleanliness, convenience, and health makes them a crucial and valued component in these markets.

Robotic pool cleaners are small, wheeled or tracked machines that crawl along the surface of the pool and automatically clean pool bottom, walls, and/or the waterline. Robotic pool cleaners come in various configurations, primarily distinguished by their cable presence. Based on cable presence, they can be categorized into corded robotic pool cleaners and cordless robotic pool cleaners.

### Value Chain




*Source: CIC*

The upstream of the robotic pool cleaner market consists of electronic components, plastic components, and other raw materials, which are generally available and accessible to purchase. The midstream of the robotic pool cleaner market includes both hardware and software development. Manufacturing companies consists of OEMs, ODMs, and OBMs. OEMs manufacture products based on client designs and ODMs handle both design and production, while OBMs manage the entire process from design to sales under their own brand. The downstream segment involves brand owners, sales channels, and end-consumers. Brand owners focus on product promotion and sales under their own brand but generally lack in-house production capabilities. Sales channels are categorized into online vs. offline, and mass vs. professional channels. In the United States and Europe, professional channels, including specialty stores, pool builders, and service providers, account for major sales. Mass channels, on the other hand, target the general public and retail chains that sell end-user products.

### Market Size

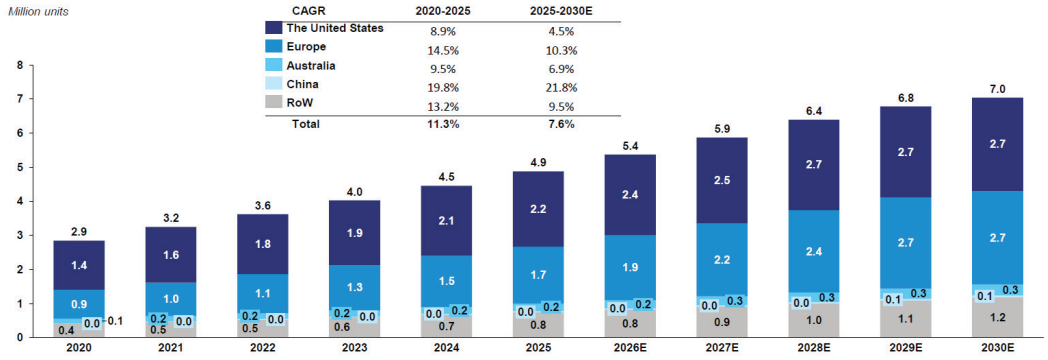
The shipment volume of robotic pool cleaners globally surged from 2.9 million units in 2020 to 4.9 million units in 2025, indicating a CAGR of 11.3% between 2020 and 2025. It is expected to further increase to 7.0 million units in 2030 with a CAGR of 7.6% between 2025 and 2030. The United States and Europe dominate the market, accounting for around 45.2% and 34.3%, respectively, of total shipments in



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2025. China's robotic pool cleaner market has experienced significant growth over the past five years, with its shipment volume increasing with a CAGR of 19.8% between 2020 and 2025, and is anticipated to continue expanding with a CAGR of 21.8% between 2025 and 2030.

**Market size of the global robotic pool cleaner market, in terms of shipment volume, by country and region, 2020-2030E**



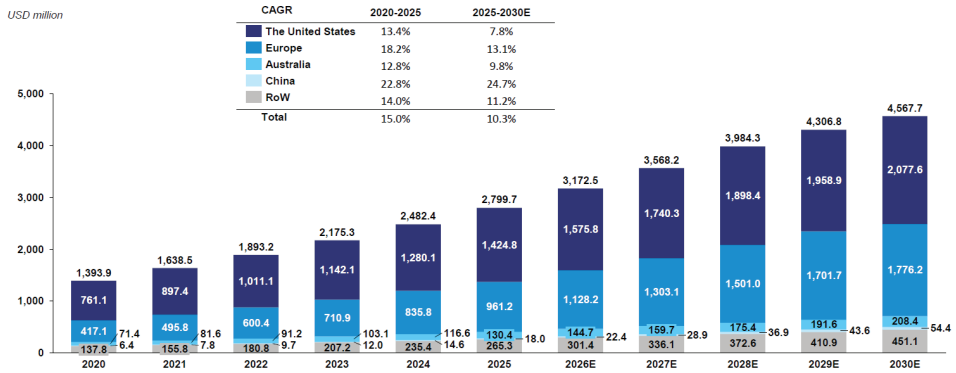

*Source: CIC*

The global robotic pool cleaner market has outpaced the broader pool cleaning sector, driven by enhanced product reliability and advancing technological capabilities. This has led to a higher penetration rate of robotic pool cleaners and an increase in prices, particularly in the lower to middle-class product segments. The average price of a robotic pool cleaner increased from USD489.0 in 2020 to USD573.8 in 2025. The market size of the global robotic pool cleaner market, in terms of GMV, increased from USD1,393.9 million in 2020 to USD2,799.7 million in 2025, indicating a CAGR of 15.0% between 2020 and 2025. It is expected to further increase to USD4,567.7 million in 2030 with a CAGR of 10.3% between 2025 and 2030.



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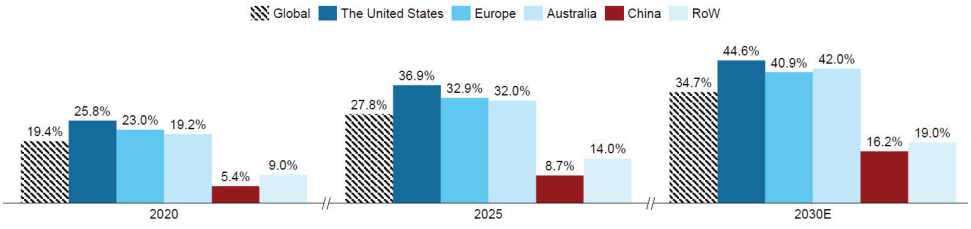
**Market size of the global robotic pool cleaner market, in terms of retail value, by country and region, 2020-2030E**




*Source: CIC*

With growing awareness of product reliability and cleaning performance, the adoption rate of the robotic pool cleaner, in terms of number of pools serviced, has witnessed huge growth in the past five years, increasing from 19.4% in 2020 to 27.8% in 2025. The increase primarily comes at the expense of traditional cleaning solutions like pressure and suction equipment, which are generally less efficient and more labor-intensive, and louder operational noise compared to robotic pool cleaners. China has a much lower adoption rate compared to developed countries. In 2025, the adoption rate of the robotic pool cleaner in China stands at approximately 8.7%, in contrast to rates of around 36.9% in the United States, 32.9% in Europe, and 32.0% in Australia. In China, robotic pool cleaners remain relatively expensive compared to manual labor, limiting their economic attractiveness. With economic development and rising health awareness, adoption in China is expected to increase steadily.

**Adoption rate of the robotic pool cleaner, in terms of number of pools serviced, by country and region, 2020-2030E**




*Source: CIC*



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Robotic pool cleaners can generally be categorized into corded and cordless models based on their power supply and operation design. Both types are designed for automatic pool cleaning but differ in terms of usage scenario, power supply, technological requirement, energy efficiency, and mobility & operation, as summarized below:

| Aspect | Corded robotic pool cleaners | Cordless robotic pool cleaners |
|---|---|---|
| **Usage scenario** | • Mainly used for large-sized or commercial pools requiring extended operation time and continuous power. | • More suitable for residential, villa or irregularly shaped pools, emphasizing convenience, safety and ease of use. |
| **Power supply** | • Powered via external power source through long cable and transformer. | • Powered by built-in rechargeable lithium battery, independent from external power supply. |
| **Technological requirement** | • Basic or pre-set cleaning routes; mechanical navigation with limited adaptability to pool environment. | • Equipped with advanced sensors (gyroscope, accelerometer, depth and ultrasonic sensors) and AI-based navigation and path planning systems, enabling intelligent mapping, route optimization and obstacle avoidance. |
| **Mobility & operation** | • Limited by cable length; potential cable tangling during operation; requires manual setup and cable management. | • Fully autonomous, free from cable constraints; compact structure allows flexible movement and simple setup. |

*Source: China Insights Consultancy*

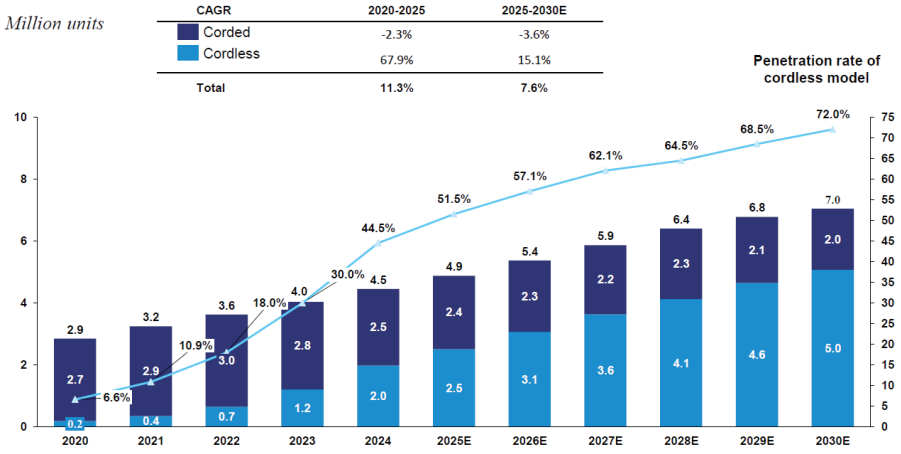
Technological advancements in battery performance, AI navigation and motor control systems have improved the efficiency and intelligence of cordless robotic pool cleaners. Compared to corded models, cordless models integrate energy-efficient components, smart sensors and adaptive algorithms to reduce redundant movement and optimize cleaning routes, achieving higher overall performance with lower energy consumption. With growing consumer preference for convenience and automation, cordless robotic pool cleaners are increasingly becoming the mainstream innovation direction in the global market and are expected to represent a rising share of global robotic pool cleaner sales.

The market structure of global robotic pool cleaners has undergone a notable shift from corded to cordless models in recent years. The shipment volume of cordless robotic pool cleaners increased rapidly from 0.2 million units in 2020 to 2.5 million units in 2025, representing a CAGR of 67.9%, while that of corded models declined from 2.7 million units to 2.4 million units over the same period, as cordless products continued to replace traditional corded models. The penetration rate of cordless models in total shipments rose from 6.6% in 2020 to 51.5% in 2025, and is expected to exceed 71.0% by 2030, when total shipments are projected to reach 7.0 million units and cordless models are expected to account for approximately 5.0 million units.



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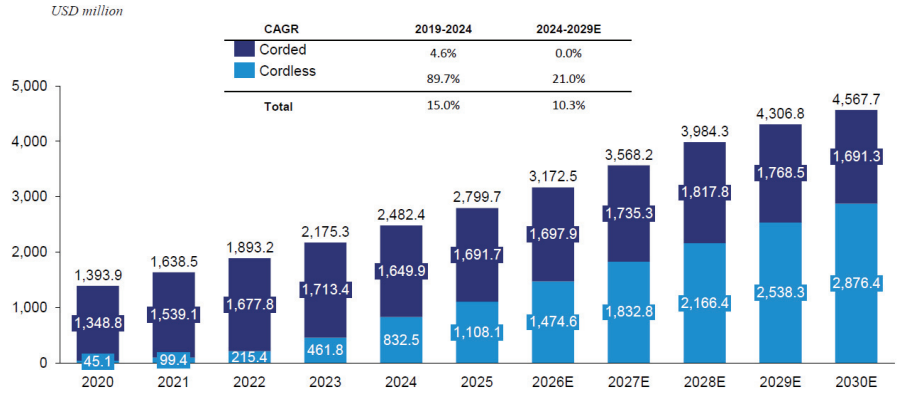
**Market size of the global robotic pool cleaner market, in terms of shipment volume, by product type, 2020-2030E**




*Source: China Insights Consultancy*

In terms of GMV, the global market expanded from USD1,393.9 million in 2020 to USD2,799.7 million in 2025, with cordless models contributing most of the incremental growth. GMV of cordless models surged from USD45.1 million in 2020 to USD1,108.1 million in 2025, representing a CAGR of 89.7%. The overall market is expected to further increase to USD4,567.7 in 2030, with cordless models expected to reach USD2,876.4 million, accounting for more than half of total retail sales by then, reflecting the ongoing shift toward intelligent and energy-efficient pool-cleaning solutions.

**Market size of the global robotic pool cleaner market, in terms of retail value, by product type, 2020-2030E**




*Source: China Insights Consultancy*



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**Key Market Drivers**

- ***Technological advancements:*** Over the years, technological advancements have addressed the pain points of robotic pool cleaners at the application level, including but not limited to climbing walls, footholds, and steps, wireless charging and underwater charging, human-free operation, and IoT integration. These technological improvements have made robotic pool cleaners more user-friendly, convenient, and cost-efficient, thereby encouraging more purchases.

- ***New opportunities in emerging markets:*** The United States and Europe collectively dominate the robotic pool cleaner market, comprising approximately 80% of global shipments in 2024, despite accounting for only around 10% of the world's population. However, emerging markets like China present significant growth potential. As urbanization and disposable incomes rise, demand for leisure amenities and sports facilities, including public swimming pools in Olympic venues, water parks, schools, hotels, and condominiums, is growing. Robotic pool cleaners offer efficient, cost-effective, and safe solutions that meet high hygiene and maintenance standards, making them attractive investments in China's evolving pool cleaning industry.

- ***The popularization of water recreation as mass entertainment:*** Private pools have now become more accessible and popular among the general public, trending towards mass-market products, due to the increasing interest in outdoor living spaces among different demographics. The pandemic has further heightened the desire for enhanced outdoor spaces as people look for ways to enjoy their homes more fully. Modern pool owners are looking for experiences that promote health, incorporate environmentally friendly products, offer energy efficiency, and include digital features. Consequently, the rising number of swimming pools and the associated demand for maintenance products, like pool cleaning robots, are propelling the market forward.

**Future Trends**

- ***Surging technology advancement:*** The robotic pool cleaner market continues to advance in intelligent technologies, including (1) underwater AI vision using cameras and sensors to detect dirt and debris; (2) acoustic positioning for precise movement and improved coverage; (3) underwater 3D mapping to optimize cleaning routes and avoid obstacles; (4) underwater communication and remote control for wireless operation; and (5) more convenient and sustainable charging solutions, such as solar charging.

- ***Diversified application scenarios:*** Robotic pool cleaners are expanding beyond swimming pools to SPAs, water parks, and aquariums due to their safety, cost-effectiveness, and efficiency. In aquariums, they reduce the need for divers, lowering both risk and maintenance costs. In SPAs and water parks, they offer convenient cleaning solutions that improve hygiene and water quality while minimizing downtime. This versatility is driving further innovation and adoption across various aquatic environments.

- ***Shifting towards online purchasing channels:*** The purchasing behaviour of consumers is shifting, with an increasing preference for online channels, driven by consumer demand for convenience, better information, and a broader selection of products. Application of E-commerce platforms are growing. Websites such as Amazon, Alibaba, and specialized retailers offer a wide range of products, detailed descriptions, and customer reviews, helping consumers make informed decisions.

- ***Cordless robotic pool cleaners will become mainstream:*** Cordless robotic pool cleaners are gaining popularity due to their greater agility and ease of use compared to traditional models. Free from power cords, they can navigate the entire pool more efficiently, avoiding entanglement and



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improving coverage. Equipped with advanced battery technology, they offer longer operational periods and quicker recharging times. This combination of convenience and efficiency is driving increased demand for cordless models.

## COMPETITIVE LANDSCAPE OF THE GLOBAL ROBOTIC POOL CLEANER MARKET

### Overview

The global robotic pool cleaner market is highly concentrated, with the top five players with manufacturing capability accounting for around 74.9% of total market share by shipment volume of self-manufactured products in 2024. In terms of GMV, the market concentration remained broadly consistent, with the top five players collectively accounting for approximately 71.2% of total market value.

Our Company ranked as the third-largest manufacturer of robotic pool cleaners globally, with a market share of approximately 9.2% by shipment volume and 5.6% by GMV in 2024, and is the largest robotic pool cleaner manufacturer in China. The lower share by GMV primarily reflected the higher average selling prices of certain premium overseas brands, whereas our Company focuses on delivering cost-efficient, high-performance cordless models to a broader consumer base.

**Top five robotic pool cleaner manufacturers, Global, by shipment volume and GMV of self-manufactured products in 2024**

| Ranking | Company | Market share (by shipment volume) | Market share (by GMV) | Listing status |
|---|---|---|---|---|
| 1 .... | Company A[1] | 34.8% | 34.6% | Public |
| 2 .... | Company B[2] | 18.5% | 22.8% | Public |
| ***3*** .... | ***Our Company*** | ***9.2%*** | ***5.6%*** | ***Private*** |
| 4 .... | Company C[3] | 6.7% | 4.5% | Public |
| 5 .... | Company D[4] | 5.6% | 3.7% | Private |
| | **Subtotal** | **74.9%** | **71.2%** | |
| | **Total** | **100%** | **100%** | |

(1) Established in 1983 and based in Israel, Company A is a public company focusing on pool cleaning products for both private and public pools.

(2) Established in 1969 and based in Spain, Company B is a public company that designs, manufactures, and distributes products and services for the construction, maintenance, refurbishment, and improvement of private and public pools.

(3) Established in 1997 and based in China, Company C is a public company specializing in designs, manufacturers, and distributes lithium-ion products, with a small business sector also producing electronic products including robotic pool cleaner.

(4) Established in 2022 and based in China, Company D is a private company that designs, manufacturers, and distributes electronical products including speakers and smart robots.

*Source: CIC*

The cordless robotic pool cleaner represents the evolution in automated pool cleaning, capable of performing all cleaning tasks autonomously and powered by rechargeable batteries. The leading five companies collectively held 51.5% of the total market share in 2024, measured by shipment volume of self-manufactured products. We ranked first with a market share of 19.7% in 2024 as measured by the



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same metric. Company A and Company B both launched their first cordless robotic pool cleaner models in 2023. As these products were newly introduced, their shipment volumes remained limited and the overall contribution of cordless models to their total robotic pool cleaner sales was still relatively small in 2024.

**Top five cordless robotic pool cleaner manufacturers, Global, by shipment volume of self-manufactured products in 2024**

| Ranking | Company | Market share | Listing status |
|---|---|---|---|
| ***1*** | ***Our Company*** | ***19.7%*** | ***Private*** |
| 2 | Company C | 15.1% | Public |
| 3 | Company D | 12.6% | Private |
| 4 | Company E[(1)] | 2.5% | Private |
| 5 | Company F[(2)] | 1.5% | Private |
| | **Subtotal** | **51.5%** | |
| | **Total** | **100.0%** | |

(1) Established in 2023 and based in China, Company E is a private company that specializing in manufacturing robots including cordless robotic pool cleaners.

(2) Established 2015 and based in China, Company F is a private company that manufacturing sauna, pool, and spa equipment.

*Source: CIC*

**Entry Barriers and Key Success Factors**

- ***Technological capabilities:*** The development of robotic pool cleaners requires advanced technical expertise and industry experience. Products must integrate electronic and mechanical systems to operate effectively underwater and withstand prolonged exposure to pool environments. Ensuring durability and reliability requires extensive testing and continuous optimization to meet quality standards and customer expectations.

- ***Presence at the professional market:*** Professional sales channels account for most of the robotic pool cleaner sales. New entrants face challenges in accessing these channels due to established relationships, rigorous quality standards, and high expectations for reliability and performance.

- ***Established online channels:*** The global shifts towards online shopping has greatly impact the market. Online channels offer greater convenience and better price/quality ratio compared to traditional offline channels. Established online channels pose a significant barrier to new entrants in the market due to their strong customer trust, competitive digital marketing landscape, and efficient logistics. New entrants struggle to match the visibility, brand recognition, and logistical capabilities of incumbents.

- ***Manufacturing capabilities:*** Effective and reliable manufacturing capability ensures superior product quality, consistency, cost efficiency, and streamlined supply chains. A strong manufacturing capability not only supports the production of high-quality robotic pool cleaners but also enables brand owners to innovate, scale, and maintain competitiveness in the market while meeting stringent quality standards and customer expectations.



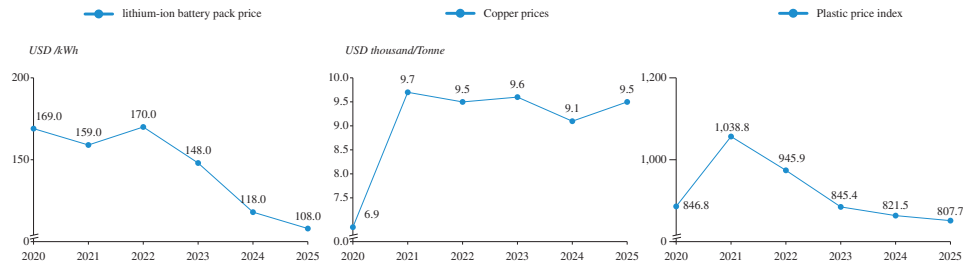
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- ***Brand awareness:*** Established brands in the robotic pool cleaning market have built strong reputations over years. Their track record in customer satisfaction and effective marketing has earned consumer trust. New entrants must overcome the challenge of building recognition and trust, requirement significant investments in marketing, customer education, and developing loyal customer bases.

## COST ANALYSIS

The major raw materials of robotic pool cleaners included lithium-ion battery packs, plastics and copper. In 2025, lithium-ion battery prices declined further to USD108.0 per kWh. Copper prices recorded an overall increase from 2020 and stabilized at the price around USD9,500 per tonne in 2025. The plastic price index was 807.7 in 2025, reflecting a continued downward trend following a peak of 1,038.8 in 2021. The following graphs set forth historical prices of major raw materials and components for the periods indicated:

**Prices of major raw materials, 2020-2025**




*Note:* The base year for the plastic price index is 2010 (Index = 1000).

*Source: Bloomberg NEF, London Metal Exchange, China Plastic City, CIC*



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*This section sets forth a summary of the most significant PRC laws, rules and regulations that affect our current business activities in the PRC. This summary does not purport to be a complete description of all the PRC laws, rules and regulations which are applicable to our business and operations in the PRC. Should note that the following summary is based on relevant laws and regulations in force as of the date of the Document, which may be subject to changes in line with the amendments to such laws and regulations.*

## REGULATIONS RELATING TO IMPORT AND EXPORT OF GOODS

The Foreign Trade Law of the PRC (中華人民共和國對外貿易法) was most recently amended on December 30, 2022 and came into effect on the same date. Before December 30, 2022, any foreign trade business operator engaged in the import and export of goods or technologies must go through the record filing and registration formalities with the MOFCOM or the agency entrusted by the MOFCOM, however, according to the latest amendment, such record filing and registration formalities are no longer required from December 30, 2022.

According to the Customs Law of the PRC (中華人民共和國海關法) and the Administrative Provisions of the Customs of the People's Republic of China on Record-filing of Customs Declaration Entities (中華人民共和國海關報關單位備案管理規定). Consignees or consignors of imported and exported goods and customs declaration enterprises applying for filing shall obtain market entity qualification; in the case of consignees or consignors of imports and exports applying for filing, they shall also complete filing formalities for foreign trade business operators. According to the Notice by the Department of Enterprise Management and Audit-Based Control of Matters Concerning the Recordation of the Consignees and Consignors of Imported and Exported Goods (企業管理和稽查司關於進出口貨物收發貨人備案有關事宜的通知), promulgated by the GACC on January 3, 2023 and took effect on the same day, a consignee or consignor of imported or exported goods who applies for recordation shall be qualified as a market entity and is not required to complete such filing formalities for foreign trade business operators.

## REGULATIONS ON PRODUCT QUALITY

According to the Product Quality Law of the PRC (中華人民共和國產品質量法) last amended on December 29, 2018 with effect on the same day. Where damage to another person's person or property is caused by product defects, the victim may claim compensation from the producer or the seller of the product. Producers or sellers of substandard products will be ordered to stop production and sales, have their illegally produced or sold products confiscated, and be fined. If there are illegal gains, such gains will also be confiscated. In serious cases, their business licenses will be revoked. If a crime is constituted, criminal responsibility will be pursued in accordance with the law.

## REGULATIONS ON PRODUCTION SAFETY

According to the Work Safety Law of the PRC (中華人民共和國安全生產法) last amended on June 10, 2021 with effect on September 1, 2021. Entities which cannot meet the safety conditions prescribed by laws, regulations and national or industry standards shall not engage in production or other business activities. To ensure work safety rules are observed in the production process, business entities shall establish and improve their work safety responsibility systems and work safety policies which specify responsible person(s) at each position, the scope of duties and evaluation criteria. Business entities shall provide their employees with labor protection equipment and work safety training. Where the primary person-in-charge of a business entity fails to perform his or her duties in respect of work safety, he or she would be subject to legal liabilities, depending on the seriousness of the relevant work safety accidents.



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## REGULATIONS RELATING TO INTELLECTUAL PROPERTY

### Patent

According to the Patent Law of the PRC (中華人民共和國專利法), which was last amended on October 17, 2020 with effect from June 1, 2021, as well as the Implementation Rules for the Patent Law of the PRC (中華人民共和國專利法實施細則), which was last amended on December 11, 2023 with effect from January 20, 2024. The duration of a patent right for inventions, utility models and designs shall be 20 years, 10 years and 15 years, respectively, all commencing from the application date.

### Copyright

The Copyright Law of the PRC (中華人民共和國著作權法) last amended on November 11, 2020 and brought into effect on June 1, 2021, specifies that works of Chinese citizens, legal persons or other organizations, namely ingenious intellectual achievements in the fields of literature, art and science that can be presented in a certain form, whether published or not, shall enjoy the copyright. The copyright holder can enjoy multiple rights, including the right of publication, the right of authorship, and the right of reproduction.

The Computer Software Copyright Registration Measures (計算機軟件著作權登記辦法) (the "Software Copyright Measures"), amended on June 18, 2004 and implemented on July 1, 2004 regulates the registration of software copyright, exclusive licensing contracts for software copyright and transfer contracts. The Copyright Protection Center of China (the "CPCC") shall grant registration certificates to the Computer Software Copyrights applicants pursuant to the provisions of both the Software Copyright Measures and the Computer Software Protection Regulations (計算機軟件保護條例).

### Trademark

According to the Trademark Law of the PRC (中華人民共和國商標法), which was last amended on April 23, 2019 with effect from November 1, 2019, as well as the Implementation Regulation of the PRC Trademark Law (中華人民共和國商標法實施條例) revised on April 29, 2014 with effect from May 1, 2014, registered trademarks are trademarks approved and registered by the Trademark Office of China National Intellectual Property Administration, including commodity trademarks, service trademarks, collective trademarks, and certification marks. A trademark registrant enjoys exclusive rights to use a registered trademark.

## REGULATIONS RELATING TO EMPLOYMENT, SOCIAL INSURANCE AND HOUSING PROVIDENT FUNDS

Pursuant to the Labor Law of the PRC (中華人民共和國勞動法), which was last amended and came into effect on December 29, 2018, the Labor Contract Law of the PRC (中華人民共和國勞動合同法), which was amended on December 28, 2012, and came into effect on July 1, 2013 and the Implementation Regulations for the Labor Contract Law of the PRC (中華人民共和國勞動合同法實施條例), which was issued on September 18, 2008 and came into effect on the same day, employers must execute written labor contracts with full-time employees. All employers must comply with local minimum wage standards. Employers must establish a system for labor safety and sanitation that strictly abide by state standards and provide relevant education to its employees. Violations of the Labor Contract Law and the Labor Law may result in the imposition of fines and other administrative and criminal liability in the case of serious violations.



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According to the Social Insurance Law of the PRC (中華人民共和國社會保險法), which was promulgated by the SCNPC on October 28, 2010 and last amended and came into effect on December 29, 2018, an employer is required to make contributions to social insurance schemes for its employees, including basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance and work-related injury insurance. If the employer fails to make social insurance contributions in full and on time, the social insurance authorities may demand the employer make payments or supplementary payments for the unpaid social insurance premium. If the payment is not made within such time limit, the relevant administrative authorities will impose a fine ranging from one to three times the total outstanding amount.

According to the Reform Plan of the State Tax and Local Tax Collection Administration System (國税地税徵管體制改革方案), which was promulgated by the General Office of the Central Committee of the CPC and the General Office of the State Council on July 20, 2018, commencing from January 1, 2019, all the social insurance premiums, including the premiums of basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance, shall be collected by the tax authorities. The Notice of General Office of the State Council on Promulgation of the Comprehensive Plan for the Reduction of Social Insurance Premium Rate (國務院辦公廳關於印發降低社會保險費率綜合方案的通知), promulgated on April 1, 2019 and came into effect on the same day, requires steady advancement of the reform of the system of social security fees collection. In principle, the basic pension insurance for enterprise employees and other insurance types for enterprise employees shall be collected temporarily according to the existing collection system to stabilize the payment method. It also emphasizes that the historical unpaid arrears of the enterprise shall be properly treated. In the process of reformation of the collection system, the relevant governmental body is not allowed to conduct self-collection of historical unpaid arrears from enterprises, neither is it allowed to adopt any method of increasing the actual payment burden of small and micro enterprises to avoid causing difficulties in the production and operation of the enterprises.

According to the Administrative Regulations on Housing Provident Fund (住房公積金管理條例), which was promulgated by the State Council on April 3, 1999 and last amended and brought into effect on March 24, 2019, employers are required to make contributions to housing provident funds for their employees. Any entity fails to make payment of housing provident fund within the time limit or has shortfall in payment of housing provident fund will be ordered to make the payment or makeup the shortfall within the prescribed time limit, otherwise, the housing provident management center is entitled to apply for compulsory enforcement with the People's Court.

## REGULATIONS RELATING TO TAX

### Enterprise Income Tax

Under the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法), last amended and came into effect on December 29, 2018, and the Implementation Regulations for the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法實施條例), last amended on December 6, 2024 and became effective on January 20, 2025, enterprises are classified as resident enterprises and non-resident enterprises. Enterprises which are incorporated in the PRC or incorporated pursuant to foreign laws with their "de facto management bodies" located in the PRC are deemed a "resident enterprise" and subject to an enterprise income tax rate of 25% on their global income. Non-resident enterprises are subject to (i) an enterprise income tax rate of 25% on their income generated by their establishments or places of business in the PRC and their income derived outside the PRC which are effectively connected with their establishments or places of business in the PRC; and (ii) an enterprise income tax rate of 10% on their income derived from the PRC but not connected with their establishments or places of business located



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in the PRC. Non-resident enterprises without establishment or place of business in the PRC are subject to an enterprise income tax of 10% on their income derived from the PRC. High and new technology enterprises that need the support of the country are entitled to enjoy the reduced enterprise income tax rate of 15%.

**Value-added Tax ("VAT")**

On December 25, 2024, the SCNPC issued the VAT Law of the PRC (中華人民共和國增值税法) (the "VAT Law"), which came into effect on January 1, 2026. Under the VAT Law, entities and individuals (including privately or individually-owned business) that sell goods, services, intangible assets, immovables, or import goods within the territory of PRC are taxpayers of VAT, and shall pay VAT in accordance with this Law. Unless otherwise provided, the rate for the taxpayers' sale of goods, processing, repair and replacement services, leasing services of tangible movable and the import of goods is 13%, and may be 9%, 6%, or 0% under certain specific circumstances.

## REGULATIONS RELATING TO FOREIGN EXCHANGE

According to the Foreign Exchange Administration Regulations of the PRC (中華人民共和國外匯管理條例) promulgated by the State Council on January 29, 1996 and last amended on August 5, 2008 with effect on the same day, the RMB is generally freely convertible for current account items, including the distribution of dividends, trade and service related foreign exchange transactions, but not for capital account items, such as direct investment, loan, repatriation of investment and investment in securities outside the PRC, unless the prior approval of the State Administration of Foreign Exchange (the "SAFE") or its designated banks is obtained.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) promulgated by the SAFE and became effective on June 9, 2016, amended and implemented on December 4, 2023, the settlement of foreign exchange receipts under the capital account (including but not limited to foreign exchange capital and external debts and funds recovered from overseas listing) may convert from foreign currency into RMB on a self-discretionary basis. The ratio of the discretionary exchange rate of foreign exchange receipts under the domestic capital account is tentatively set at 100%. The SAFE may adjust the above ratio in due course according to the balance of payment status.

According to the Notice of the State Administration of Foreign Exchange on Further Promoting Cross-border Trade and Investment Facilitation (國家外匯管理局關於進一步促進跨境貿易投資便利化的通知) which was promulgated by the SAFE and became effective on October 23, 2019, amended and implemented on December 4, 2023, foreign-invested enterprises engaged in non-investment business are permitted to settle foreign exchange capital in RMB and make domestic equity investments with such RMB funds according to the law on the condition that the current Special Administrative Measures for Foreign Investment (Negative List) Access are not violated and the relevant domestic investment projects are genuine and in compliance with laws.

## REGULATIONS RELATED TO OUTBOUND INVESTMENTS BY ENTERPRISES

Pursuant to the Administrative Measures on Outbound Investments (境外投資管理辦法), which was amended on September 6, 2014 and effective on October 6, 2014, overseas investments of enterprises involving sensitive countries and regions and sensitive industries shall be subject to examination and



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approval by the competent department of commerce and other overseas investments of enterprises shall be subject to filing. The competent department of commerce shall issue to enterprises which have obtained filing or approval a Certificate of Overseas Investments of Enterprises (企業境外投資證書).

Pursuant to the Provisions on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (境內機構境外直接投資外匯管理規定) and the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (關於進一步簡化和改進直接投資外匯管理政策的通知), the overseas direct investment of PRC enterprises shall apply for foreign exchange registration to the banks at their places of registration.

## REGULATIONS RELATED TO DIVIDENDS

The Enterprise Income Tax Law of the PRC provides that since January 1, 2008, an income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident enterprise investors which do not have an establishment or place of business in the PRC, or which have an establishment or place of business that is not effectively connected with the relevant income, to the extent such dividends are derived from sources within the PRC.

Pursuant to the Arrangement Between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) and other applicable PRC laws, if a Hong Kong resident enterprise self-assesses that it satisfied the conditions and requirements under such arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%.

## REGULATIONS RELATING TO OVERSEAS LISTING AND H-SHARE FULL CIRCULATION

### Overseas Listing

On February 17, 2023, the CSRC issued the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) (the "Trial Measures") which came into force on March 31, 2023. The Trial Measures regulates that (i) Chinese companies that seek to offer and list securities in overseas markets shall fulfill the filing procedures with the CSRC and report relevant information to the CSRC, and the filing shall be submitted within three working days after the application for an initial public offering is submitted, and (ii) in the event that Chinese companies that have directly or indirectly listed securities in overseas markets intend to conduct follow-on offerings in overseas markets, such companies shall fulfill the filing procedures with and report relevant information to the CSRC, and such filing shall be submitted within three working days after such follow-on offering is completed. Moreover, an overseas offering and listing is prohibited if (i) it is prohibited by provisions in laws, administrative regulations and relevant state rules, (ii) it may endanger national security as reviewed and determined by competent PRC authorities under the State Council in accordance with law, (iii) in recent three years, the Chinese operating entities or their controlling shareholders or actual controllers have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy, (iv) domestic companies that are suspected of committing crimes or major violations of laws and regulations are under investigation according to law, and no conclusion has yet been made thereof, or (v) there are material ownership disputes over equity held by the controlling shareholders or by other shareholders that are controlled by the controlling shareholders or actual controllers.



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On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection, and the National Archives Administration of China published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定) (the "Archives Rules") which came into force on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities.

**H-share "Full Circulation"**

"Full circulation" means listing and circulating on the Hong Kong Stock Exchange of the domestic unlisted shares of an H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders.

According to the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (H股公司境內未上市股份申請"全流通"業務指引) "Full Circulation" which was issued by the CSRC on November 14, 2019, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for "Full Circulation". To apply for "Full Circulation", an H-share listed company shall file the application with the CSRC according to the administrative filing procedures necessary for the Trial Measures. After the application for "Full Circulation" has been approved by the CSRC, the H-share listed company shall submit a report on the relevant situation to the CSRC within 15 days after the registration with China Securities Depository and Clearing Corporation Limited (the "CSDC") of the shares related to the application has been completed.

**LAWS AND REGULATIONS IN THE U.S.**

Businesses operating in the United States are subject to a range of federal, state and local laws and regulations. Regulations that may be material to our operations include those relating to consumer product safety and recalls, product liability, data privacy and security, customs compliance (including tariffs and other trade measures), and U.S. taxation.

**Product Safety and Recalls**

Consumer product safety in the United States is overseen primarily by the U.S. Consumer Product Safety Commission ("CPSC"), which was created by Congress in 1972 under the Consumer Product Safety Act ("CPSA").

The Consumer Product Safety Improvement Act of 2008 ("CPSIA") amended the CPSA and, among other requirements, provides for certification obligations (including a General Certificate of Conformity) for products subject to CPSC rules, bans, standards or regulations.



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Manufacturers, importers, distributors and retailers may have reporting obligations to the CPSC under CPSA Section 15(b), including reporting failures to comply with consumer product safety rules, product defects that could create a substantial product hazard, and products creating an unreasonable risk of serious injury or death.

**Proposition 65 (California)**

California's Safe Drinking Water and Toxic Enforcement Act of 1986 ("**Proposition 65**") requires businesses to provide warnings to California consumers regarding exposures to chemicals that California has identified as known to cause cancer and/or reproductive harm, and OEHHA provides regulations and guidance on "clear and reasonable warnings."

**Product Liability**

There is no single federal product liability law; product liability claims in the United States generally arise under state law and may be based on negligence, strict liability or breach of warranty, depending on the jurisdiction.

**Data Privacy and Security**

The United States does not have a single comprehensive federal privacy or data security statute; privacy and security regulation is instead addressed through a combination of federal sector-specific laws and enforcement (including FTC enforcement under Section 5 of the FTC Act) and state laws.

California's Consumer Privacy Act ("CCPA"), as amended by the California Privacy Rights Act, provides California residents with certain privacy rights and is enforced by the California Attorney General and the California Privacy Protection Agency ("CPPA"). The CCPA also includes a private right of action in limited circumstances involving certain data breaches (Cal. Civ. Code § 1798.150).

**International Trade and Customs (Imports)**

Importation of goods into the United States is administered by U.S. Customs and Border Protection ("CBP"). CBP guidance states that "reasonable care" is an explicit responsibility of the importer, and import compliance failures may lead to enforcement actions.

In addition, U.S. law prohibits entering or introducing merchandise into U.S. commerce by means of material false statements or omissions, and provides for civil penalties based on levels of culpability (fraud, gross negligence or negligence) under 19 U.S.C. § 1592.

U.S. tariffs and other trade measures may apply to certain imported goods and can change from time to time based on U.S. trade policy developments.

**U.S. Corporate Income Tax and Transfer Pricing**

U.S. federal corporate income tax is imposed on corporations at a rate of 21% under 26 U.S.C. § 11 (subject to applicable state and local taxes, where relevant).

U.S. transfer pricing rules require that controlled transactions satisfy an arm's length standard, and Treasury regulations state the purpose of Section 482 is to place controlled taxpayers on parity with uncontrolled taxpayers by determining true taxable income under an uncontrolled taxpayer standard.



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**U.S. Outbound Investment Program**

On August 9, 2023, the U.S. government issued Executive Order 14105, launching efforts to regulate certain outbound investments involving China. The U.S. Department of the Treasury followed with rulemaking, culminating in a Final Rule (the "U.S. Outbound Investment Rule" or "OIR") on October 28, 2024 (effective January 2, 2025) that established the "Outbound Investment Security Program." This program focuses on investments by U.S. persons in advanced technology sectors in "countries of concern" (currently China, including Hong Kong and Macau).

Under the U.S. Outbound Investment Rule, U.S. persons (including U.S. citizens and permanent residents, entities organized under U.S. law (including their foreign branches), and any person in the U.S.) are subject to investment prohibitions and notification requirements for certain transactions in three sensitive technology categories (semiconductors and microelectronics, quantum information technologies, and artificial intelligence systems). These restrictions apply when a transaction involves a "covered foreign person"—generally an entity in a country of concern engaged in a "covered activity." Covered transactions include activities such as acquiring equity interests (including contingent equity interests), providing debt financing, forming joint ventures, or investing as a limited partner in a fund, when such activities involve a covered foreign person.

Our primary business involves the research, development, design, production, and sale of robotic pool cleaners and we are developing AI algorithms for a visual recognition system to identify different types of pollutants and pinpoint their locations, which may satisfy the definition of "AI system" under the Final Rule. However, our AI System is not used to "control" any "robotic systems." While the AI System has been integrated into our products, it is not involved in the control of robots, because its sole purpose is limited to object identification and location. The control of robots is accomplished through other hardware components and non-AI algorithms. Therefore, we do not consider ourselves to be a "covered foreign person" engaging in any "covered activities." Based on such understanding, U.S. persons are not restricted from investing in the Company, and no notification or prohibition requirements under 31 C.F.R. Part 850 shall apply. However, neither "robotic system" nor "control" is explicitly defined under the OIR. We cannot guarantee that the Treasury will not arrive at a different determination, which could trigger the notification obligations under the OIR for U.S. persons. Any investor that is uncertain about the Final Rule's application should consult its own counsel.

Even if the Treasury determines that our engagement in "covered activities" renders us a "covered foreign person," certain investment exceptions could apply under the OIR. In particular, for the purpose of the Company's [**REDACTED**], key excepted transactions include passive investments—such as purchases of publicly traded securities, which are expressly excluded from the definition of "covered transactions." That means, even if the Company participates in a covered activity, U.S. investors would not be restricted from [**REDACTED**] in the [**REDACTED**] of the Company after being [**REDACTED**] on the [**REDACTED**], except to the extent that the investment does provide rights beyond minority shareholder protections.



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## LAWS AND REGULATIONS IN HONG KONG

### Regulations Relating to Business Registration

***Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) ("BRO")***

The BRO requires every person carrying on any business to make application to the Commissioner of Inland Revenue in the prescribed manner for the registration of that business. The Commissioner of Inland Revenue must register each business for which a business registration application is made and as soon as practicable after the prescribed business registration fee and levy are paid, and issue a business registration certificate or branch registration certificate for the relevant business or the relevant branch as the case may be.

### Regulations Relating to Sale of Goods

***Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong) ("SOGO")***

The SOGO governs the formation, performance and remedies of contract for the sale of goods in Hong Kong and the transfer of title of goods sold. The ordinance also sets out certain implied terms or conditions and warranties generally relating to the safety and suitability of goods supplied under a contract of sale for goods in Hong Kong, including:

(i) where there is a sale of goods by description, the goods shall correspond with the description;

(ii) where the seller sells goods in the course of a business, the goods shall be of a merchantable quality, i.e. (a) as fit for the purpose or purposes for which the goods of that kind are commonly bought; (b) of such standard of appearance and finish; (c) as free from defects (including minor defects); (d) as safe; and (e) as durable, as it is reasonable to expect having regard to any description applied to them, the price (if relevant) and all the other relevant circumstances; and

(iii) where the seller sells goods in the course of a business and the buyer makes known to the seller (whether expressly or by implication) any particular purpose for which the goods are being bought, the goods supplied under the contract shall be reasonably fit for that purpose.

Under section 55 of the SOGO, where there is a breach of warranty by the seller, the buyer is not, by reason only of such breach of warranty, entitled to reject the goods, but he may set up against the seller the breach of warranty in diminution or extinction of the price, or maintain an action against the seller for damages for the breach of warranty.

***Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong) ("TDO")***

Under the TDO, (a) use of false trade descriptions; (b) false, misleading or incomplete information, (c) false marks and misstatements in respect of products, and (d) false trade descriptions in respect of services supplied are prohibited. In addition, the TDO makes certain trade practices criminal offence, namely: (a) misleading omission; (b) aggressive commercial practices; (c) bait advertising; (d) bait and switch; and (e) wrongful acceptance of payment. The TDO also provides for offences relating to forged trade mark, and falsely applying of trade mark or resembling marks.



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***Supply of Services (Implied Terms) Ordinance (Chapter 457 of the Laws of Hong Kong) ("SSITO")***

Under the SSITO, certain terms are implied in the contracts with customers for the supply of services, including: (a) that the supplier will carry out the service with reasonable care and skill; (b) that the supplier will carry out the service within a reasonable time (if the time of service is not fixed or fixed in a manner agreed); (c) that the party contracting with the supplier will pay a reasonable charge (if the consideration is not determined by the contract or left to be determined in a manner agreed or by course of dealing between the parties).

***Unconscionable Contracts Ordinance (Chapter 458 of the Laws of Hong Kong) ("UCO")***

Under the UCO, if the Hong Kong court finds that a contract for sale of goods or supply of services (in which one of the parties deals as consumer) to have been unconscionable in the circumstances relating to the contract at the time it was made, the court may: (a) refuse to enforce the contract; (b) enforce the remainder of the contract without the unconscionable part; (c) limit the application of, or revise or alter, any unconscionable part to avoid unconscionable result.

***Control of Exemption Clauses Ordinance (Chapter 71 of the Laws of Hong Kong) ("CECO")***

The CECO limits the extent to which civil liability for breach of contract, or for negligence or other breach of duty, can be avoided by means of contract terms and otherwise.

Under section 7 of the CECO, a person cannot by reference to any contract term or to a notice given to persons generally or to particular persons exclude or restrict his liability for death or personal injury resulting from negligence. Further, in the case of other loss or damage, a person cannot so exclude or restrict his liability for negligence except in so far as the term or notice satisfies the requirement of reasonableness.

Under section 8 of the CECO, as between contracting parties where one of them deals as consumer or on the other's written standard terms of business, as against that party, the other cannot by reference to any contract term (i) when himself in breach of contract, exclude or restrict any liability of his in respect of the breach; (ii) claim to be entitled to render a contractual performance substantially different from that which was reasonably expected of him; or (iii) claim to be entitled in respect of the whole or any part of his contractual obligation, to render no performance at all, except in so far as the contract term satisfies the requirement of reasonableness.

Under section 9 of the CECO, a person dealing as consumer cannot by reference to any contract term be made to indemnify another person (whether a party to the contract or not) in respect of liability that may be incurred by the other for negligence or breach of contract, except in so far as the contract term satisfies the requirement of reasonableness.

In relation to a contract term, the requirement of reasonableness for the purposes of the CECO is satisfied only if the court or arbitrator determines that the term was a fair and reasonable one to be included having regard to the circumstances which were, or ought reasonably to have been, known to or in the contemplation of the parties when the contract was made.



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*Misrepresentation Ordinance (Chapter 284 of the Laws of Hong Kong) ("MO")*

The MO imposes a statutory liability for misrepresentation and controls the use of provisions excluding liability for misrepresentation in contracts. Liability may arise under the MO where a party to a contract is induced to enter into that contract by a misrepresentation of a material fact made by the other party. If the action is successful, the party who relied on the misrepresentation will be entitled to rescind the contract. Damages may also be granted if the misrepresentation was made fraudulently or negligently.

**Regulations Relating to Importation and Exportation of Goods**

The Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) (the "**Import and Export Ordinance**") provides for the regulation and control of the import of articles into Hong Kong, the export of articles from Hong Kong, the handling and carriage of articles within Hong Kong which have been imported into Hong Kong or which may be exported from Hong Kong, and any matter incidental to or connected with the foregoing.

The import and export of certain articles are prohibited unless with the relevant licences issued by the Director-General of Trade and Industry. If the goods to be imported or exported are "prohibited articles" or "reserved commodities" under the Import and Export Ordinance and the Reserved Commodities (Control of Imports, Exports and Reserve Stocks) Regulations (Chapter 296A of the Laws of Hong Kong), shipping companies, airlines and transportation companies are required to deliver within 14 days to the Director-General of Trade and Industry the import/export licences together with the relevant manifests of the vessel, aircraft or vehicle.

Pursuant to the Import and Export (Registration) Regulations (Chapter 60E of the Laws of Hong Kong), every person who imports/exports any article other than an exempted article shall lodge with the Commissioner an accurate and complete import/export declaration relating to such article using services provided by a specified body, in accordance with the requirements that the Commissioner of Customs and Excise may specify. Every declaration required to be lodged shall be lodged within 14 days after the importation/exportation of the article to which it relates.

Hong Kong is a free port and does not levy any customs tariff on imports and exports.

**Regulations Relating to Taxes**

*Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) ("IRO")*

Under the IRO, for a company carrying on a trade, profession or business in Hong Kong, its assessable profits arising in or derived from Hong Kong shall be chargeable to profits tax.

The IRO also provides for the obligation to do the followings:

(a) to keep sufficient records of the company's income and expenditure to enable the assessable profit to be readily ascertained for at least 7 years;

(b) to inform the Inland Revenue Department of its chargeability to tax;

(c) to submit tax return as required; and

(d) to inform the Inland Revenue Department of the commencement and cessation ofemployment of its employees.



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## LAWS AND REGULATIONS IN FRANCE

### Consumer Rights Compliance

In following cases, a consumer may take legal action or file a claim against a company selling products to consumers:

- defective products,
- unfair, misleading or aggressive commercial practices, and in case of resale at a loss,
- in case of a commercial guarantee granted by the Company or any person acting in their name or on their behalf (if applicable),
- in case of hidden defects,
- in case of non-conformity,
- in case of non-performance of contractual or legal obligations.

***Focus on general important provisions applied in French consumer law:***

**Professional's obligation to provide pre-contractual information to consumers** (articles L111-1 et seq. of the French consumer code), which includes in particular the essential characteristics of the good, the price, information concerning the identity of the professional and his contact details, the existence and terms of implementation of legal guarantees, the possibility of having recourse to a consumer mediator and the name and contact details of the mediator (beforehand, the professional must subscribe to the services of an officially referenced mediator) (Article L 211-3 of the French consumer code), and the right to withdraw from the sales contract (in the case of a distance purchase contract, the consumer benefits from a 14-day withdrawal period — article L221-18 of the French Consumer Code). In case of non-compliance, a fine of €15,000 (for a legal subject) will be incurred (article L131-1 of the French Consumer Code), and a fine of €75,000 concerning the information on the right to withdraw (Article L242-10 of the French Consumer Code).

***Focus on main laws and regulations applicable advertising and to information displayed on packaging or on the product:***

- Compulsory use of the French language in the designation, offer, presentation, instructions for use, and description of the scope and conditions of a product's guarantee (Law 94-665 of 4-8-1994). Articles 1 and 4 of Decree no. 95-240 of March 3, 1995 provide a fixed fine of €3,750 per violation, in case of non-compliance with the provisions of the Law 941-665.
- **Comparative advertising is valid under certain conditions** (articles L122-1 et seq. of the French Consumer Code).
- « CE » marking must be written on the packaging of products when it is not possible for the CE marking to be affixed visibly, legibly and indelibly to the equipment or when such affixing is not guaranteed due to the nature of the equipment (cf. Directive 2014/35/EU on the market



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of electrical equipment designed for use within certain voltage limits, Directive 2014/30/EU on electromagnetic compatibility, Directive 2011/65/EU on the restriction of the use of certain hazardous substances in electrical and electronic equipment and Directive 2014/53/EU on the market of radio equipment).

– Products shall bear a type, batch or serial number or other element enabling the identification of the product and which is easily visible and legible for consumers, or, where the size or nature of the product does not allow it, that the required information is provided on the packaging or in a document accompanying the product (Regulation (EU) 2023/988 of the European Parliament and of the council of 10 May 2023 on general product safety, Article 9).

– Importers shall ensure that the product they have imported is accompanied by clear instructions and safety information in a language easily understood by consumers, as determined by the Member State in which the product is made available on the market, unless the product can be used safely and in accordance with the manufacturer's intended purpose without such instructions and safety information. (Regulation EU 2023/988 on general product safety, Article 11).

– Consumer information on sorting rules: obligation to display a "TriMan" logo on packaging, informing consumers of sorting rules (Articles L541-10, L541-9-3 and R 541-12-17 of the French Environment Code). Information on the environmental impact of a product in some cases, according to a timetable defined by decree and based on sales figures and the number of units sold (Environment Code, articles L 541-9-1 paragraph 1, R 541-220 paragraph 3, Decree 2022-748 of 29-4-2022 art. 3, I). An administrative fine of €15,000 of legal entities shall be imposed for failure to comply (article L541-9-4-1 of the French Environment Code).

– Indication of the level of reparability of electrical and electronic equipment to the seller and any other person who requests it (, Articles L 541-9-2, I-al. 1 and R 541-212, V of the French Environment Code). An administrative fine of €15,000 for legal entities shall be imposed for failure to comply (article L541-9-4 of the French Environment Code).

***Focus on law/regulations applicable to substance/specifications — product safety obligation:***

*European Union Directives implemented into French law*

– Directive 2014/35/EU on the market of electrical equipment designed for use within certain voltage limits implemented into French Law by decree n° 2015-1083 from August 27, 2015 applicable to electrical equipment intended for use at a nominal voltage of between 50 and 1,000 volts for alternating current and 75 and 1,500 volts for direct current.

– Directive 2014/30/EU on electromagnetic compatibility implemented into French Law by decree n° 2015-1084 from August 27, 2015.

– Directive 2011/65/EU on the restriction of the use of certain hazardous substances in electrical and electronic equipment implemented into French Law by decree n° 2013-988 from November 6, 2013, establishing rules on the restriction of the use of hazardous substances in electrical and electronic equipment (EEE) to help protect people, health and the environment.

– Directive 2014/53/EU on the market of radio equipment implemented into French Law by decree n° 2017-599 from April 21, 2017.



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– Directive 2012/19/EU on waste electrical and electronic equipment creating a recycling and disposal chain for waste electrical and electronic equipment transposed by Decree 2014-928 of August 19, 2014.

*European Union regulations directly applicable in French law:*

– Regulation (EC) No. 1907/2006, REACH) provides for the general obligation to register chemical substances imported or manufactured in the EU on their own, in preparations or in articles.

– "REACH" regulation works in combination with Regulation (EC) No 1272/2008 of the European Parliament and of the Council of 16 December 2008 on classification, labelling and packaging of substances and mixtures.

– Regulation (EU) 2019/1020 of the European parliament and of the council of 20 June 2019 on market surveillance and compliance of products.

– Regulation (EU) 2023/988 of the European Parliament and of the Council of 10 May 2023 on general product safety. It entered into application since December 13, 2024.

– Specific requirements on billing between professionals (Article L441-9 of the French commercial code)

– Specific provisions on Data Protection — EU General Data Protection Regulation (EU) N° 2016/679 ("GDPR")

– EU anti-dumping provisions — (Regulation (EU) 2016/1036 of the European parliament and of the council of 8 June 2016 on protection against dumped imports from countries not members of the European Union, Article 1).

– Licensing of Intellectual Property Rights — Regulation (EU) 2017/1001 on the European Union trademark and Regulation (EC) No 6/2002

**Expected Key Changes in Laws and Regulations in France**

- New environmental obligations — Entry into force on July 18, 2024 of Regulation (EU) 2024/1781 of June 13, 2024 on eco-design for sustainable products

- Specific obligations of importers and distributors (Information and traceability obligations/Monitoring, reporting, and combating the destruction of unsold products)

- New regulations on electronic invoicing



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## OVERVIEW

Our history can be traced back to December 2005, when the predecessor of our Company, Tianjin Wangyuan Environmental Protection & Technology Co., Ltd. (天津望圓環保科技有限公司), was established to start the business of robotic pool cleaners by Ms. Fu and Ms. Fu Yulan, through Tianjin Zhuhui and Tianjin Wangyuan, and Mr. Yu. On December 31, 2021, we were converted from a limited liability company into a joint stock limited liability company in accordance with applicable PRC laws and regulations under the name of WYBOTICS Co.,LTD (天津望圓智能科技股份有限公司).

During the Track Record Period and up to the Latest Practicable Date, our Company was controlled by the Controlling Shareholders, namely (i) Ms. Fu as to 10.88%, (ii) Mr. Yu as to 0.93%, (iii) Tianjin Zhuhui as to 21.55%, which is owned as to 57.50% and 42.50% by Ms. Fu and Mr. Yu, respectively, (iv) Tianjin Wangyuan as to 32.75%, which is owned as to 60.00% and 40.00% by Ms. Fu and Mr. Yu, respectively, and (v) Tianjin Kanfang LP and Tianjin Wangyuan LP as to 1.24% and 4.23%, respectively, with Ms. Fu being their respective sole general partner and entitled to exercise the voting rights attaching to the Shares held by them. As of the Latest Practicable Date, the Controlling Shareholders have been able to control 71.58% of the voting rights in shareholders' meetings of our Company. See "Relationship with Our Controlling Shareholders" and "Directors and Senior Management" for more information about their relationship and biographical details.

## BUSINESS MILESTONES

The following table sets forth the key business development milestones of our Group:

| Year | Milestones |
|---|---|
| 2005 | Our Company was established as a limited liability company in the PRC. Our Company successfully developed our first swimming pool robotic cleaner and obtained the relevant patent. |
| 2008 | Our Company was recognized as a National High-tech Enterprise in the PRC. |
| 2009 | Our Company inaugurated the earliest lightweight products and commenced the development of cordless products and the application of relevant patents. |
| 2010 | Our products entered the European chain supermarkets and large professional stores. |
| 2014 | Our Company moved into a self-built factory area in Tianjin and expanded our production scale. |
| | Our Company launched the world's first cordless cleaner product. |
| 2017 | Our products entered the North American market. |
| 2021 | Our Company was converted into a joint stock company with limited liability. |
| 2023 | Our Company inaugurated the earliest AI-powered products. |



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| Year | Milestones |
|---|---|
| 2024 . . . . . | Our Company launched the cordless intelligent robotic pool cleaners, *WYBOT M2*, *WYBOT S2 Pro* and *WYBOT C1 PRO*, in the same year. *WYBOT S2 Solar Vision* is the world's first robotic pool cleaner with automatic return-to-dock and wireless charging design, which allows it to automatically return to the dock for self-charging when its battery drops below 20%, according to the CIC Report. |
| 2025 . . . . . | Our Company launched the cordless intelligent robotic pool cleaners, *WYBOT S3*, the world's first robotic pool cleaner that integrates both underwater 3D mapping and waste recycling capability, according to CIC, which is equipped with solar charging and underwater AI vision with real-time underwater communication. |

## OUR CORPORATE DEVELOPMENT

### Establishment of Our Company

Our history can be traced back to December 23, 2005 when Ms. Fu and Ms. Fu Yulan, through Tianjin Zhuhui and Tianjin Wangyuan, and Mr. Yu established our predecessor Tianjin Wangyuan Environmental Protection & Technology Co., Ltd. (天津望圓環保科技有限公司) with their own funds and assets. Tianjin Wangyuan Environmental Protection & Technology Co., Ltd. was established as the operating entity for the early business of robotic pool cleaners. Our initial registered capital was US$700,000 and was collectively owned as to (i) 50% by Tianjin Zhuhui, (ii) 26% by Mr. Yu, and (iii) 24% by Tianjin Wangyuan. At the time of establishment of Tianjin Wangyuan Environmental Protection & Technology Co., Ltd., Tianjin Zhuhui was owned as to 90% by Ms. Fu and 10% by Ms. Fu Yulan, and Tianjin Wangyuan was owned as to 89.46% by Ms. Fu and 10.54% by Ms. Fu Yulan.

After a series of capital injections and changes in its shareholding structure, as of September 6, 2021, our Company was owned as to (i) 40.15% by Tianjin Zhuhui, (ii) 38.00% by Tianjin Wangyuan, (iii) 15.01% by Ms. Fu, (iv) 2.65% by Tianjin Wangyuan LP, (v) 2.22% by Ms. Fu Yulan, (vi) 1.11% by Mr. Yu and (vii) 0.85% by Tianjin Kanfang LP, respectively, with a registered capital of RMB32,131,300.

### 2021 Investment and Share Transfer

In October 2021, several external investors invested in our Company as pre-[**REDACTED**] investors to facilitate the business development of our Company. On October 17, 2021, each of Hainan Haisheng, Yiyi Hygiene and Tianjin Shenglin entered into an equity transfer agreement with Ms. Fu, pursuant to which Ms. Fu agreed to transfer 1.00%, 0.32% and 0.68% of the total share capital of our Company to Hainan Haisheng, Yiyi Hygiene and Tianjin Shenglin at the consideration of RMB17 million, RMB5.5 million and RMB11.5 million, respectively. The consideration was determined based on arm's length negotiation with reference to the timing of the investments and the status of our business and financial performance. Such consideration was fully settled on October 26, 2021.



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On October 20, 2021, Hainan Haisheng, Nanjing Runxin, Jiashan Runxin, Yida No. 2, Jiangsu Zijin, Yida Xinhai, Chizhou Dongsheng Yingda, iFlytek Haihe, Yiyi Hygiene, Tianjin Shenglin (together, the "**2021 Pre-[REDACTED] Investors**"), Ms. Fu Yulan, Ms. Fu, Mr. Yu, Tianjin Zhuhui, Tianjin Wangyuan, Tianjin Wangyuan LP and Tianjin Kanfang LP entered into a capital increase agreement, pursuant to which, the 2021 Pre-[**REDACTED**] Investors agreed to invest in our Company by subscription for an aggregate of 2,910,718 Shares of our Company at the consideration of RMB154 million in total. The consideration was determined based on arm's length negotiation with reference to the timing of the investments and the status of our business and financial performance. Such consideration was fully settled on October 27, 2021.

See "—Pre-[**REDACTED**] Investments" for more information.

**Conversion into Joint Stock Company with Limited Liability**

On December 28, 2021, all of the then 17 shareholders of our Company resolved at a Shareholders' general meeting to approve the conversion of our Company into a joint stock company with limited liability. According to the capital verification report prepared by an independent valuer, the total net asset value of our Company as of October 31, 2021 was approximately RMB279.10 million, of which (i) RMB57.00 million was converted to Shares with par value of RMB1.00 per Share; and (ii) the remaining amount of approximately RMB222.10 million was converted into capital reserve. The conversion was completed on December 31, 2021. Immediately upon completion of the said conversion, the registered capital of our Company was RMB57.00 million divided into 57,000,000 Shares with nominal value of RMB1.00 per Share, which were subscribed by all of our then Shareholders in proportion to their respective equity interests in our Company before the conversion, details of which as follows:

| Names of Shareholders | Number of Shares with nominal value of RMB1.00 each held by Shareholders | Shareholding Percentage |
|---|---|---|
| | | *(%)* |
| *Controlling Shareholders* | | |
| Tianjin Zhuhui[(1)] | 20,984,892 | 36.82 |
| Tianjin Wangyuan[(2)] | 19,862,448 | 34.85 |
| Ms. Fu[(5)] | 6,801,297 | 11.93 |
| Tianjin Wangyuan LP[(3)] | 1,385,043 | 2.43 |
| Mr. Yu[(5)] | 579,975 | 1.02 |
| Tianjin Kanfang LP[(3)] | 446,367 | 0.78 |
| *Other Shareholders[(4)]* | | |
| Nanjing Runxin | 1,537,233 | 2.70 |
| Hainan Haisheng | 1,229,775 | 2.16 |
| Ms. Fu Yulan[(6)] | 1,160,007 | 2.04 |
| Yida No. 2 | 614,859 | 1.08 |
| Jiangsu Zijin | 614,859 | 1.08 |
| Jiashan Runxin | 461,187 | 0.81 |
| Tianjin Shenglin | 353,571 | 0.62 |
| Yida Xinhai | 307,458 | 0.54 |
| iFlytek Haihe | 307,458 | 0.54 |
| Chizhou Dongsheng Yingda | 184,452 | 0.32 |
| Yiyi Hygiene | 169,119 | 0.30 |
| **Total** | **57,000,000** | **100.00** |



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(1) Tianjin Zhuhui was then held as to 90.00% by Ms. Fu and as to 10.00% by Ms. Fu Yulan. On June 10, 2021, 42.50% of the equity interest of Tianjin Zhuhui was transferred from Ms. Fu to Mr. Yu. After such transfer, Tianjin Zhuhui was held as to 47.50% by Ms. Fu, as to 42.50% by Mr. Yu and as to 10.00% by Ms. Fu Yulan. On July 8, 2021, 10.00% of the equity interest of Tianjin Zhuhui was transferred from Ms. Fu Yulan to Ms. Fu. Since then and as of the Latest Practicable Date, Tianjin Zhuhui was held as to 57.50% by Ms. Fu and as to 42.50% by Mr. Yu.

(2) Tianjin Wangyuan was then held as to 89.46% by Ms. Fu and as to 10.54% by Ms. Fu Yulan. On July 20, 2021, 40.00% of the equity interest of Tianjin Wangyuan was transferred from Ms. Fu to Mr. Yu. After such transfer, Tianjin Wangyuan was held as to 49.46% by Ms. Fu, as to 40.00% by Mr. Yu and as to 10.54% by Ms. Fu Yulan. On August 6, 2021, 10.54% of the equity interest of Tianjin Wangyuan was transferred from Ms. Fu Yulan to Ms. Fu. Since then and as of the Latest Practicable Date, Tianjin Wangyuan was held as to 60.00% by Ms. Fu and as to 40.00% by Mr. Yu.

(3) Ms. Fu has been the general partner of each of Tianjin Kanfang LP and Tianjin Wangyuan LP since its establishment, respectively.

(4) See notes to the charts in "—Our Corporate Structure Immediately prior to the [**REDACTED**]" and "—Our Corporate Structure Immediately following the [**REDACTED**]" sections for details of such Shareholders.

(5) Mr. Yu is the son of Ms. Fu.

(6) Ms. Fu Yulan is the sister of Ms. Fu.

**2025 First Share Transfer**

On April 10, 2025, for the purpose of granting more incentives to our employees under our employee share ownership platforms, Tianjin Zhuhui transferred 1,257,192 Shares and 331,398 Shares of our Company to Tianjin Wangyuan LP and Tianjin Kanfang LP at a consideration of approximately RMB11.3 million and RMB3.0 million, respectively. Such consideration was fully settled on May 28, 2025.

On April 21, 2025, given Hainan Haisheng decided to exercise its repurchase rights pursuant to a shareholder agreement dated October 20, 2021, Tianjin Zhuhui and Tianjin Wangyuan entered into the share transfer agreement with Hainan Haisheng, pursuant to which Tianjin Zhuhui and Tianjin Wangyuan agreed to purchase 1,229,775 Shares in total of our Company from Hainan Haisheng, at a total consideration of RMB49,031,774.66, which was based on the original investment cost of Hainan Haisheng and the interests accrued. Such consideration was fully settled on April 22, 2025.

Immediately upon completion of said transfer, the shareholding structure of the Company was as follows:

| Names of Shareholders | Number of Shares with nominal value of RMB1.00 each held by Shareholders | Shareholding Percentage |
|---|---|---|
| | | *(%)* |
| *Controlling Shareholders* | | |
| Tianjin Zhuhui | 20,011,190 | 35.11 |
| Tianjin Wangyuan | 20,477,336 | 35.93 |
| Ms. Fu | 6,801,297 | 11.93 |
| Mr. Yu | 579,975 | 1.02 |
| Tianjin Wangyuan LP | 2,642,235 | 4.64 |
| Tianjin Kanfang LP | 777,765 | 1.36 |



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| Names of Shareholders | Number of Shares with nominal value of RMB1.00 each held by Shareholders | Shareholding Percentage |
|---|---|---|
| | | *(%)* |
| *Other Shareholders* | | |
| Nanjing Runxin | 1,537,233 | 2.70 |
| Mr. Shi Xuezhong (史學忠)[(1)] | 1,160,007 | 2.04 |
| Jiangsu Zijin | 614,859 | 1.08 |
| Yida No. 2 | 614,859 | 1.08 |
| Jiashan Runxin | 461,187 | 0.81 |
| Tianjin Shenglin | 353,571 | 0.62 |
| iFlytek Haihe | 307,458 | 0.54 |
| Yida Xinhai | 307,458 | 0.54 |
| Chizhou Dongsheng Yingda | 184,452 | 0.32 |
| Yiyi Hygiene | 169,119 | 0.30 |
| **Total** | **57,000,000** | **100.00** |

(1) In July 2024, Ms. Fu Yulan passed away due to illness and her spouse, Mr. Shi Xuezhong (史學忠), inherited her Shares in our Company.

**2025 Second Share Transfer**

On June 15, 2025, Tianjin Zhuhui transferred 780,582.17 Shares, 234,178.95 Shares, 72,542 Shares, 428,58 Shares, 83,429 Shares, 39,881 Shares, 142, 279 Shares, 142,279 Shares and 71,139 Shares to Nanjing Runxin, Jiashan Runxin, iFlytek Haihe, Chizhou Dongsheng Yingda, Tianjin Shenglin, Yiyi Hygiene, Yida No.2, Jiangsu Zijin and Yida Xinhai (collectively, the "**Transferees**"), respectively. Tianjin Zhuhai agreed to transfer such Shares to the Transferees as share compensation at nil consideration. The Shares were transferred to the Transferees at nil consideration as compensation for the reduction in the Company's valuation in 2025 compared with the valuation applied in 2021 when the Transferees originally subscribed for those Shares.

On June 15, 2025, Yida No.2, Jiangsu Zijin, Yida Xinhai, Chizhou Dongsheng Yingda transferred 199,829 Shares, 199,829 Shares, 99,924 Shares, 61,684 Shares of our Company to Tianjin Zhuhui at the consideration of RMB6.50 million, RMB6.50 million, RMB3.25 million and RMB2.00 million, which were based on their respective original investment cost. Such considerations were fully settled on June 24, 2025. The simultaneous transfers of Shares back to Tianjin Zhuhui were effected at the original investment cost to enable them to realise a portion of their initial investment.

On the same date, Tianjin Zhuhui transferred 380,000 Shares to Mr. Feng Yujun (馮玉軍), an Independent Third Party, at the consideration of RMB10 million. The consideration was determined based on arm's length negotiation with reference to the timing of the investments and the status of our business and financial performance. Such consideration was fully settled on July 7, 2025.



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Immediately upon completion of said transfers, the shareholding structure of the Company was as follows:

| Names of Shareholders | Number of Shares with nominal value of RMB1.00 each held by Shareholders | Shareholding Percentage |
|---|---|---|
| | | *(%)* |
| *Controlling Shareholders* | | |
| Tianjin Zhuhui | 18,582,937.13 | 32.60 |
| Tianjin Wangyuan | 20,477,335.50 | 35.93 |
| Ms. Fu | 6,801,297 | 11.93 |
| Mr. Yu | 579,975 | 1.02 |
| Tianjin Wangyuan LP | 2,642,235 | 4.64 |
| Tianjin Kanfang LP | 777,765 | 1.36 |
| *Other Shareholders* | | |
| Nanjing Runxin | 2317815.60 | 4.07 |
| Mr. Shi Xuezhong (史學忠) | 1,160,007 | 2.04 |
| Jiangsu Zijin | 556,881.17 | 0.98 |
| Yida No. 2 | 556,881.17 | 0.98 |
| Jiashan Runxin | 695,366.43 | 1.22 |
| Tianjin Shenglin | 437,000 | 0.77 |
| iFlytek Haihe | 380,000 | 0.67 |
| Yida Xinhai | 278,439.41 | 0.49 |
| Chizhou Dongsheng Yingda | 167,064.59 | 0.29 |
| Yiyi Hygiene | 209,000 | 0.37 |
| Mr. Feng Yujun (馮玉軍) | 380,000 | 0.67 |
| **Total** | **57,000,000** | **100.00** |

**2025 Investment and Third Share Transfer**

In September 2025, several external investors invested in our Company as pre-[**REDACTED**] investors to expand our business development of our Company. On September 5, 2025, the then shareholders of our Company resolved to increase the registered capital of our Company from RMB57,000,000 to RMB62,523,409. Pursuant to a capital increase agreement dated September 8, 2025 entered among the Company and the then 17 shareholders, Suzhou Shenqilina, Aviation Industry Integration, Qingdao Honghua, Guosen Capital, Tianjin Teda, Baoding Jiahe and Tianjin Dongwang agreed to invest in our Company by subscription for an aggregate of 5,523,409 Shares of our Company at the consideration of RMB145,352,868.02 in total. The consideration was determined based on arm's length negotiation with reference to the timing of the investments and the status of our business and financial performance. Such consideration was fully settled on September 19, 2025.

See "—Pre-[**REDACTED**] Investments" for more information.



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## EMPLOYEE SHARE OWNERSHIP PLATFORMS

In recognition of the contributions of our key employees and to incentivize them to further promote our development, we adopted the employee share incentive plan in 2021 and amended and restated in 2025 (the "**Employee Share Incentive Plan**"), to award the partnership interest in our employee share ownership to eligible participants. Since the Employee Share Incentive Plan does not involve any further grant of awards by the Company after the [**REDACTED**], it is not subject to the provisions of Chapter 17 of the Listing Rules. As of the Latest Practicable Date, Tianjin Wangyuan LP and Tianjin Kanfang LP were established as our employee share ownership platforms, both of which are controlled by the same general partner, Ms. Fu, and thus, together with Ms. Fu, constitute a group of our Shareholders.

According to the Employee Share Incentive Plan and the respective grant agreements, our certain employees were granted awards and registered as the limited partners of the Employee Share Incentive Plan upon grants or exercise of their awards. All management and voting powers of the employee share ownership platforms are exercised by their respective sole general partner, Ms. Fu (the chairman of the Board, executive Director and chief executive officer of our Company), according to the respective partnership agreements, whereas the relevant employees as the limited partners of such employee share ownership are entitled to the economic interest. See "Statutory and General Information — D. Employee Share Incentive Plan" in Appendix VI to this document for further details.

### Tianjin Wangyuan LP

Tianjin Wangyuan LP was established as a limited partnership under the laws of the PRC on August 31, 2021. As of the Latest Practicable Date, Tianjin Wangyuan LP held 4.23% of our Shares, and its partnership structure was as follows:

| Name | Position | Capacity of partnership interests in | Approximate percentage of partnership interests |
|---|---|---|---|
| | | | *(%)* |
| Ms. Fu | Chairman of the Board, executive Director and chief executive officer | General partner | 8.34 |
| Mr. Yu | Vice chairman of the Board, executive Director and product director | Limited partner | 0.05 |
| Li Hui | Executive Director, deputy general manager, Board secretary and joint company secretary | Limited partner | 8.79 |
| Cen Pu | Executive Director, deputy general manager and chief engineer | Limited partner | 4.40 |
| Zhu Xiao | Deputy general manager | Limited partner | 4.40 |
| Shen Jinguo | Deputy general manager | Limited partner | 3.30 |
| Liang Hongfeng | Financial director | Limited partner | 13.19 |
| 29 other persons | Employees | Limited partner | 57.34 |



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**Tianjin Kanfang LP**

Tianjin Kanfang LP was established as a limited partnership under the laws of the PRC on August 31, 2021. As of the Latest Practicable Date, Tianjin Kanfang LP held 1.24% of our Shares, and its partnership structure was as follows:

| Name | Position | Capacity of partnership interests in | Approximate percentage of partnership interests |
|---|---|---|---|
| | | | *(%)* |
| Ms. Fu | Chairman of the Board, executive Director and chief executive officer | General partner | 24.60 |
| Mr. Yu | Vice chairman of the Board, executive Director and product director | Limited partner | 0.16 |
| 27 other persons | Employees | Limited partner | 75.24 |

**PRINCIPAL SUBSIDIARIES OF OUR COMPANY**

Set forth below is our principal subsidiaries which made material contributions to our financial results during the Track Record Period:

| Name of subsidiary | Place of incorporation | Date of incorporation | Shareholding Percentage | Principal business activities |
|---|---|---|---|---|
| | | | *(%)* | |
| WYBOTICS EUROPE | France | September 8, 2022 | 100% | Wholesale, retail, import and export and after-sales services of swimming pool robots and products related to swimming pools, sports and wellness-enhancing recreational activities |
| Wybotics Inc. | U.S. | September 12, 2022 | 100% | Online sales of cleaning machines |
| WYBOTICS HONGKONG | Hong Kong | September 28, 2022 | 100% | Sales of swimming pool cleaning robots |
| Dulwich Electronic Commerce Inc (德威奇電子商務有限公司) | U.S. | February 28, 2024 | 100% | Research and development and sale of swimming pool robots |



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## PRE-[REDACTED] INVESTMENTS

Since 2021, with confidence in our business development and management, many investors invested in our Company, details of which are set forth below:

### Particulars and Principal Terms of the Pre-[REDACTED] Investments

Particulars and principal terms of the Pre-[**REDACTED**] investments are set forth below:

| Name of Pre-[REDACTED] Investors | Date of initial share purchase agreement/ subscription agreement | Settlement Date | Approximate % of equity interests of our Company acquired/ subscribed by the investor | Approximate amount of consideration paid | Cost per Share | Discount to [REDACTED][(1)] |
|---|---|---|---|---|---|---|
| | | | | *(in RMB million)* | | *(%)* |
| *2021 Investment and Share Transfer* | | | | | | |
| Hainan Haisheng[(2)(3)(6)] | October 20, 2021 | October 26, 2021 | 2.16% | 40.00 | [REDACTED] | [REDACTED]% |
| Yiyi Hygiene[(2)] | October 20, 2021 | October 21, 2021 | 0.30% | 5.50 | [REDACTED] | [REDACTED]% |
| Tianjin Shenglin[(2)] | October 20, 2021 | October 20, 2021 | 0.62% | 11.50 | [REDACTED] | [REDACTED]% |
| Nanjing Runxin[(3)] | October 20, 2021 | October 27, 2021 | 2.70% | 50.00 | [REDACTED] | [REDACTED]% |
| Jiashan Runxin[(3)] | October 20, 2021 | October 27, 2021 | 0.81% | 15.00 | [REDACTED] | [REDACTED]% |
| Yida No. 2[(3)] | October 20, 2021 | October 26, 2021 | 1.08% | 20.00 | [REDACTED] | [REDACTED]% |
| Jiangsu Zijin[(3)] | October 20, 2021 | October 26, 2021 | 1.08% | 20.00 | [REDACTED] | [REDACTED]% |
| Yida Xinhai[(3)] | October 20, 2021 | October 26, 2021 | 0.54% | 10.00 | [REDACTED] | [REDACTED]% |
| Chizhou Dongsheng Yingda[(3)] | October 20, 2021 | October 26, 2021 | 0.32% | 6.00 | [REDACTED] | [REDACTED]% |
| iFlytek Haihe [(3)] | October 20, 2021 | October 25, 2021 | 0.54% | 10.00 | [REDACTED] | [REDACTED]% |
| *2025 Investment and Third Share Transfer* | | | | | | |
| Suzhou Shenqilina[(3)(4)] | September 8, 2025 | September 10, 2025 | 6.08% | 100.00 | [REDACTED] | [REDACTED]% |
| Aviation Industry Integration[(3)(5)] | September 8, 2025 | September 9, 2025 | 1.82% | 30.00 | [REDACTED] | [REDACTED]% |
| Qingdao Honghua[(3)(5)] | September 8, 2025 | September 19, 2025 | 3.04% | 50.00 | [REDACTED] | [REDACTED]% |
| Guosen Capital[(3)(4)] | September 8, 2025 | September 10, 2025 | 2.98% | 49.00 | [REDACTED] | [REDACTED]% |
| Tianjin Teda[(3)(4)] | September 8, 2025 | September 18, 2025 | 3.04% | 50.00 | [REDACTED] | [REDACTED]% |
| Baoding Jiahe[(3)(4)] | September 8, 2025 | September 10, 2025 | 1.22% | 20.00 | [REDACTED] | [REDACTED]% |
| Tianjin Dongwang[(3)(4)] | September 8, 2025 | September 18, 2025 | 1.22% | 20.00 | [REDACTED] | [REDACTED]% |



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(1) The cost per share paid is calculated by dividing each round post-money valuation by [**REDACTED**] Shares (i.e., the total issued shares of our Company upon the [**REDACTED**] (assuming the [**REDACTED**] is not exercised)). The discount to the [**REDACTED**] is calculated based on the assumption that the [**REDACTED**] is [**REDACTED**] per Share, being the [**REDACTED**] of the indicative [**REDACTED**] range of [**REDACTED**] to [**REDACTED**]. Each of the post-money valuation of the 2021 Investment and Share Transfer and the 2025 Investment and Share Transfer was RMB1,854 million (HK$2,206.23 million) and RMB1,645 million (HK$1,797.81 million), respectively.

(2) The investment was made by such investor by way of acquisition of the relevant Shares owned by Ms. Fu.

(3) The investment was made by such investor by way of subscription of new Shares.

(4) The investment was made by such investor by way of acquisition of the relevant Shares owned by Tianjin Zhuhui.

(5) The investment was made by such investor by way of acquisition of the relevant Shares owned by Nanjing Runxin and Jiashan Runxin.

(6) In April 2025, Hainan Haisheng ceased to be our Shareholder, see "—2025 First Share Transfer" in this section for details.

**Use of [REDACTED] from the Pre-[REDACTED] Investments**

As of the Latest Practicable Date, the [**REDACTED**] from the Pre-[**REDACTED**] Investments in October 2021 and the Pre-[**REDACTED**] Investments in September 2025 received by our Company have not been fully utilized and the intended use would be for the development and operation of our core business.

**Special Rights of the Pre-[REDACTED] Investors**

Pursuant to the shareholders' agreements entered into among the Shareholders of our Company in October 2021 and September 2025, respectively, the Pre-[**REDACTED**] Investors had been granted certain special rights, including, among others, pre-emptive right, anti-dilution right, right of first refusal, co-sale right, drag-along right, repurchase right, liquidation preference and information right. Save for the repurchase rights shall be terminated from the date immediately prior to the filing of the [**REDACTED**] and shall automatically restored upon (i) the withdrawal of the [**REDACTED**]; or (ii) the [**REDACTED**] has been returned, rejected or vetoed by relevant [**REDACTED**] or authorities, the other special rights shall be terminated upon the [**REDACTED**]. Pursuant to the repurchase rights under the above mentioned shareholders' agreement entered into in September 2025, the Pre-[**REDACTED**] Investors may require the Company to repurchase their Shares upon the occurrence of certain triggering events, including, among others, the failure to achieve a qualified [**REDACTED**] within a specified time frame, a change in the Controlling Shareholders, or any material breach of the investment agreement by the Controlling Shareholders. The Company determined that such repurchase rights constituted a financial liability under IAS 32. Accordingly, redemption liabilities were recognised in September 2025.

**Lock-up Period**

Pursuant to the PRC Company Law, within 12 months following the [**REDACTED**], Shares issued by our Company prior to the [**REDACTED**] (including those held by the Pre-[**REDACTED**] Investors at the time of the [**REDACTED**]) are restricted from trading.

**Information about the Principal Pre-[REDACTED] Investors**

The following sets forth background information of our existing principal Pre-[**REDACTED**] Investors (each holding more than 1% of our registered share capital as of the Latest Practicable Date):



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***Nanjing Runxin and Jiashan Runxin***

Each of Nanjing Runxin and Jiashan Runxin is a limited partnership established in the PRC, and is a private equity investment fund principally engaged in equity investment. The common general partner of Nanjing Runxin and Jiashan Runxin is China Capital Management Co., Ltd., an Independent Third Party, which holds 20% limited partnership interest in both of Nanjing Runxin and Jiashan Runxin. China Capital Management Co., Ltd. is a wholly-owned subsidiary of China Securities Co., Ltd. (中信建投証券股份有 限公司), which is listed on the Stock Exchange with stock code 6066 and Shanghai Stock Exchange with stock code 601066.SH, respectively. None of the 9 limited partners of Nanjing Runxin holds more than 30% limited partnership interest in Nanjin Runxin. The largest limited partner of Jiashan Runxin is Jiashan County Shanzhi Venture Capital Investment Co., Ltd. (嘉善縣善智創業投資有限公司), holding 40% limited partnership interest in Jiashan Runxin, which is ultimately controlled by Jiashan County Finance Bureau (嘉善縣財政局). None of the other 6 limited partners of Jiashan Runxin holds more than 30% limited partnership interest in Jiashan Runxin. Each of the 9 limited partners of Nanjing Runxin and 7 limited partners of Jiashan Runxin is an Independent Third Party.

***Yida No. 2, Jiangsu Zijin and Yida Xinhai***

Each of Yida No. 2, Jiangsu Zijin and Yida Xinhai is a limited partnership established in the PRC, and is a private equity investment fund principally engaged in equity investment. The general partner of Yida No. 2 is Nanjing Yida Huizhong Venture Capital Management Partnership (Limited Partnership) (南京毅達匯中創業投資管理合夥(有限合夥)) ("**Yida Huizhong**"), an Independent Third Party, which holds 1% limited partnership interest in Yida No. 2. The general partner of each of Jiangsu Zijin and Yida Xinhai is Nanjing Yida Equity Investment Management Enterprise (Limited Partnership) (南京毅達股權投資管理企業(有限合夥)) ("**Nanjing Yida**"), an Independent Third Party, which holds 0.5% and 0.91% limited partnership interest in Jiangsu Zijin and Yida Xinhai, respectively. Each of Yida Huizhong and Nanjing Yida is ultimately controlled by Nanjing Yida Investment Management Co., Ltd. (南京毅達投資管理有限公司), which is owned by Ying Wenlu (應文祿) as to 22.45%, Huang Tao (黃韜) as to 15.51%, Fan Liping (樊利平) as to 15.51%, Zhou Chunfang (周春芳) as to 15.51%, You Jinbai (尤勁柏) as to 15.51% and Shi Yunzhong (史雲中) as to 15.51%, respectively, each of which is an Independent Third Party. None of the 10 limited partners of Yida No. 2 holds more than 30% limited partnership interest in Yida No. 2. None of 6 limited partners of Jiangsu Zijin holds more than 30% limited partnership interest in Jiangsu Zijin. The largest limited partner of Yida Xinhai is Yangzhou Xinda Venture Capital Investment Partnership (Limited Partnership) (揚州鑫達創業投資合夥企業(有限合夥)), holding 50.6% limited partnership interest in Jiangsu Zijin, which is ultimately controlled by Chen Zhen (陳震) and Tan Lin (談林), each of which is an Independent Third Party. None of the other 5 limited partners of Yida Xinhai holds more than 30% limited partnership interest in Yida Xinhai. Each of the 10 limited partners of Yida No. 2, 6 limited partners of Jiangsu Zijin and 6 limited partners of Yida Xinhai is an Independent Third Party.

***Suzhou Shenqilina***

Suzhou Shenqilina is a limited partnership established in the PRC, and is a private equity investment fund principally engaged in equity investment. The general partner of Suzhou Shenqilina is Shanghai Hengxu Chuangling Private Equity Fund Management Co., Ltd. (上海恒旭創領私募基金管理有限公司), an Independent Third Party, holding 0.50% limited partnership interest in Suzhou Shenqilina, which is ultimately controlled by Lu Yongtao (陸永濤). The largest limited partner of Suzhou Shenqilina is Nanjing Junhongtianyin Equity Investment Partnership (Limited Partnership) (南京隽弘天印股權投資合夥企業(有限合夥)) ("**Nanjing Junhongtianyi**"), holding 36.54% partnership interest in Suzhou Shenqilina, which is ultimately controlled by Lu Yongtao (陸永濤). None of the other 18 limited partners holds more than 20% partnership interest in Suzhou Shenqilina. Each of the 19 limited partners are Independent Third Parties.



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***Qingdao Honghua and Aviation Industry Integration***

Each of Qingdao Honghua and Aviation Industry Integration is a limited partnership established in the PRC, and is a private equity investment fund principally engaged in equity investment. The common general partner of Qingdao Honghua and Aviation Industry Integration is Qingdao Honghua Private Equity Fund Management Co., Ltd. (青島弘華私募基金管理有限公司), an Independent Third Party, which holds 0.02% and 0.99% limited partnership interest in Qingdao Honghua and Aviation Industry Integration, respectively. The 2 limited partners of Qingdao Honghua are Luoyang Industrial Development Fund Partnership (Limited Partnership) (洛陽市產業發展基金合夥企業(有限合夥)), holding 59.99% limited partnership interest in Qingdao Honghua, which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Luoyang Municipal People's Government (洛陽市人民政府國有資產監督管理委員會), and Yunnan International Trust Co., Ltd. (雲南國際信託有限公司), holding 39.99% limited partnership interest in Qingdao Honghua. The ultimate beneficial owner of Yunnan International Trust Co., Ltd. is Ms. Chen Jinxia (陳金霞), an Independent Third Party. Each of the 2 limited partners of Qingdao Honghua is an Independent Third Party. None of the 9 limited partners of Aviation Industry Integration holds more than 30% limited partnership interest in Aviation Industry Integration. Each of the 9 limited partners is an Independent Third Party.

***Guosen Capital***

Guosen Capital is a company established in the PRC with limited liability that engages in venture capital and investment activities. Guosen Capital is a wholly-owned subsidiary of Guosen Securities Co., Ltd., a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 002736). To the best knowledge of our Directors, Guosen Securities Co., Ltd. is an Independent Third Party.

***Tianjin Teda***

Tianjin Teda is a limited partnership established in the PRC, and is a private equity investment fund principally engaged in equity investment. The general partner of Tianjin Teda is Tianjin Teda Haihe Private Equity Fund Management Co., Ltd. (天津泰達海河私募基金管理有限公司), an Independent Third Party, holding 0.04% limited partnership interest Tianjin Teda which is ultimately controlled by the State-owned Assets Supervision and Administration Bureau of Tianjin Economic-Technological Development Area (天津經濟技術開發區國有資產監督管理局). The 2 limited partners of Tianjin Teda are Tianjin Teda Industrial Investment Guidance Fund Co., Ltd. (天津泰達產業投資引導基金有限公司), holding 59.99% limited partnership interest in Tianjin Teda, which is ultimately controlled by the State-owned Assets Supervision and Administration Bureau of Tianjin Economic-Technological Development Area (天津經濟技術開發區國有資產監督管理局), and Tianjin Haihe Industrial Fund Partnership Enterprise (Limited Partnership) (天津市海河產業基金合夥企業(有限合夥)), holding 39.97% limited partnership interest in Tianjin Teda, which is ultimately controlled by Tianjin Municipal Bureau (天津市財政局).

***Baoding Jiahe***

Baoding Jiahe is a limited partnership established in the PRC, and is a private equity investment fund principally engaged in equity investment. The executive partner of Baoding Jiahe is Shijiazhuang Guohe Equity Investment Fund Management Co., Ltd. (石家莊市國合股權投資基金管理有限公司), an Independent Third Party, holding 1.00% limited partnership interest Baoding Jiahe which is ultimately wholly-owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Shijiazhuang City (石家莊市人民政府國有資產監督管理委員會). The general partner is Anhui Luxin Private Equity Investment Fund Management Co., Ltd. (安徽魯信私募股權投資基金管理有限公司), an Independent Third Party, holding 0.33% of the limited partnership interests in Baoding Jiahe. Anhui Luxin Private Equity Investment Fund Management Co., Ltd. is ultimately controlled by the



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People's Government of Shandong Province (山東省人民政府). The largest 2 limited partners of Baoding Jiahe are Guojing Jixing Investment Management (Shanghai) Co., Ltd. (國經冀興投資管理(上海)有限公司), holding 48.67% limited partnership interest in Baoding Jiahe, which is ultimately wholly-owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Shijiazhuang City (石家莊市人民政府國有資產監督管理委員會), and Baoding High Tech Zone Industrial Investment Guidance Fund Co., Ltd. (保定高新區產業投資引導基金有限公司), holding 35.00% limited partnership interest in Baoding Jiahe, which is ultimately wholly-owned by the Management Committee of Baoding National High-tech Industrial Development Zone (保定國家高新技術產業開發區管理委員會). None of the other 2 limited partners of Baoding Jiahe holds more than 30% limited partnership interest in Baoding Jiahe. Each of the 4 limited partners of Baoding Jiahe is an Independent Third Party.

***Tianjin Dongwang***

Tianjin Dongwang is a limited partnership established in the PRC, and is a private equity investment fund principally engaged in equity investment. The general partner of Tianjin Dongwang is Song Shiyu (宋時禹), an Independent Third Party, holding 11.81% limited partnership interest Tianjin Dongwang. The largest limited partner of Tianjin Dongwang is Tianjin Huake Financial Holding Investment Co., Ltd. (天津華科金控投資有限公司), holding 48.19% limited partnership interest Tianjin Dongwang, which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Dongli District People's Government of Tianjin City (天津市東麗區人民政府國有資產監督管理委員會). None of the other 3 limited partners of Tianjin Dongwang holds more than 30% limited partnership interest in Tianjin Dongwang. Each of the 4 limited partners of Tianjin Dongwang is an Independent Third Party.

***Tianjin Shenglin and Yiyi Hygiene***

Tianjin Shenglin is a limited partnership established in the PRC. The common general partner of Tianjin Shenglin is Ms. Zhou Lina (周麗娜), an Independent Third Party, which holds approximately 21.74% limited partnership interest in Tianjin Shenglin. The largest limited partner of Tianjin Shenglin is Mr. Gao Fuzhong (高福忠), an Independent Third Party, holding approximately 26.09% limited partnership interest in Tianjin Shenglin. None of the other 6 limited partners of Tinajin Shenglin holds more than 30% limited partnership interest in Tianjin Shenglin. Yiyi Hygiene is a joint stock company incorporated under the PRC laws, whose shares are listed on the Shenzhen stock exchange (stock code: 001206). The controlling shareholder of Yiyi Hygiene is Mr. Gao Fuzhong (高福忠).

[**REDACTED**]

Immediately upon completion of the [**REDACTED**] and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), our Company will have [**REDACTED**] Unlisted Shares and [**REDACTED**], among which:

(i) [**REDACTED**] Unlisted Shares (representing approximately [**REDACTED**]% of our total issued Shares upon the [**REDACTED**]), including (a) [**REDACTED**] Shares held by our Controlling Shareholders, (b) [**REDACTED**] Shares held by Aviation Industry Integration, and (c) [**REDACTED**] Shares held by Qingdao Honghua, will not be considered as part of the [**REDACTED**] as such Unlisted Shares will not be [**REDACTED**];

(ii) Among the [**REDACTED**] H Shares,

- [**REDACTED**] H Shares (representing approximately [**REDACTED**]% of our total issued Shares upon the [**REDACTED**]) to be [**REDACTED**]. These H Shares are held by our Pre-[**REDACTED**] Investors, and will be counted towards the [**REDACTED**] for the



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purpose of Rule [**REDACTED**] of the Listing Rules after the [**REDACTED**] as these entities will not be core connected persons of our Company upon the [**REDACTED**] nor are they accustomed to take instructions from the Company's core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares and their acquisition of Shares were not financed directly or indirectly by the Company's core connected persons;

- [**REDACTED**] H Shares will be [**REDACTED**] pursuant to the [**REDACTED**].

The total number of the H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] represents approximately [**REDACTED**]% of the enlarged issued share capital of the Company (assuming the [**REDACTED**] is not exercised). It is expected that upon [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the H Shares that are held by the public represent approximately [**REDACTED**]% of the total issued share capital of the Company, which meets the prescribed percentage of the H Shares required to be held by public of [**REDACTED**]% under [**REDACTED**] of the Listing Rules, thereby satisfying [**REDACTED**] of the Listing Rules.

[**REDACTED**]

**Compliance with the Guide for New Listing Applicants**

On the basis that (i) the settlement of the consideration for the Pre-[**REDACTED**] Investments or divestments complies with Chapter 4.2 of the Guide for New Listing Applicants; (ii) the [**REDACTED**], being the first day of [**REDACTED**] of the [**REDACTED**] on the [**REDACTED**], will take place no earlier than 120 clear days after completion of the Pre-[**REDACTED**] Investments; and (iii) all special rights granted to the Pre-[**REDACTED**] Investors shall be discontinued upon or before the [**REDACTED**], the Sole Sponsor confirms that the Pre-[**REDACTED**] Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.



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## CAPITALIZATION TABLE

The table below is a summary of the capitalization of our Company as of the Latest Practicable Date and immediately following the completion of the [**REDACTED**] and [**REDACTED**]:

| | | Share held as of the Latest Practicable Date | | Shares held immediately following the completion of the [REDACTED] and [REDACTED] | | | |
|---|---|---|---|---|---|---|---|
| **Name of Shareholder** | **Description of Shares** | **Number of Shares** | **Percentage of shareholding in our total issued share capital** | **Number of Shares** | **Percentage of shareholding in our Unlisted Shares/ H Shares** | **Percentage of shareholding in our total issued share capital** | **Whether the [REDACTED] will be counted towards the [REDACTED]** |
| *Our Controlling Shareholders and Substantial Shareholders* | | | | | | | |
| Ms. Fu | Unlisted Shares | 6,801,297 | 10.88% | [REDACTED] | [REDACTED]% | [REDACTED]% | [REDACTED] |
| | H Shares | – | – | [REDACTED] | [REDACTED] | [REDACTED] | |
| Mr. Yu | Unlisted Shares | 579,975 | 0.93% | [REDACTED] | [REDACTED]% | [REDACTED]% | [REDACTED] |
| | H Shares | – | – | [REDACTED] | [REDACTED] | [REDACTED] | |
| Tianjin Zhuhui | Unlisted Shares | 13,490,937 | 21.55% | [REDACTED] | [REDACTED]% | [REDACTED]% | [REDACTED] |
| | H Shares | – | – | [REDACTED] | [REDACTED] | [REDACTED] | |
| Tianjin Wangyuan | Unlisted Shares | 20,477,336 | 32.75% | [REDACTED] | [REDACTED]% | [REDACTED]% | [REDACTED] |
| | H Shares | – | – | [REDACTED] | [REDACTED] | [REDACTED] | |
| Tianjin Wangyuan LP | Unlisted Shares | 2,642,235 | 4.23% | [REDACTED] | [REDACTED]% | [REDACTED]% | [REDACTED] |
| | H Shares | – | – | [REDACTED] | [REDACTED] | [REDACTED] | |
| Tianjin Kanfang LP | Unlisted Shares | 777,765 | 1.24% | [REDACTED] | [REDACTED]% | [REDACTED]% | [REDACTED] |
| | H Shares | – | – | [REDACTED] | [REDACTED] | [REDACTED] | |
| *Other Shareholders* | | | | | | | |
| Nanjing Runxin | Unlisted Shares | 1,158,908 | 1.85% | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| | H Shares | – | – | [REDACTED] | [REDACTED]% | [REDACTED]% | |
| Mr. Shi Xuezhong | Unlisted Shares | 1,160,007 | 1.86% | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| | H Shares | – | – | [REDACTED] | [REDACTED]% | [REDACTED]% | |
| Yida No. 2 | Unlisted Shares | 556,881 | 0.89% | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| | H Shares | – | – | [REDACTED] | [REDACTED]% | [REDACTED]% | |
| Jiangsu Zijin | Unlisted Shares | 556,881 | 0.89% | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| | H Shares | – | – | [REDACTED] | [REDACTED]% | [REDACTED]% | |
| Jiashan Runxin | Unlisted Shares | 347,683 | 0.56% | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| | H Shares | – | – | [REDACTED] | [REDACTED]% | [REDACTED]% | |
| Tianjin Shenglin | Unlisted Shares | 437,000 | 0.70% | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| | H Shares | – | – | [REDACTED] | [REDACTED]% | [REDACTED]% | |
| Yida Xinhai | Unlisted Shares | 278,439 | 0.45% | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| | H Shares | – | – | [REDACTED] | [REDACTED]% | [REDACTED]% | |
| iFlytek Haihe | Unlisted Shares | 380,000 | 0.61% | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| | H Shares | – | – | [REDACTED] | [REDACTED]% | [REDACTED]% | |
| Chizhou Dongsheng Yingda | Unlisted Shares | 167,065 | 0.27% | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| | H Shares | – | – | [REDACTED] | [REDACTED]% | [REDACTED]% | |
| Yiyi Hygiene | Unlisted Shares | 209,000 | 0.33% | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| | H Shares | – | – | [REDACTED] | [REDACTED]% | [REDACTED]% | |
| Mr. Feng Yujun | Unlisted Shares | 380,000 | 0.61% | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| | H Shares | – | – | [REDACTED] | [REDACTED]% | [REDACTED]% | |
| Suzhou Shenqilina | Unlisted Shares | 3,800,000 | 6.08% | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| | H Shares | – | – | [REDACTED] | [REDACTED]% | [REDACTED]% | |
| Aviation Industry Integration | Unlisted Shares | 1,140,000 | 1.82% | [REDACTED] | [REDACTED]% | [REDACTED]% | [REDACTED] |
| | H Shares | – | – | [REDACTED] | [REDACTED] | [REDACTED] | |



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| | | Share held as of the Latest Practicable Date | | Shares held immediately following the completion of the [REDACTED] and [REDACTED] | | | |
|---|---|---|---|---|---|---|---|
| Name of Shareholder | Description of Shares | Number of Shares | Percentage of shareholding in our total issued share capital | Number of Shares | Percentage of shareholding in our Unlisted Shares/ H Shares | Percentage of shareholding in our total issued share capital | Whether the [REDACTED] will be counted towards the [REDACTED] |
| Qingdao Honghua | Unlisted Shares | 1,900,000 | 3.04% | [REDACTED] | [REDACTED]% | [REDACTED]% | [REDACTED] |
| | H Shares | – | – | [REDACTED] | [REDACTED] | [REDACTED] | |
| Guosen Capital | Unlisted Shares | 1,862,000 | 2.98% | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| | H Shares | – | – | [REDACTED] | [REDACTED]% | [REDACTED]% | |
| Tianjin Teda | Unlisted Shares | 1,900,000 | 3.04% | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| | H Shares | – | – | [REDACTED] | [REDACTED]% | [REDACTED]% | |
| Baoding Jiahe | Unlisted Shares | 760,000 | 1.22% | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| | H Shares | – | – | [REDACTED] | [REDACTED]% | [REDACTED]% | |
| Tianjin Dongwang | Unlisted Shares | 760,000 | 1.22% | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| | H Shares | – | – | [REDACTED] | [REDACTED]% | [REDACTED]% | |
| Public Shareholders | H Shares | – | – | [REDACTED] | [REDACTED]% | [REDACTED]% | [REDACTED] |
| **Total** | | **62,523,409** | **100%** | [REDACTED] | [REDACTED]% | [REDACTED]% | |

*See "—Our Corporate Structure Immediately prior to the* **[REDACTED]***" and "—Our Corporate Structure Immediately following the* **[REDACTED]***" for details of the Shareholders.*

## MATERIAL ACQUISITIONS AND DISPOSALS

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

## PREVIOUS A-SHARE LISTING ATTEMPT AND REASONS FOR THE [REDACTED]

In October 2022, we filed with the CSRC, and it accepted for review, our application for A share listing. In early 2024, in light of the market condition in the A share market, we decided to voluntarily withdraw our A share listing application, and had withdrawn our pre-listing tutoring filing with the CSRC in March 2024 when our application was still under review. Considering the market condition in the A share market, our future business development plan as well as the industry-related factor and that a [**REDACTED**] on the [**REDACTED**] would provide our Company with an international platform to gain access to foreign capital and to promote the Group to [**REDACTED**], we decided to seek a [**REDACTED**] of our [**REDACTED**] on the [**REDACTED**] to expedite our [**REDACTED**].

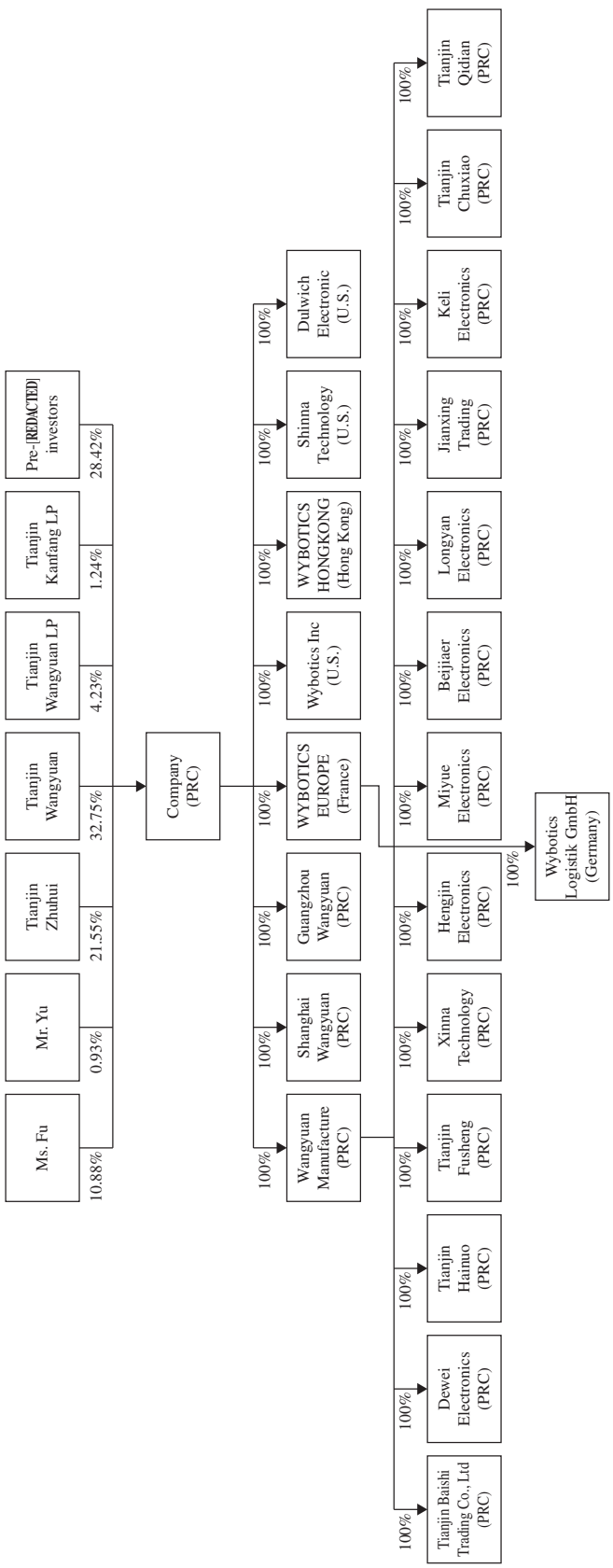
Our Directors confirm that (i) there were no disagreement with any of the then professional parties involved in the previous A-share listing attempt and (ii) to the best of our Directors' knowledge, save as disclosed in this section, our Directors are not aware of any other matters relating to the previous A Share listing attempts that are relevant to the [**REDACTED**] and should be reasonably highlighted in this document for investors to form an informed assessment of our Company and any other matters that need to be brought to the attention of the Stock Exchange and investors in Hong Kong in relation to the previous A share listing attempts. Based on the due diligence work conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would reasonably cause the Sole Sponsor to disagree with the Directors' view above.



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## OUR CORPORATE STRUCTURE IMMEDIATELY PRIOR TO THE [REDACTED]

The following diagram illustrates the corporate and shareholding structure of our Company immediately prior to the completion of the [**REDACTED**]:






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## OUR CORPORATE STRUCTURE IMMEDIATELY FOLLOWING THE [REDACTED]

The following diagram illustrates the corporate and shareholding structure of our Company immediately following the completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised):






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## OVERVIEW

We are a growing global participant focused on the research, design, manufacture and marketing of robotic pool cleaners. We are the world's top three and China's top one provider of robotic pool cleaners, as measured by both shipment volume and GMV of self-manufactured products in 2024, with a comprehensive product portfolio equipped with advanced pool cleaning technology, according to the CIC Report. We are also the inaugurator and the world's largest provider of cordless robotic pool cleaners, as measured by shipment volume of self-manufactured products in 2024, according to the same source.

Tracing our history back to two decades ago, we played an active role in the development China's robotic pool cleaner industry with accumulated expertise in the research, design, manufacture and marketing of robotic pool cleaners which span a wide range of market demands at residential, commercial and public facilities. We have contributed to the development of robotic pool cleaners by inaugurating the earliest lightweight products in 2009, the earliest cordless products in 2014, and the earliest AI-powered products in 2023. We began the development of cordless products and the application of the relevant patents in 2009. At present, the adoption of cordless robotic pool cleaners has become a clear trend in pool cleaning and maintenance, according to the CIC Report. We leverage our advanced R&D center and production base to ensure product performance and consistent quality in our products and operate an expansive sales network across the continents to provide comprehensive support and services to our global clientele. Aligned with our commitment to technological innovation, we are participating the intelligent transformation of the global pool cleaning and maintenance industry with AI-powered robotic products.

### Our Robotic Products

We research, design, manufacture and market robotic pool cleaners and collaborate with world-renowned pool equipment brands to meet the evolving pool cleaning and maintenance needs of consumers worldwide. Our full suite of robotic pool cleaners consists of cordless, corded and handheld models to perform cleaning underwater primarily at the bottom, on the wall, or on the water surface of a pool. We boast a comprehensive product portfolio of robotic pool cleaners with 48 major models as of the Latest Practicable Date. Leveraging our innovative, AI-powered technology, we have launched intelligent robotic products featuring precise underwater acoustic positioning, underwater AI vision, underwater 3D mapping, autonomous navigation, and autonomous waste collection, capable of executing complex pool cleaning tasks with high efficiency and precision at the cost of minimal human intervention. As of the Latest Practicable Date, our robotic pool cleaners had been shipped to 60 countries and regions worldwide.

Based on the automation and intelligence level and the sophistication of the application scenarios, we divide our cordless robotic pool cleaners into entry, premium, flagship and pioneer levels, represented by series models in *WYBOT A1*, *WYBOT C2*, *WYBOT S2*, and *WYBOT S3*, respectively, suitable for all the major pool types in environments ranging from residential back yards to commercial complexes and public facilities. The following diagram illustrates certain information related to our prominent product models—cordless robotic pool cleaners.



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## ON-SALE CORDLESS ROBOTIC POOL CLEANERS



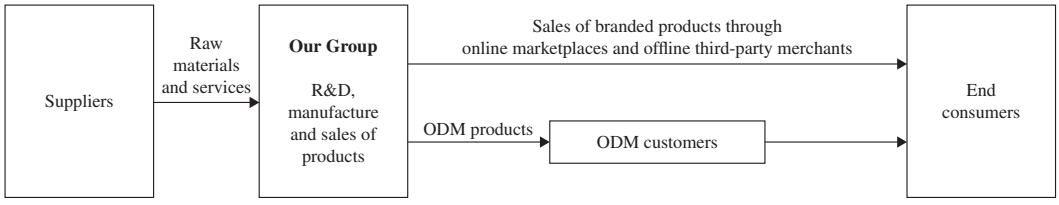



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## Our Business Model

We have a robust capability in the research, design, manufacture and marketing of robotic pool cleaners. We sell branded products under two brands, *WYBOT* and *Winny Pool Cleaner*, to end consumers primarily in North America, Europe, Asia and Oceania primarily through online E-commerce marketplaces and our E-commerce independent websites. We also conduct offline sales of our branded products to third-party merchants to expand our market reach. In addition, we also sell commissioned products on an ODM basis primarily to global pool equipment brands, such as Bestway, CASH and Productos QP, which on-sell them to end consumers primarily through offline channels. As we have been focusing on developing our business in branded products in recent years, the related revenue contribution skyrocketed to RMB393.3 million in 2024, accounting for 72.4% of our total revenue in the same year, as compared to the revenue contribution from the sale of ODM products of RMB133.5 million in 2024, accounting for 24.6% of our total revenue in the same year. See "—Our Business—Shift in Business Model."

The following diagram illustrates our business model.




***Robust R&D capability***

Robust R&D capability is instrumental to our market position. We have established a advanced R&D center with a strong R&D team. We have achieved various breakthroughs in core technologies, including among others, precise underwater acoustic positioning, underwater AI vision, underwater 3D mapping, autonomous navigation and autonomous waste collection. As the inaugurator of cordless products which have become a clear trend in pool cleaning and maintenance, we have contributed to the development of the industry, showcased by the largest global market share of cordless robotic pool cleaners in terms of shipment volume of self-manufactured products in 2024, according to the CIC Report.

Our R&D team continuously explores the innovative application of intelligent hardware and AI algorithms in robotic pool cleaners. We are developing AI algorithms to equip robotic pool cleaners with simultaneous localization and 3D mapping technology to chart out unfamiliar underwater environment while keeping track of their locations for enhanced 3D mapping and AI path planning. In addition, we are also developing AI algorithms for sensors with ultrasonic radar to automatically perceive underwater environment, which will allow our products to have enhanced underwater AI vision for improved efficiency, precision and safety in complex cleaning tasks.

As of the Latest Practicable Date, we owned 151 and 21 patents, including 17 and 10 invention patents, registered in China and overseas, respectively. We are recognized by competent government authorities in China as a national-level specialized and new "little giant" enterprise (專精特新"小巨人"企業), a "high and new technology" enterprise (高新技術企業), and a "leading nurturing" enterprise (領軍培育企業). Our R&D capability is also evidenced in our sufficient R&D initiatives. In 2023, 2024 and 2025, our research and development expenses was RMB19.3 million, RMB22.1 million and RMB30.4 million, respectively, accounting for 5.1%, 4.1% and 3.7% of our total revenue in the same periods, respectively.



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***Flexible manufacturing***

We in-house develop and manufacture substantially all the key components in both our branded and ODM products and assemble them at our self-owned production base. We have a production base with three workshops at Tianjin, China, with a gross floor area of more than 10,000 square meters and designed annual production volume of approximately 650,000 product units in 2024. We are one of robotic pool cleaner companies in China with self-owned production bases to customize production based on specific customer needs, according to the CIC Report, which is a significant advantage compared to companies with an outsourcing model in manufacture. We implement a flexible manufacturing process for customized production to accommodate the manufacture of a comprehensive product portfolio of 48 major models of robotic pool cleaners. Specifically, we dynamically schedule production based on the orders received and timely adjust production lines according to production needs of the different models of robotic pool cleaners to achieve economies of scale. For our branded products, we also schedule production in advance based on our annual sales forecasts formulated through informed analytics into the market demands.

We have passed the ISO9001 certification for our production facilities and have obtained the major certifications for our products, including primarily the CE certification and the RoHS certification for the European Union, the CETL certification for the United States and Canada, the FCC certification for the United States, the SAA certification for Australia, which represents formidable qualification barrier and competitive advantage.

***Global omni-channel sales network***

We have cultivated an extensive global customer network for our branded and ODM products across 60 countries and regions primarily in North America, Europe, Asia and Oceania as of the Latest Practicable Date. We sell branded products under two brands, *WYBOT* and *Winny Pool Cleaner*, to end consumers primarily in North America, Europe, Asia and Oceania primarily through online E-commerce marketplaces, such as Amazon, our E-commerce independent websites on Shopify, Woot, Walmart, Best Buy, Lowe's, Target, and Home Depot. Boasting a network comprising thousands of retail stores, such online marketplaces serve as direct channels for end consumers to conveniently place orders and purchase our products. In addition, leveraging our experience accumulated through our ODM business, since late 2023, we have also been expanding offline sales of our branded products to third-party merchants, which include primarily pool equipment specialty retail chain stores, shopping malls, and supermarkets.

We have established long-term and stable relationships with world-renowned pool equipment brands, such as Bestway, CASH and Productos QP, on an ODM basis to sell commissioned products to global customers primarily through offline channels. Our in-depth collaborations with blue-chip brands have demonstrated our market position in the global robotic pool cleaner industry, which allows us to forge our own brand influence. In 2024, our revenue generated from online and offline channels for our products was RMB355.5 million and RMB188.0 million, respectively, accounting for 65.4% and 34.6% of our total revenue in the same year, respectively.

**Our Market Opportunity**

The pool is the centerpiece of the growing outdoor living space, which is increasingly connected and smart through the proliferation of home IoT devices and the emergence of AI technology which is expected to drive the next-generation trend in the ultimate back yard experience, including hassle-free, smart pool cleaning and maintenance. Pool cleaning is an onerous undertaking for pool owners and operators. The demand for robotic pool cleaners to replace human labor is increasingly considered non-discretionary and recurring for the ongoing operation of pools because robotic pool cleaners significantly enhance the ease of pool maintenance, promotes water conservation, and/or decrease harsh chemical usage.



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The global robotic pool cleaner market, in terms of GMV, increased from US$1,393.9 million in 2020 to US$2,799.7 million in 2025, at a CAGR of 15.0%. It is projected to reach US$4,567.7 million by 2030, with a CAGR of 10.3% from 2025 to 2030, according to the CIC Report. The adoption rate of robotic pool cleaners worldwide, calculated by dividing the number of pools adopting robotic pool cleaners by the total number of pools, is expected to increase from 27.8% in 2025 to 34.7% in 2030, according to the same source. The rapid growth of the global robotic pool cleaner market will continue to be driven by, among other factors, the consumer trend towards healthy outdoor living, technological advancements, and the construction of private pools in emerging markets. In China, the adoption rate of robotic pool cleaners is expected to increase from 8.7% in 2025 to 16.2% in 2030, with significant growth prospects in pools at sports centers, luxury hotels, condominiums, and hot spring or spa facilities, and other underwater environments, such as aquariums and breeding ponds.

Pool cleaners have evolved from heavy suction-side or pressure-side pool cleaners utilizing a combination of suction and manipulation of water pressure, to electric corded robotic pool cleaners, and in recent years, to lightweight and cordless robotic pool cleaners. We have contributed to the development of robotic pool cleaners by inaugurating the earliest lightweight products in 2009, the earliest cordless products in 2014, and the earliest AI-powered products in 2023. We began the development of cordless products and the application of the relevant patents in 2009. Nowadays, AI-powered robotic pool cleaners capable of executing complex pool cleaning tasks with high efficiency and precision as well as minimal human intervention are gaining increasing consumer acceptance. With the pool as the centerpiece of outdoor living space, we are well positioned to springboard from robotic pool cleaners to AI-powered "smart" outdoor living solutions, eyeing the growth prospects in the broader global smart outdoor living market.

**Our Financial Performance**

We achieved growth during the Track Record Period. Our revenue increased at a CAGR of 46.6% from RMB378.0 million in 2023 to RMB812.2 million in 2025. Our net profit increased at a CAGR of 28.5% from RMB60.8 million in 2023 to RMB100.4 million in 2025.

## COMPETITIVE STRENGTHS

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

**Growing Technology Company in the Robotic Pool Cleaner Industry**

We are a growing global participant focused on the research, design, manufacture and marketing of robotic pool cleaners. We are the world's top three and China's top one provider of robotic pool cleaners, as measured by both shipment volume and GMV of self-manufactured products in 2024, with a comprehensive product portfolio equipped with advanced pool cleaning technology. We are also China's largest provider of robotic pool cleaners, as measured by production capacity in 2024, according to the CIC report. We have contributed the development of robotic pool cleaners by inaugurating the earliest lightweight products in 2009, the earliest cordless products in 2014, and the earliest AI-powered products in 2023. We began the development of cordless products and the application of the relevant patents in 2009. We are now the world's largest provider of cordless robotic pool cleaners, as measured by shipment volume of self-manufactured products in 2024, according to the CIC Report. Our product portfolio ensures full coverage of pool cleaning scenarios at residential, commercial, and public facilities, with 48 major models as of the Latest Practicable Date.



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The global robotic pool cleaner market, in terms of GMV, increased from US$1,393.9 million in 2020 to US$2,799.7 million in 2025, at a CAGR of 15.0%. It is projected to reach US$4,567.7 million by 2030, with a CAGR of 10.3% from 2025 to 2030, according to the CIC Report. The adoption rate of robotic pool cleaners in the world is expected to increase from 26.2% in 2024 to 34.2% in 2029, according to the same source. The rapid growth of the global robotic pool cleaner market will continue to be driven by, among other factors, the consumer trend towards healthy outdoor living, technological advancements, and the construction of private pools in emerging markets. In China, the adoption rate of robotic pool cleaners is expected to increase from 7.9% in 2024 to 14.0% in 2029, with significant growth prospects in public pools at sports centers, luxury hotels, condominiums, and hot spring or spa facilities, as well as other underwater environments, such as aquariums, among others.

We are one of robotic pool cleaner companies in China with self-owned production bases to customize production based on specific customer needs, according to the CIC Report, which is a significant advantage compared to companies with an outsourcing model in manufacture. Pool equipment brand owners cooperate with us on ODM basis for our ability to consistently fulfill their diverse requirements across various product categories, models, appearance, designs, performance, and other customized options with technology advanced products, ensuring reliable partnership. We have gained clear competitive edges in various other key aspects of our business, including competitive market position, robust R&D capability, deep product portfolio, and global omni-channel sales network, which we believe have enabled us to capture the significant growth opportunity in the global robotic pool cleaner market.

**Robust R&D Capability for Relentless Product Innovation**

Robust R&D capability is instrumental to our market position, serving as the foundation for preserving customer trust, securing sales orders, enhancing production efficiency, and ensuring long-term growth. We have in-house developed all the core technologies pertinent to robotic pool cleaners across the entire process from concept to product delivery, ranging from the underlying hardware design, the middle-layer software development, to the top-level AI algorithms.

The formidable challenges in developing robotic pool cleaners mainly revolve around the distinct technological requirements for robotic cleaners to operate in an underwater three-dimensional environment, as compared to conventional robotic cleaners which execute cleaning tasks with two-dimensional motion only on land. The sensors for conventional robotic cleaners are suited to functioning on land only and are not usable in an underwater environment which typically features fewer objects of reference and faces interference of waves. These challenges make it difficult for conventional robotic cleaner providers to migrate their on-land products to the underwater environment. We have accumulated extensive expertise and know-how since our inception two decades ago, uniquely pertinent to the core structural and functional design for the underwater operation of robotic pool cleaners, wireless power supply with lithium-ion batteries, and more recently, AI-powered automation and intelligence. Specifically, we have achieved various breakthroughs in core technologies, including among others, precise underwater acoustic positioning, underwater AI vision, underwater 3D mapping, autonomous navigation and autonomous waste collection.

Our strong R&D capability is evidenced by a strong in-house R&D team, which consisted of 74 personnel, of which 69 personnel hold bachelor's degrees and above, as of the Latest Practicable Date. Our R&D personnel have accumulated in-depth foundational knowledge and practical experience in the relevant fields, such as mechanical engineering, computer sciences, automation, and AI technology, with an average of more than 10 years of relevant professional experience. Our R&D capability is also evidenced in our sufficient R&D initiatives. In 2023, 2024 and 2025, our research and development expenses was RMB19.3 million, RMB22.1 million and RMB30.4 million, respectively, accounting for



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5.1%, 4.1% and 3.7% of our total revenue in the same periods, respectively. As of the Latest Practicable Date, we owned 151 and 21 patents, including 17 and 10 invention patents, registered in China and overseas, respectively. We are recognized by competent government authorities in China as a national-level specialized and new "little giant" enterprise (專精特新"小巨人"企業), a "high and new technology" enterprise (高新技術企業), and a "leading nurturing" enterprise (領軍培育企業). Our R&D projects and products have been included in several technology SME innovation fund projects at national and provincial level. We have obtained the major certifications for our products, including primarily the CE certification and the RoHS certification for the European Union, the CETL certification for the United States and Canada, the FCC certification for the United States, the SAA certification for Australia, which represents formidable qualification barrier and competitive advantage.

**Comprehensive Product Portfolio with AI-powered Capabilities**

We have developed and introduced robotic pool cleaners with lightweight, cordless and intelligent features to accommodate various pool cleaning scenarios at residential, commercial, and public facilities. We now offer a full suite of robotic pool cleaners, with cordless, corded and handheld models to perform cleaning underwater primarily at the bottom, on the wall, or on the water surface of a pool.

Intelligent robotic pool cleaners are those equipped with various AI-powered functionalities, featuring precise underwater acoustic positioning, underwater AI vision, underwater 3D mapping, autonomous navigation, and autonomous waste collection, capable of executing complex pool cleaning tasks with high efficiency and precision at the cost of minimal human intervention, according to the CIC Report. Recognizing consumer need for effortless, hands-free experience for pool cleaning, we have strategically focused on the research and development of cordless robotic pool cleaners. Based on the automation and intelligence level and the sophistication of the application scenarios, we divide our cordless robotic pool cleaners into entry, premium, flagship and pioneer levels, with the representative models of *WYBOT A1*, *WYBOT C1*, *WYBOT S2*, and *WYBOT S3*, respectively. Our entry level robotic pool cleaners are designed for pools above the ground with strong cleaning capability for the pool bottom. Except for entry level series that can only be used for pool floor cleaning and the *WYBOT F1* that can only be used for the pool water surface cleaning, all other cordless models are capable of cleaning floors, walls, steps, and waterlines in various modes. Specifically, our premium level products are usually lightweight and flexible, designed for small in-ground residential pools; our flagship level products, equipped with ultrasonic sensors for communication and localization, wireless charging, and remote control technologies, are designed for medium and large in-ground residential pools; and our pioneer level products equipped with high computing power AI processors and cameras for targeted and efficient cleaning with powerful system, designed for medium and large in-ground residential or commercial pools, or pools at public facilities. Our comprehensive product portfolio of robotic pool cleaners meets the evolving demands of global customers for intelligent and customized pool cleaning and maintenance.

We have empowered our robotic pool cleaners with AI perception and decision-making capabilities. Our latest generation of robotic pool cleaners are equipped with high-precision sensors and AI algorithms, capable of autonomously recognizing the pool environment, intelligently planning the optimal cleaning path, effectively avoiding obstacles in underwater terrains, and achieving efficient and precise cleaning operation. Equipped with ultrasonic sensors and charging stations, our robotic pool cleaners are capable for real-time underwater positioning and communication. With high computing power AI processors and cameras, our robotic pool cleaners can utilize visual signals and deep learning algorithms to identify different types of stains and automatically adjust the cleaning modes for targeted cleaning. Our R&D team continuously explores the innovative application of intelligent hardware and AI algorithms in robotic pool cleaners. We are developing AI algorithms to equip robotic pool cleaners with simultaneous localization and 3D mapping technology to chart out unfamiliar underwater environment while keeping track of their



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locations for enhanced 3D mapping and AI path planning. In addition, we are also developing AI algorithms for sensors with ultrasonic radar to automatically perceive underwater environment, which will allow our products to have enhanced underwater AI vision for improved efficiency, precision and safety in complex cleaning tasks.

We are committed to relentless technological innovation to enhance the efficiency and convenience of pool cleaning, allowing end users to enjoy a superior pool cleaning experience. We have pioneered a new era in intelligent pool lifestyle, setting the standard and becoming the top-of-mind choice within the industry.

**Omni-channel Sales Network with Global Customer Outreach**

We sell our branded products under the brands of *WYBOT* and *Winny Pool Cleaner* to end consumers primarily in North America, Europe, Asia and Oceania. We also conduct offline sales of our branded products to third-party merchants to expand our market reach. Since 2023, our own brands' online channel sales have developed rapidly, primarily through online E-commerce marketplaces, such as Amazon, our E-commerce independent websites on Shopify, Woot, Walmart, Best Buy, Lowe's, Target, and Home Depot. Boasting a network comprising thousands of retail stores, such online marketplaces serve as direct channels for end consumers to conveniently place orders and purchase our products. We have fully leveraged Amazon's influence to showcase our products to end consumers and have actively engaged in marketing and promotional campaigns on Amazon, leading to a rapid surge in sales through Amazon. Our brands of *WYBOT* and *Winny Pool Cleaner* considered together, ranked top three among all robotic pool cleaners on Amazon in the United States in terms of sales volume in 2024. We have also established E-commerce independent websites on Shopify for our *WYBOT* brand, enabling direct purchases of our branded products for end consumers. In addition, we employ Google's search engine, Facebook advertisement, and other promotional tactics to raise our brand awareness, driving traffic and sales growth for our E-commerce independent websites. In 2024, our advertising and promotion expenses was RMB91.6 million, accounting for 16.9% of our revenue generated from online sales of our branded products in the same year. In addition, leveraging our experience accumulated through our ODM business, since late 2023, we have also been expanding offline sales of our branded products to third-party merchants, which include primarily pool equipment specialty retail chain stores, shopping malls, and supermarkets.

We also sell commissioned products on an ODM basis primarily to world-renowned pool equipment brands, such as Bestway, CASH and Productos QP, which on-sell them to end consumers primarily through offline channels. We have built an extensive global customer network, covering 60 countries and regions in Europe, North America, Oceania, Asia, South America and Africa as of the Latest Practicable Date. During the Track Record Period, the number of our ODM customers was 31, 39 and 34 in 2023, 2024 and 2025, respectively. We are responsible for the research, design, and manufacture of the products, offering customized solutions to meet specific demands of brand owners regarding product features and appearance. Leveraging our strong technological and manufacturing capabilities, we have achieved economies of scale for our ODM business segment. Our long-term in-depth collaborations with ODM customers, including primarily high-profile brands, have enabled us in broadening our product reach, accumulating valuable industry insights, enhancing R&D capabilities, and reinforcing our market position, which allows us to forge our own brand influence and reputation.

Our global outreach and broad customer base have expanded our sales channels, promoted our technology and product innovation, and earned us a stellar reputation and a momentum for sustainable growth. The solid customer network combined with extensive market coverage has built us a global business platform that enables us to withstand risks and seize opportunities, effectively promoting our international expansion and reinforcing our market position.



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**Visionary Management Team and Seasoned Talents**

Deeply rooted in the robotic pool cleaner industry, our management team possesses extensive industry knowledge, innovative mindsets, strategic foresight, and global vision. Our founder, chairman and chief executive officer, Ms. Fu Guilan, has nearly 20 years of industry and management experience in the robotic pool cleaner industry. Under her leadership and with her keen industry insight, we have grown into a enterprise in the robotic pool cleaner industry with integrated R&D, manufacture and sales capabilities. Our vice chairman and chief technology officer, Mr. Yu Qian, received his PhD degree in condensed matter physics from the Université Paris VI of France. Mr. Yu has been involved in the robotic pool cleaner industry for nearly 20 years, mainly responsible for our R&D and strategic planning. With a robust background in physics and university teaching and research experience, Mr. Yu's extensive experience in robotics research and product development has been pivotal to our development. Under his guidance, we have achieved various breakthroughs in core technologies, such as intelligent sensing, path planning, and efficient cleaning, to develop a suite of robotic pool cleaners with significant market acceptance. As of December 31, 2025, our management personnel, with an average working experience of over 16 years, had on average worked with us for over seven years.

We value talent reserve and training to support our sustainable growth. We recruit professionals with extensive experiences in R&D, manufacture, sales and management through lateral and on-campus recruitment. We attract and retain talents by offering optimal working environment, competitive salaries and incentives. By linking incentives with performance, our employee equity ownership plans, primarily covering key R&D, sales and marketing, and management personnel whom we attribute our success to, help us tap in the maximum potential of our employees. We are dedicated to the ongoing professional development of our employees. With comprehensive training programs, we have assembled a group of R&D experts and professionals in manufacturing, sales and management with solid theoretical knowledge, rich practical experience and stellar innovation capability, as well as a pool of sales talents, which lays a solid foundation for our secular development.

**GROWTH STRATEGIES**

We aspire to springboard from pool cleaning and maintenance to providing a comprehensive back yard management solution to make outdoor living more convenient and enjoyable. Specifically, we intend to pursue the following strategies to further grow our business.

**Continue to Increase Our R&D Investment to Strengthen Our Market Position**

We believe the continuous elevation of our R&D capability and product performance is essential for our future success. To this end, we will continue to strengthen our R&D for the cutting-edge technologies and their applications to meet evolving market demands.

Leveraging our significant first-mover advantage and differentiated competitive edge in the cordless robotic pool cleaners, we plan to continue to enhance our product performance by investing in the R&D for the relevant technologies, such as underwater communication, positioning, mapping and path planning, lithium-ion battery management, solar charging, motor control, and robotic structural design. For instance, utilizing fluid mechanics simulation, we plan to enhance dirt adsorption efficiency of our products by designing more efficient impellers following principles of fluid mechanics. Our R&D investments aim to further enhance the waterproof feature of lithium-ion batteries with improved protective seals and coatings, reduce the weight of our products, and improve their cleaning efficiency with reduced energy consumption. We believe these efforts will help us maintain our competitive edge in the cordless product sector and solidify our market position in the global robotic pool cleaner industry.



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We believe there are still significant improvement potentials for the intelligence level of robotic pool cleaners. We will continue to lead the industry to produce more AI-powered products. Specifically, we intend to elevate the intelligence level of our products by further investing in the R&D of the hardware and software to be incorporated in our products, including primarily the high-precision laser range measuring modules, multi-sensor motion control modules, AI navigation algorithm and software architecture for accessing multiple IoT platforms with enhanced sensing and scalability. We also plan to establish overseas test centers to conduct R&D activities, primarily including product testing in local swimming pools, to improve product quality.

**Enrich Our Product Portfolio and its Application Scenarios to Enhance Brand Equity**

We will continue to diversify our product portfolio and develop our own brands to offer customers a wider range of choices. We plan to further develop robotic pool cleaners under our own brands of *WYBOT* and *Winny Pool Cleaner* with more advanced AI-powered features and designs to meet the evolving market demands of products with different types, shapes, and materials.

We also plan to further develop our products under *WYBOT* and *Winny Pool Cleaner* for expanded application scenarios. Specifically, we plan to develop products for (1) large commercial pools, aimed at high-end markets such as hotels and resorts, (2) ship cleaning, especially the ship bottom and waterline, (3) landscape pools and fountains and other public facilities, and (4) breeding ponds in the aquaculture industry. By tackling these various underwater cleaning spaces, we will further enhance our competitiveness and brand value by providing customers with more comprehensive and efficient solutions. We also plan to further enhance brand recognition by expanding our brand promotion team, actively participating in industry exhibitions, hosting brand events, and strengthening promotions on social media platforms.

In addition, we plan to gradually evolve from serving the pool to provide one-stop solutions for a comprehensive smart outdoor living space through the extended application of both our products and our core AI technologies in various back yard maintenance scenarios. We will continue to launch independent or joint product research projects for back yard maintenance, mainly involving water quality cleaning and monitoring, dirt adsorption and recycle, lawn cleaning and maintenance, intelligent early warning, IoT technology, and intelligent analysis system. We aim to create a back yard cleaning ecosystem, with pool cleaning and maintenance at the core. Specifically, we intend to integrate all aspects of back yard management, including pool cleaning and maintenance, lawn care, and snow removal, by expanding the application of our core technologies in other underwater and back yard use cases, such as robotic pool cleaners for full surface cleaning, intelligent robotic lawn mover, and intelligent snow removal robots.

**Expand Our Global Omni-channel Sales Network to Augment Our Market Share**

Leveraging our global sales network established through our ODM business, we plan to further enhance our presence through offline channels in other regions in the world, primarily including China, Southeast Asia, Oceania, South America and Africa, many of which have relatively low adoption rate of robotic pool cleaners. We will continue to expand and optimize our offline sales network by expanding our global sales team, establishing local sales and after-sales service centers in major markets, hosting brand promotion events and implementing tailored sales strategies for each market. In addition, we plan to sell our branded products at more pool equipment specialty retail chain stores, shopping malls and supermarkets, further increasing our market share.

Since 2023, we have vigorously developed our online sales channels, which become the main source of our revenue growth. Leveraging our experience accumulated through cooperation with online E-commerce marketplaces, we plan to (1) consolidate our market position on online E-commerce



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marketplaces, such as Amazon, by increasing placement of customized advertisements and enhancing cooperation under the Amazon Vendor Central and Amazon Seller Central models, so as to cover more end consumers, (2) further develop and promote our E-commerce independent websites on Shopify, enabling more direct purchases of our branded products for end consumers in Europe and worldwide, and (3) cooperate with more online E-commerce marketplaces and social media platforms to increase coverage of more end consumers.

**Continue to Expand Production Capacity and Enhance Production Efficiency**

Based on our current production capacity and utilization rate, industry outlook and our business forecast, we plan to further improve our production capacity and efficiency to meet the increasing customer demand with new manufacturing facilities and enhanced production efficiency.

We plan to establish a new production base with adjacent warehouses in Tianjin, China. Specifically, the new production base has a proposed total site area of approximately 31,000 square meters, which is expected to increase our annual production capacity of robotic pool cleaners by more than 600,000 units. We currently expect to complete the construction and commence operation for this production base by 2027, and our total annual production capacity is expected to reach more than 1.2 million units. We plan to install automated production equipment and intelligent production related hardware and software at this base. By enhancing production automation and digitalization, we aim to reduce reliance on manual labor in production process and quality control. We have obtained requisite regulatory approval for our new production base. We also plan to further increase our annual production capacity to more than 2.0 million units with total site area of more than 60,000 square meters for our production base in the future.

For the new production base, we also plan to construct multi-level warehouses to expand our existing storage facilities, and introduce automated storage and retrieval equipment, warehouse management system, and other intelligent software and hardware at our storage facilities to enhance our warehousing operation efficiency, reduce storage costs, and improve profitability.

**Attract, Retain and Cultivate Talents to Propel Future Growth**

We believe that seasoned and committed professionals are crucial for bolstering our R&D, refining our management, increasing manufacturing efficiency, and ensuring sustainable development in the future. To this end, we plan to continue to attract, retain, and inspire our employees. Specifically, we plan to recruit and train (1) more R&D talents that specialize in AI algorithm, machine vision and IoT technologies, (2) more production personnel, including primarily workshop management personnel and workers, quality inspection personnel and warehousing personnel, and (3) more sales and marketing personnel to expand our global sales team. We will offer competitive compensation packages and continuous training and learning opportunities for professional growth to retain and attract talents. We will also strengthen the incentives for core management and R&D talents.

We are dedicated to investing in employee professional development to enhance their skills and prepare them for future challenges. We plan to offer training programs, workshops, and seminars to keep our employees updated with the latest industry trends and technologies. Recognizing the importance of external partnerships, we also aim to initiate collaborative R&D projects with renowned academic institutions. This joint effort in talent cultivation will be pivotal in propelling our future growth.



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## OUR BUSINESS

We are a growing global participant focused on the research, design, manufacture and marketing of robotic pool cleaners. We sell our branded robotic pool cleaners primarily through online and offline sales primarily in North America, Europe, Asia and Oceania under two brands, *WYBOT* and *Winny Pool Cleaner*. We also sell commissioned products on an ODM basis primarily to global pool equipment brands, such as Bestway, CASH and Productos QP, which on-sell them to end consumers primarily through offline channels.

In 2023, 2024 and 2025, we sold approximately 167.5 thousand, 263.2 thousand and 370.4 thousand branded products, respectively, with revenue contribution of RMB253.8 million, RMB393.3 million and RMB677.9 million, respectively, accounting for 67.1%, 72.4% and 83.5% of our total revenue in the same periods, respectively. In 2023, 2024 and 2025, we sold approximately 203.0 thousand, 167.8 thousand and 130.7 thousand ODM products, respectively, with revenue contribution of RMB117.6 million, RMB133.5 million and RMB127.1 million, respectively, accounting for 31.1%, 24.6% and 15.6% of our total revenue in the same periods, respectively. The following table sets forth a breakdown of our revenue by sales model, both in absolute amount and as a percentage of our total revenue, for the periods indicated.

| | Year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | *(RMB in thousands except for percentages)* | | | | | |
| Sales of branded products | 253,765 | 67.1 | 393,332 | 72.4 | 677,948 | 83.5 |
| Sales under ODM model | 117,551 | 31.1 | 133,516 | 24.6 | 127,088 | 15.6 |
| Sales of accessories[(1)] | 6,634 | 1.8 | 16,687 | 3.1 | 7,166 | 0.9 |
| **Total** | **377,950** | **100.0** | **543,535** | **100.0** | **812,202** | **100.0** |

(1) Accessories included primarily components and semi-manufactured products.

The following table sets forth the sales volume and average selling price of our branded products and ODM products for the periods indicated.

| | For the year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | Sales volume | Average selling price | Sales volume | Average selling price | Sales volume | Average selling price |
| | *(Units in thousands, RMB in yuan)* | | | | | |
| Branded products | 167.5 | 1,515 | 263.2 | 1,494 | 370.4 | 1,830 |
| ODM products | 203.0 | 579 | 167.8 | 796 | 130.7 | 972 |
| **Total robotic pool cleaners** | **370.5** | **1,002** | **431.0** | **1,222** | **501.1** | **1,606** |

During the Track Record Period, the retail price of our branded products and ODM products typically ranged from US$89 to US$2,499, and from US$79 to US$879, respectively.



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We research, design, manufacture and market our robotic pool cleaners. We receive orders of ODM products from ODM customers, including brand customers and trade customers, and orders of branded products from end consumers and third-party merchants. We plan and devise manufacturing schedule and raw material procurement based on orders placed by customers and estimated market demands. After securing requisite raw materials, we commence manufacturing and closely follow the manufacturing schedule. Upon satisfactory quality check, the products are ready to be shipped to or picked up by our customers.

**Shift in Business Model**

***Background and Reasons***

Since our inception and prior to 2023, our business operated predominantly under an ODM model, involving the research, design, manufacturing, and sale of commissioned products for global pool equipment brands. Through this ODM-based business model, we have built robust capabilities across the entire product lifecycle of robotic pool cleaners, enabling us to meet diverse market needs spanning residential, commercial, and public facilities.

Since 2023, we strategically transitioned our business model from a predominantly ODM-based approach to focusing on the sale of our branded products under two brands, *WYBOT* and *Winny Pool Cleaner*, to end consumers primarily in North America, Europe, Asia and Oceania primarily through E-commerce marketplaces, such as Amazon, our E-commerce independent websites on Shopify, Woot, Walmart, Best Buy, Lowe's, Target, and Home Depot. In addition, we also conduct offline sales of our branded products in complement with our online sales channel and to third-party merchants to further expand our market reach. This strategic shift in business model was driven by our thorough evaluation of several key factors, including primarily:

- *Enhancing profitability.* Under the ODM-based model, we operate in the midstream of the value chain, and our profitability is largely subject to the pricing and margin bargaining power from our ODM customers. In contrast, by selling our branded products directly to end consumers, we are able to retain greater pricing flexibility. As a result, the gross profit margin for our branded products is significantly higher than that for ODM products, thereby enhancing our long-term profitability.

- *Reducing customer concentration risk.* Under the ODM-based model, our sales were primarily derived from a limited number of ODM customers. The shift in our business model has enabled us to transition to a healthier customer structure that is relatively more diversified, with sales driven by end consumers and our omni-sales channels.

- *Establishing long-term brand value and customer relationships.* Through the development and promotion of our own brands, *WYBOT* and *Winny Pool Cleaner*, we are able to engage directly with end consumers. This direct interaction allows us to build brand loyalty, strengthen customer relationships, and enhance user experience. Going forward, we expect the shift in business model would support the establishment of long-term brand equity and contribute to sustainable business growth.



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During our business model transition, we strategically chose to scale down our ODM operations rather than maintain their existing size. This deliberate reduction enabled us to reallocate and optimize our relatively limited resources, including manufacturing capacity, working capital, labor, and management attention, toward higher-margin initiatives for our branded products. Specifically, the decision was primarily driven by the following key considerations:

- *Strategic repositioning for higher margin.* The shift to focus on branded products demonstrates our long-term commitment to sustainable value creation. By moving up the value chain, we enhance our ability to capture stronger economic returns, build lasting consumer loyalty, and diversify our customer base. This shift enables focused pursuit of higher-margin segment, optimizing our portfolio for superior long-term performance.

- *Focused resource allocation.* Given finite production capacity and operational resources, maintaining full-scale ODM operations alongside branded products line would have diluted our essential investments in brand development, product innovation, and customer relationships. The deliberate reduction of ODM operations allows us to concentrate resources on initiatives that maximize long-term brand value and competitive positioning.

- *Enhanced operational efficiency.* Streamlining our product portfolio toward branded products sales has significantly improved operational efficiency. This focus has simplified production planning and enabled better alignment of internal teams with core strategic priorities, resulting in leaner and more effective operations.

***Impact on Our Operational and Financial Performance***

The shift in business model has exerted impact on our operational and financial performance, primarily including:

- *Customer mix.* The shift in business model has enabled us to transition to a healthier and more diversified customer structure and reducing our customer concentration risk. Revenue generated from our top five customers decreased from 27.0% in 2023 to 23.4% in 2024, and further to 22.0% in 2025, of our total revenue in the same periods, respectively. See "—Our Customers."

- *Revenue mix.* Revenue contribution from sales of branded products, as a percentage of our total revenue, increased from 67.1% in 2023 to 72.4% in 2024, and further to 83.5% in 2025, while our revenue generated from sales under ODM model, as a percentage of our total revenue, decreased from 31.1% in 2023 to 24.6% in 2024, and further to 15.6% in 2025.

- *Operating expense structure.* Our selling and marketing expenses increased significantly during the Track Record Period. In 2023, 2024 and 2025, we incurred selling and marketing expenses of RMB97.2 million, RMB173.8 million and RMB302.5 million, respectively, accounting for 25.7%, 32.0% and 37.2% of our total revenue for the same periods, respectively. Such significant increase was primarily due to (1) the increase in advertisement and promotion expenses for enhancing the brand awareness of our brands, including the business promotion expense and the advertisement fees on E-commerce marketplaces and (2) the increase in sales service, after-sales service and consultation service expenses, mainly as a result of the various types of E-commerce marketplace platform fees since our establishment of our online E-commerce marketplaces in 2023.



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- *Gross profit margin.* We have gained greater pricing flexibility. Since the shift in business model in 2023, the average selling price of our branded products is two to three times higher than the average selling price of our ODM products. In 2023, 2024 and 2025, the average selling price of our branded products was approximately RMB1,515, RMB1,494 and RMB1,830, respectively, while the average selling price of our ODM products was approximately RMB579, RMB796 and RMB972 in the same periods, respectively. Our stronger pricing power to the branded products lead to its higher gross profit margin. In 2023, 2024 and 2025, the gross profit margin for our branded products was 63.4%, 60.4% and 65.2%, respectively, higher than the gross profit margin for our ODM products at 44.4%, 50.7% and 49.9% in the same periods, respectively. Consequently, our business model transformation has driven a sustained improvement in our overall gross profit margin throughout the Track Record Period. Specifically, our gross profit margin increased from 57.5% in 2023 to 58.0% in 2024, and further to 62.9% in 2025.

- *Net profit margin*. Despite the continuous growth in our gross profit margin, our net profit margin fluctuated during the Track Record Period. Our net profit margin decreased from 16.1% in 2023 to 13.0% in 2024, and further to 12.4% in 2025, primarily due to the shift in business model, which resulted in a significant increase in our selling and marketing expenses, including the business promotion expense and the advertisement fees on E-commerce marketplaces. As our operational efficiency in relation to branded products improved, we anticipate our net profit margin will improve, as (1) we have gradually built brand awareness and expect further margin enhancement driven by the continued growth of our branded products sales, and (2) we also conduct offline sales of our branded products to third-party merchants in complement with our online sales channel and to further expand our market reach.

For detailed analysis of our financial performance during the Track Record Period, see "Financial Information—Period to Period Comparison of Results of Operations."

## OUR PRODUCTS

We have curated a comprehensive product portfolio of robotic pool cleaners, with 48 major models as of the Latest Practicable Date. We categorize our commercialized robotic pool cleaners into cordless, corded and handheld pool cleaners. Based on different automation and intelligence levels and the sophistication of the application scenarios, we further divide our cordless models into entry, premium, flagship and pioneer models. In 2023, 2024 and 2025, we sold approximately 370.5 thousand, 431.0 thousand and 501.1 thousand robotic pool cleaners, respectively. The following table sets forth the sales volume and revenue of our cordless, corded, and handheld models, in absolute number and as a percentage of our total revenue for robotic pool cleaners, during the Track Record Period.

| | Year ended December 31, | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2023 | | | 2024 | | | 2025 | | |
| | Sales volume | Revenue | % of revenue | Sales volume | Revenue | % of revenue | Sales volume | Revenue | % of revenue |
| | *(Units in thousands and RMB in thousands except for percentages)* | | | | | | | | |
| Cordless robotic pool cleaners | 329.8 | 310,549 | 83.6 | 394.3 | 483,522 | 91.8 | 484.3 | 785,215 | 97.5 |
| Corded robotic pool cleaners | 27.1 | 50,016 | 13.5 | 17.6 | 32,185 | 6.1 | 9.2 | 16,532 | 2.1 |
| Handheld pool cleaners | 13.6 | 10,751 | 2.9 | 19.1 | 11,141 | 2.1 | 7.6 | 3,289 | 0.4 |
| **Total sales volume/revenue for robotic pool cleaners** | **370.5** | **371,316** | **100.0** | **431.0** | **526,848** | **100.0** | **501.1** | **805,036** | **100.0** |



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The sales volume of our robotic pool cleaners increased from approximately 370.5 thousand units in 2023 to approximately 431.0 thousand units in 2024, primarily due to the increase in the sales volume of our cordless models from approximately 329.8 thousand units in 2023 to approximately 394.3 thousand units in 2024, as a result of our launch of several new cordless models, partially offset by a decrease in the sales volume of our corded robotic pool cleaners from approximately 27.1 thousand units in 2023 to approximately 17.6 thousand units in 2024, as we strategically focused on promoting our cordless models in 2024. The sales volume of our robotic pool cleaners further increased to approximately 501.1 thousand units in 2025, primarily due to our continuing strategic focus on promoting our cordless models, which further increased to 484.3 thousand units in 2025.

**Cordless Models**

Recognizing consumer need for effortless, hands-free experience for pool cleaning, we have strategically focused on the research and development of cordless robotic pool cleaners. In 2023, 2024 and 2025, we generated revenue of RMB310.5 million, RMB483.5 million and RMB785.2 million from our cordless models, respectively, accounting for 83.6%, 91.8% and 97.5% of our total revenue for robotic pool cleaners in the same periods, respectively. Our cordless robotic pool cleaners are available in a variety of series, each with distinct features and price ranges. Based on the automation and intelligence level and the sophistication of the application scenarios, we divide our cordless robotic pool cleaners into (1) entry level, primarily including *WYBOT A1*, *Osprey 200 Series*, *Osprey 300 Series* and *Frisbee Series* (2) premium level, primarily including *WYBOT C Series*, *WYBOT F1* and *Osprey 700 Series*, (3) flagship level, primarily including *WYBOT S1*, *WYBOT S2*, and *WYBOT M1*, and (4) pioneer level, primarily including *WYBOT S3*, *WYBOT S2 Solar Series*, *WYBOT S2 Pro and WYBOT M2*. Our cordless models boast the following product features:

- *Comprehensive cleaning capability*. Our cordless models clean above-ground and in-ground pools of all shapes and surfaces including PVC, concrete, vinyl liner, and mosaic. Except for entry level series that can only be used for pool floor cleaning and the *WYBOT F1* that can only be used for the pool water surface cleaning, all other cordless models are capable of cleaning floors, walls, steps, and waterlines in various modes.

- *Filter system*. Equipped with a 180μm filter chamber with a high suction rate, our cordless models can effectively remove hair, stones, leaves, sand and other debris from pools. An optional secondary filter system may be included to further enhance filtration performance.

- *Advanced WYBOT App.* Some of our premium and higher-level cordless models can be paired with our *WYBOT App*, allowing for convenient remote controlling and mode selection on mobile phones.

- *Smart path planning system*. Our cordless models are equipped with infrared sensors for obstacle detection, depth sensors for accurate pool depth detection, a six-axis gyroscope for intelligent navigation, and/or a path planning algorithm to enhance cleaning efficiency.

- *High degree of intelligence*. Our cordless robotic pool cleaners are equipped with various sensors, capable of environment perception, autonomous navigation and path planning, thereby efficiently and precisely executing pool cleaning tasks without human intervention. Specifically, our flagship level products are equipped with high computing power AI processors and cameras for targeted and efficient cleaning with high-power system, as well as ultrasonic sensors for communication and localization, wireless charging, and remote control technologies. Our pioneer level products incorporate solar charging technology.



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***Entry Level Cordless Models***

Our entry level products primarily include *WYBOT A1*, *Osprey 200 Series*, *Osprey 300 Series* and *Frisbee Series*, which are designed for above-ground pools with slopes less than 15 degrees, and in particular our *Osprey 300 Series* can support cleaning for slopes up to 30 degrees. The lightweight and compact design makes them suitable for cleaning small-to-medium pools. The retail price of our entry level cordless models typically ranges from US$99.99 to US$299.99. The following table sets forth our major entry level cordless models and their key features.

| Series | Charging time (hours) | Run time (minutes) | Maximum cleaning surface (square meters) | Maximum water depth (meters) | Moving speed (meters per minute) | Key features | Representative Product image |
|---|---|---|---|---|---|---|---|
| *WYBOT A1* . . . . . | 2.5 | 120 | 100 | 2.7 | 16 | • Upgraded filtration capabilities; and<br>• Enhanced edge cleaning technology, which enables it to pause for targeted edge cleaning when hitting the wall.<br>• Integrated filtration and adsorption system, which enables high-precision filtering while effectively mitigates the risk of rapid filter clogging, thereby preventing disruptions to machine operation. |  <br>*WYBOT A1* |
| *Osprey 300 Series* . . . . . | 5-7 | 90-120 | 100 | 2.5 | 16 | • Enhanced power capability; and<br>• Suitable for small pools and medium pools |  <br>*Osprey 300/300 Pro/300II* |



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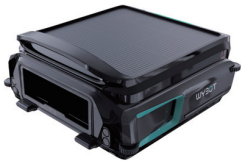
| Series | Charging time (hours) | Run time (minutes) | Maximum cleaning surface (square meters) | Maximum water depth (meters) | Moving speed (meters per minute) | Key features | Representative Product image |
|---|---|---|---|---|---|---|---|
| *Osprey 200 Series* . . . . . | 3-4 | 60-100 | 80 | 2.5 | 16 | • Implemented the patented Touch & Reverse technology (achieving wall-contact reversing) through a Hall sensor and a resistance plate;<br>• Simple product structure;<br>• Reliable performance; and<br>• Excellent adaptability to underwater environments. |  <br>*Osprey 200/200 Max* |
| *Frisbee Series* . . . . . | 4-5 | 50-100 | 50 | 2 | 16 | • Implemented the patented Touch & Reverse technology (achieving wall-contact reversing) through a fully mechanical structure;<br>• Simple product structure;<br>• Reliable performance;<br>• Flexible operation; and<br>• Excellent path coverage capability. |  <br>*HJ1101JS/HJ1101S* |

***Premium Level Cordless Models***

Our premium level products primarily include *WYBOT C Series*, *WYBOT F1* and *Osprey 700 Series*. Our premium level products generally have enhanced battery capacity that is suitable for the cleaning of small in-ground residential pools. The retail price of our premium level cordless models typically ranges from US$399.99 to US$999.99. The following table sets forth our major premium level cordless models and their key features.



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| Series | Charging time (hours) | Run time (minutes) | Maximum cleaning surface (square meters) | Maximum water depth (meters) | Moving speed (meters per minute) | Key features | Representative Product image |
|---|---|---|---|---|---|---|---|
| *WYBOT C Series* . . . . | 2.5-3.5 | 120-240 | 200 | 4 | 11-16 | • Five cleaning modes, including full pool cleaning, floor only cleaning, wall only cleaning, wall-then-floor cleaning and eco floor cleaning;<br>• Cutting-edge functions, such as intelligent obstacle surmounting and unique autonomous path planning; and<br>• Infrared sensor, scheduled cleaning function and improved user interface design. |  <br>*WYBOT C1/C1 Pro/C1 Max*<br>  <br>*WYBOT C2/C2 Vision/ C2 Pro/C2 Pro Vision* |
| *WYBOT F1* . . . . . | 5-6 | 420-480 | No pool size limitation | No maximum pool depth limitation | 7 | • Pump suction cleaning technology;<br>• Green energy supply, charged with solar power in real time; and<br>• Intelligent path planning for high cleaning coverage. |  <br>*WYBOT F1* |
| *Osprey 700 Series* . . . | 2-4.5 | 110-165 | 300 | 3 | 11 | • One of the first commercialized wall-climbing robotic cleaner powered by lithium batteries;<br>• Four cleaning modes, including full pool cleaning, floor only cleaning, wall only cleaning and wall-then-floor cleaning;<br>• Single-side wall-climbing technology; and<br>• Gear-synchronized belt transmission technology to enhance the reliability and stability of the transmission system without taking up substantial space. |  <br>*Osprey 700/700 Pro/700 Max* |



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### *Flagship Level Cordless Models*

Our flagship level products primarily include *WYBOT S1*, *WYBOT S2* and *WYBOT M1*, suitable for small-to-medium residential pool cleaning. The retail price of our flagship level cordless models typically ranges from US$899.99 to US$1,119.99. The following table sets forth our major flagship level cordless models and their key features.

| Products | Charging time (hours) | Run time (minutes) | Maximum cleaning surface (square meters) | Maximum water depth (meters) | Moving speed (meters per minute) | Key features | Representative Product image |
|---|---|---|---|---|---|---|---|
| *WYBOT S1* and *WYBOT S2* models . . . . . | 2.5-3 | 150-210 | 300 | 3 | 10 | • Seven cleaning modes, including full pool cleaning, floor only cleaning, wall only cleaning, waterline cleaning, wall-then-floor cleaning, eco floor cleaning and turbo floor cleaning; and<br>• Cutting-edge functions including intelligent obstacle surmounting, scheduled cleaning and real-time data upload. |  <br>*WYBOT S1*<br>  <br>*WYBOT S2* |
| *WYBOT M1* . . . . . | 3.5 | 300 | 400 | 3 | 10 | • Seven cleaning modes, including full pool cleaning, floor only cleaning, wall only cleaning, waterline cleaning, wall-then-floor cleaning, eco floor cleaning and turbo floor cleaning; and<br>• IoT operation, connection with our *WYBOT APP* through Bluetooth or WiFi and synchronization on our app to set up our robotic pool cleaners, and over-the-air product upgrades. |  <br>*WYBOT M1* |

### *Pioneer Level Cordless Models*

To spearhead product innovation, we have developed robotic pool cleaners that utilize solar energy as power sources, showcasing our dedication to revolutionary and forward-thinking design. Our pioneer level products primarily include *WYBOT S3*, *WYBOT S2 Solar Series*, *WYBOT S2 Pro* and *WYBOT M2*, suitable for small-to-medium residential and commercial pool cleaning. The retail price of our pioneer level cordless models typically range from US$1,199.99 to US$2,999.99. The following table sets forth our major flagship level cordless models and their key features.



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| Products | Charging time (hours) | Run time (minutes) | Maximum cleaning surface (square meters) | Maximum water depth (meters) | Moving speed (meters per minute) | Key features | Representative Product image |
|---|---|---|---|---|---|---|---|
| *WYBOT S3* . . . . . | 3 | 180 | 300 | 3 | 10 | • World's first robotic pool cleaner that integrates both underwater 3D mapping and waste recycling capability, according to CIC;<br>• Solar charging<br>• Underwater AI vision with real-time underwater communication. |  <br>*WYBOT S3* |
| *WYBOT S2 Pro* . . . . . | 3 | 210 | 300 | 3 | 10 | • World's first robotic pool cleaner to adopt underwater ultrasonic communication technology to achieve underwater docking, according to CIC;<br>• Underwater wireless charging technology and low-battery automatic docking and charging function;<br>• Extra-large brushless water pump, which provides strong suction power for dirt removal;<br>• Double-layer filtration for fine dust and algae; and<br>• Seven cleaning modes, including full pool cleaning, floor only cleaning, wall only cleaning, waterline cleaning, wall-then-floor cleaning, eco floor cleaning and turbo floor cleaning. |  <br>*WYBOT S2 Pro* |
| *WYBOT S2 Solar, WYBOT S2 Solar Vision* . . . . . | 3 | 150 | 300 | 3 | 10 | • World's first robotic pool cleaner with automatic return-to-dock and wireless solar charging design with real-time underwater communication, according to the CIC Report;<br>• Precise underwater acoustic positioning and autonomous navigation; and<br>• AI vision (only applicable to *WYBOT S2 Solar Vision*) |  <br>*WYBOT S2 Solar/S2 Solar Vision* |



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| Products | Charging time (hours) | Run time (minutes) | Maximum cleaning surface (square meters) | Maximum water depth (meters) | Moving speed (meters per minute) | Key features | Representative Product image |
|---|---|---|---|---|---|---|---|
| *WYBOT M2* . . . . . | 3.5 | 300 | 400 | 3 | 10 | • Intelligent algorithms for visual-based dirt identification and targeted cleaning, efficient underwater energy management and application technologies, underwater AI vision and environmental adaption cleaning technologies; and<br>• IoT operation similar to similar to *WYBOT M1*. |  <br>*WYBOT M2* |

**Corded Models**

We have also commercialized several models of traditional robotic pool cleaners with cables. Our corded robotic pool cleaners primarily consist of wall-climbing *WYBOT L1* and floor cleaning *Grampus 400* models. In 2023, 2024 and 2025, we generated revenue of RMB50.0 million, RMB32.2 million and RMB16.5 million from our corded models, respectively, accounting for 13.5%, 6.1% and 2.1% of our total revenue for robotic pool cleaners in the same periods, respectively. The retail price of our corded models typically ranges from 299.99 euros to 1,369.99 euros. Although a stable power supply is ensured for in-ground swimming pools, the operation of corded robotic pool cleaners is relatively inconvenient due to the need to manage lengthy cables of nine to 18 meters long. Similar to cordless models, our corded models feature 180μm filter basket and smart path planning system. Additionally, our corded models boast the following product features:

- *Cable anti-tangle technology*. Our corded models can be operated hassle-free, and the robots can move in all directions, and the integrated cable anti-tangle design further reduces the risk of entanglement.

- *Control panel for quick mode switch*. A control panel with indicator instruction is used for quick mode selection and switch.

- *Smart path planning system*. Similar to our cordless models, our corded models are equipped with infrared sensors, depth sensors, a six-axis gyroscope, and/or a path planning algorithm.

***Wall-climbing WYBOT L1***

The wall-climbing *WYBOT L1* has a runtime of up to 180 minutes, with the maximum cleaning surface of 130 square meters and maximum water depth of three meters. With a cable length of 18 meters, *WYBOT L1* can move at a speed of 10 meters per minute. The following image illustrates *WYBOT L1* cleaner.



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*WYBOT L1*

***Floor cleaning Grampus 400***

*Grampus 400* is a floor cleaning robot, suitable for pool floors with a maximum slope of 30 degrees and featuring pre-programmed cycle times of one hour, two hours and three hours for ease of use. The floor cleaning *Grampus 400* has the maximum cleaning surface of 40 square meters and maximum water depth of 2.5 meters. With a cable length of 10 meters, *Grampus 400* can move at a speed of 10 meters per minute and feature touch and reverse technology for effective cleaning. The following image illustrates *Grampus 400* cleaner.



*Grampus 400*

**Handheld Models**

*Hyson 100P* is our handheld pool cleaner model. Our handheld model is equipped with a 250-micron filter system. Its pole design is ideal for spot cleaning, and the detachable 59-inch extension pole offers flexible operability. These features make it well-suited for use in spas, hot tubs and both small in-ground and above-ground pools. Our *Hyson 100P* can be charged to full within three to four hours, and with a battery capacity range of 2,600mAh, when fully charged, *Hyson 100P* can work for a maximum of 60 minutes. The retail price of *Hyson 100P* typically ranges from US$99.99 to US$199.99. The following image illustrates *Hyson 100P* cleaner.




*Hyson 100P*



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## RESEARCH AND DEVELOPMENT

### R&D Strategies

We believe that our strong R&D capability is at the heart of our business and has been instrumental to our market position, continued success and business growth. According to the CIC Report, strong R&D capability and high-caliber talents are among the major entry barriers for the robotic pool cleaner industry. We have established an effective R&D system to expand the available functionalities of our products, accommodating specific needs of various different scenarios. In the future, we aim to spearhead the development of cordless robotic pool cleaners as well as innovation in robotic pool cleaning technologies to extend the frontier of the industry understanding and market acceptance of robotic pool cleaners. In 2023, 2024 and 2025, our research and development expenses was RMB19.3 million, RMB22.1 million and RMB30.4 million, respectively, accounting for 5.1%, 4.1% and 3.7% of our total revenue in the same periods, respectively.

### R&D Technologies

Leveraging our strong R&D capability, perceptive insight into market trends and customer demands, and steadfast dedication to product quality, we have achieved substantial accomplishments in various robotic pool cleaner model designs with technology breakthroughs in robotic and pool cleaning technologies. We have launched intelligent robotic products with our innovative, AI-powered technology, featuring environmental adaption and efficient cleaning, efficient underwater energy management and application, underwater 3D mapping, precise underwater acoustic positioning, autonomous navigation, and underwater AI vision.

We have curated a comprehensive technology portfolio to accommodate various customer demands, which comprises primarily (1) environmental adaption and efficient cleaning technology, including primarily cable anti-tangle technology, multi-environment adaptivity technology and out-of-water detection technology; (2) efficient underwater energy management and application technology, including primarily lithium-ion battery power supply technology, waterproof sealing technology, and smart emerging and submerging technology; (3) underwater 3D mapping, precise underwater acoustic positioning and autonomous navigation technologies, including primarily navigation and traversal technology, remote-controlled sequential cleaning technology, touch and reverse technology, and smart docking technology; (4) underwater AI vision technology, including primarily machine vision technology; and (5) autonomous waste collection.

***Environmental Adaption and Efficient Cleaning***

*Cable anti-tangle technology*

Our cable anti-tangle technology addresses cable entanglement issues for our corded models by improving the cables and path algorithm of the cleaners. We select material of proper sturdiness and toughness for the cables to reduce entanglement. We also implant path algorithm to minimize the cable intertwining by implementing alternate steering. Application of this technology not only reduces cable entanglement during operation, but also helps to ensure full coverage of the cleaning path of the cleaners.



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*Multi-environment Adaptivity Technology*

Robotic pool cleaners need to have strong adaptivity to properly function in various pool conditions. We have carefully designed and repeatedly verified the dynamic and static modes of each of our products to ensure robots' stable function when they are in various positions and performing in different pool conditions. We have also developed a framework for the cleaning and filtering design that enables effective cleaning for common stain spots in a pool environment. In addition, we are developing AI algorithms for sensors with ultrasonic radar to automatically perceive underwater environment, enhancing the underwater AI vision capabilities of our products to improve cleaning efficiency and safety.

*Out-of-water Detection Technology*

Our out-of-water detection technology allows our cleaners to determine whether they have gone out of water and ensures that our cleaners stay below the waterline when performing wall-cleaning function, by detecting various variables.

***Efficient Underwater Energy Management and Application***

*Lithium-ion battery power supply technology*

Combining waterproof sealing technology, we developed our lithium-ion battery power supply technologies, such as floating battery and built-in battery, to achieve a flexible and compact design for our robotic pool cleaners. Traditional robotic pool cleaners rely on cables and stationary power source, which restricts the movement of the robots and is susceptible to cable entanglement and obstructive to the smart transformation of robotic pool cleaners. The application of lithium-ion battery power supply technology eliminates the entanglement problem, as well as the restrictions on movement and control, associated with traditional cable-powered cleaners.

*Waterproof sealing technology*

Our waterproof sealing technologies, comprising dynamic sealing and static sealing technology, guarantees reliable underwater operation, and is applied to all of our robotic pool cleaners. During underwater operation, motors of robotic pool cleaners maintain a high-power output for a long period of time, and are fully immersed in water, which requires proper sealing of the motors for sustained and reliable operation. We adopt a unique dynamic sealing design and process and a static sealing structure that safeguards other electronic parts such as batteries and main control boards. We maintain a high standard for the selection of sealing material and craft to ensure the reliability of the overall sealing box.

*Smart emerging and submerging technology*

Developed specifically for our solar charging models, the smart emerging and submerging technology enables the cleaner to automatically move upward in water on low battery to recharge, and submerge to resume cleaning once finished charging. The movement of the cleaner is controlled by an adjustable floating compartment inside the cleaner. Combined with our mechanical design, this technology allows the cleaner to maintain the right pose during its recharging and cleaning.



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***Underwater 3D Mapping, Precise Underwater Acoustic Positioning and Autonomous Navigation***

*Navigation and traversal technology*

Robotic pool cleaners need to traverse all surfaces when cleaning the pool. We have developed different traversal technologies for different models. For floor cleaning modes, we adopt random collision method, which enables our cleaners to cover dead-zone spots that may occur in convergence graph method. For the wall-climbing models, we design algorithms based on the inertial navigation system that employs electronic accelerometers and gyroscopes to perform pose estimation. In addition, we utilize multi-sensor fusion technology to integrate sensors, including infrared, ultrasound, and depth sensors, significantly enhancing the robot's reaction to various pool conditions. We are currently developing a new generation of products, expected to be commercialized in 2025, that achieves underwater simultaneous localization and mapping through a combination of sonar and underwater camera to design smarter cleaning routes, and keep track of their locations for enhanced 3D mapping and AI path planning.

*Remote-controlled sequential cleaning technology*

We adopt different cleaning strategies for different shapes of swimming pools, and users can manually choose the strategies via our mobile app. For example, rectangular pools are best cleaned with straight line cleaning, and the robot moves from one end of the pool to the other end and automatically adjusting the direction when it arrives at the wall-touching point. For non-rectangular pools, we improved the sequential cleaning method and adopted gyroscope-calculated path planning to prevent omission while maintaining efficiency.

*Touch and reverse technology*

Our touch and reverse technology prevents cleaners from getting stuck on the wall of the pool or obstacles. It enables the robots to accurately determine whether it is stationary or in motion, and to change direction smoothly, either by means of a magnetic switch or a fully mechanical method. Utilizing hydrodynamic tooth clutch impeller combination, we successfully achieve suction, movement, changing direction and all other functions with a single motor, which significantly reduces costs and size of the cleaners.

*Smart docking technology*

We have developed ultrasonic smart docking technology and wireless charging technology for our cordless models. These technologies allow the cleaners to send and receive signals from the charging docks mounted on the wall of the pool through ultrasonic waves, to locate and automatically return to the dock and charge wirelessly. During this process, the cleaner automatically controls its movement and adjust its pose according to its real-time measurement and detection.

***Underwater AI Vision***

*Machine vision technology*

Machine vision technology enables the robotic cleaners to perceive and understand the condition of the pool through high performance computing and professional AI processors with a series of image processing and analyzing algorithms. Compared to traditional sequential robotic cleaning mode that disregards the sanitary condition of the pools, our camera-based machine vision application program enables the cleaners to actively identify garbage and dirt in the swimming pool through the camera and perform targeted cleaning.



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***Autonomous Waste Collection***

We have further developed an automatic waste collection technology for robotic pool cleaners equipped with intelligent docking functionality. After the robot docks with the station/base, the high-power water pump generates strong and concentrated suction to actively and thoroughly extract dust, hair, and even larger particles from the robotic pool cleaner's filter. The waste is then transferred through a dedicated channel into a large-capacity, easy-to-replace dust bag inside the station/base, reducing frequent manual cleaning to a centralized process only once every few weeks. This represents a key leap from automatic cleaning to automatic waste disposal, creating a complete "robot-to-station" collaborative ecosystem that addresses the final stage of user intervention and achieves fully automated pool maintenance.

The following table sets forth information of certain of our selected registered patents and patent applications for our key technologies.

| Patent Name | Patent Type | Patent Number |
|---|---|---|
| ***For environmental adaption and efficient cleaning technology*** | | |
| An automatic pool cleaner with full gear transmission (一種全齒輪傳動的泳池自動清潔機) | Utility model patent | 2020208103562 |
| A filtration device and a pool cleaner installed with the filtration device (一種過濾裝置及含有該過濾裝置的泳池清潔機) | Utility model patent | 202222123551X |
| A transmission mechanism and an underwater cleaning device (一種傳動機構及水下清潔裝置) | Utility model patent | 2022223883945 |
| Flow channel structure and cleaning robot (一種流道結構以及清潔機器人) | Utility model patent | 2024213264539 |
| Sealing structure of sealing box of swimming pool sewage suction machine and swimming pool sewage suction machine (一種泳池吸污機密封盒的密封結構及泳池吸污機) | Utility model patent | 2024200790644 |
| Swimming pool robot system (一種泳池機器人系統) | Utility model patent | 2023229691799 |
| Water surface cleaning robot (水面清潔機器人) | Utility model patent | 202323211681X |
| A filtration device and suction pool cleaner (一種過濾裝置及泳池吸污機) | Utility model patent | 2023220470606 |
| Sealing box for pool cleaning device and pool cleaning device (用於泳池清潔設備的密封盒及泳池清潔設備) | Invention patent | 2025116717489 (patent application under review) |
| ***For efficient underwater energy management and application technology*** | | |
| A quick charging structure for pool cleaner (一種泳池清潔機快速充電的結構) | Utility model patent | 2022213678427 |
| A structure to prevent corrosion of charging ports of pool cleaners and pool cleaners (一種預防泳池清潔機充電口腐蝕的結構及泳池清潔機) | Utility model patent | 2022214129677 |
| Underwater cleaning device (一種水下清潔裝置) | Utility model patent | 2023229747987 |
| Waterproof protection circuit and underwater cleaning equipment (防水保護電路和水下清潔設備) | Utility model patent | 2023234079656 |
| Battery box, battery and electric equipment (電池盒、電池及用電設備) | Utility model patent | 2023230730671 |
| A battery protection circuit and battery (一種電池保護電路及電池) | Utility model patent | 2025224114440 (patent application under review) |
| ***For underwater 3D mapping, precise underwater acoustic positioning and autonomous navigation technologies*** | | |
| Obstacle detection device for swimming pool cleaning machine | Invention patent | EP3626912 |



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| Patent Name | Patent Type | Patent Number |
|---|---|---|
| Mechanism for detecting obstacles and mechanically reversing a direction of a pool cleaner | Invention patent | US11761225 |
| Obstacle touching detecting device of swimming pool cleaner | Invention patent | CA3096929 |
| Mechanism for detecting obstacles and mechanically reversing a direction of a pool cleaner | Invention patent | EP3835515 |
| POOL CLEANER HAVING OBSTACLE DETECTING DEVICE | Invention patent | US12099367 |
| Pool cleaning device (水池清潔設備) | Utility model patent | 2023231210585 |
| Obstacle contact detection device for swimming pool cleaning machine (泳池清潔機的觸壁檢測裝置) | Invention patent | 2018103979182 |
| Mechanical reversing contact obstacle detection mechanism of pool cleaning machine (一種水池清潔機機械換向觸壁檢測機構) | Invention patent | 2019103686970 |
| Pool mapping methods, devices and pool cleaning robot (泳池地圖的構建方法、裝置以及泳池清潔機器人) | Invention patent | 2025113643144 (patent application under review) |
| ***For underwater AI vision technology*** | | |
| Method and device of controlling underwater cleaners, and underwater cleaner (水下清潔機器人的控制方法、裝置以及水下清潔機器人) | Invention patent | 2023113123649 (patent application under review) |
| Pool cleaner and pool cleaning systems with such cleaners (水池清潔機器人和具有其的水池清潔系統) | Invention patent | 2023115266007 (patent application under review) |
| Underwater cleaner mapping methods, devices and underwater cleaner (水下清潔機器人建圖方法、裝置及水下清潔機器人) | Invention patent | 2023115890630 (patent application under review) |
| Method and device of controlling underwater cleaners, and underwater cleaner (水下清潔機器人的控制方法、裝置及水下清潔機器人) | Invention patent | 2023115785808 (patent application under review) |
| Method and device of controlling underwater cleaners, and underwater cleaner (水下清潔機器人的控制方法、裝置以及水下清潔機器人) | Invention patent | 2024100781283 (patent application under review) |
| Target cleaning methods, devices, cleaning equipment, and storage medium (目標清理方法、裝置、清潔設備和存儲介質) | Invention patent | 2025107860242 (patent application under review) |
| A pool cleaning robot system (一種泳池清潔機器人系統) | Utility model patent | 2025116219360 (patent application under review) |
| ***For autonomous waste collection*** | | |
| Pool cleaning system (水池清潔系統) | Invention patent | 202411522053X (patent application under review) |
| Filtration device and pool cleaning robot system (過濾裝置及水池清潔機器人系統) | Utility model patent | 202520760932X (patent application under review) |
| Pool cleaning system (水池清潔系統) | Utility model patent | 2024209972154 |
| Station and pool cleaning system (基站及水池清潔系統) | Utility model patent | 202522423009X (patent application under review) |



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**R&D Team**

Our R&D team has in-depth academic and practical background in a wide range of related fields, including industrial design, material science, physics, computer science, network, automation, mechanical engineering, fluid mechanics and electrical engineering. As of the Latest Practicable Date, our R&D team consisted of 77 members, of which 69 members hold bachelor's degrees and 29 members hold master's degrees or above. On average, our R&D team had work experiences of over 10 years in pertinent areas as of the same date. We have entered into legally binding confidentiality agreements with our key employees and employees involved in our R&D activities.

For our R&D talent recruitment, we primarily rely on online recruitment and focus on candidates majoring in fields such as physics, mechanical engineering, fluid mechanics and electrical engineering and AI technologies and algorithm at top-tier universities, including those who studied or received trainings in equivalent fields overseas. We assess, among others, their academic performance, professional qualifications, years of relevant experience, moral character, and fitness within our corporate culture. We also recruit R&D personnel from diverse talent recruiting channels, including from other companies specializing in robotic technologies. When evaluating such candidates, our key criteria include sound technical skills and successful achievement of a certain degree of academic standing or expertise in the robotic technology field.

We review the performance of our R&D personnel regularly with reference to performance targets set primarily based on their positions and their respective departments. The results of such reviews will later be used in salary determinations, bonus awards and promotion appraisals.

We provide competitive employment packages, including base salaries, bonuses and benefits. Benefits generally include paid vacation leave, which includes holiday leave, sick leave, personal leave, maternity leave and family visitation, as well as social insurance as mandated by relevant PRC laws and regulations. See "—Employees."

We have implemented an internal training system well-designed for our R&D personnel's career development.

**R&D Process**

We divide the product development process into the conceptual stage, the planning stage, the development stage, the verification stage, and the mass production stage. Our R&D concepts are typically originated from our strategic planning or customer demand, based on which we conduct market demand analysis and technology feasibility analysis. Once the concepts are approved by our evaluation committee, we enter the planning stage and produce a model product, on which we continue to perform tests and evaluation. Upon approval by our evaluation committee, we initiate the first phase of the development stage by formulating the overall plan of product development, followed by designing and developing a proof-of-concept prototype product, on which we primarily conduct functionality tests and failure effect analysis. In the second phase, we build an assembled prototype product, on which we conduct full-function tests, reliability tests, mechanical strength tests, environment adaptivity tests and duration tests. At the same time, we conduct international certification and packaging design and verification, as well as production tooling preparation.



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Upon satisfactory review of the R&D result at the end of development stage, we will proceed to the verification stage, during which we commence trial production. We will conduct functionality tests on the samples and evaluate relevant production data. Projects that pass our internal review at the end of verification stage will enter the mass production stage. We commence the first batch of mass production and subsequently conduct final review.

## MANUFACTURING

We implement our manufacturing philosophy of scientific management and lean production. Our production process adopts ISO9001 quality management system and advanced production facility. We formulate our manufacturing plans based on purchase orders from our customers, production capacity, current production schedule and our sales projections, pursuant to which we determine our procurement budgets and adjust production schedules. For our long term customers with stable annual purchase volume, including some of our third- party merchants for branded products and some ODM customers, we typically maintain an inventory level based on their typical annual purchase volume. For other third-party merchants for branded products and other ODM customers, we typically commence manufacturing upon receiving their purchase orders. For our branded products to be sold to end consumers through online sales, we typically prepare the inventory three to six months in advance, based on the historical sales performance and our sales projection, and we will ship the finished goods to our warehouses for timely delivery to end consumers upon receiving their purchase orders. Our sales department will send approved manufacturing instructions to manufacturing department, which then categorizes product types, reviews production feasibility and makes raw material checklists and production schedules. Our procurement department will also formulate procurement budgets based on the raw material checklists and the then-current inventory level. We believe that such manufacturing arrangements have allowed us to maintain reasonable inventory, ensure production efficiency and capture customer demand in an agile and flexible manner.

### Manufacturing Facilities

We manufacture substantially all of our products at our owned production facilities. As of December 31, 2025, our manufacturing facilities had a gross floor area of over 10,000 square meters, all of which were put into use. All of our manufacturing facilities are located in Tianjin, proximate to our R&D center for coordinated management. Our facilities' designed annual production volume was approximately 650,000 product units in 2024. The table below sets forth relevant information of our manufacturing facilities.

| | Location | Gross floor area | In operation since | Product manufactured |
|---|---|---|---|---|
| | | *(square meters)* | | |
| Plastic injection workshop | Tianjin | 4,356.0 | 2021 | Plastic components used in our robotic pool cleaners |
| Assembly workshop 1 | Tianjin | 3,024.0 | 2014 | Assembly of small robotic pool cleaners |
| Assembly workshop 2 | Tianjin | 3,024.0 | 2014 | Assembly of large robotic pool cleaners |



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Our plastic injection workshop is equipped with injection molding machine, molds, automatic feeding system and overhead crane. Our assembly workshops are equipped with assembly lines, dispensing machine, automatic machines, function testing machines, sealing chamber testing equipment, testing pool, drying and packaging equipment. The manufacturing cycle of our products is approximately seven to 30 days from receiving the manufacturing instructions from our sales department, depending on the sufficiency of our raw material and component inventory. As of the Latest Practicable Date, we owned all the machinery and equipment used in the manufacturing of our marketed products. We perform routine and preventive maintenance on our manufacturing machinery and equipment to ensure their proper functioning and compliance with relevant laws and regulations. Specifically, we require relevant manufacturing personnel to fill out an inspection form for our manufacturing facilities on a daily basis, and upon identifying any irregularity, they shall timely contact equipment engineers for repairment. During the Track Record Period, we had not experienced any material or prolonged stoppage of production due to equipment failure, or any material accidents during our manufacturing process.

**Manufacturing Process**

Our manufacturing process primarily includes the following steps: (1) semi-finished product assembly, (2) full machine assembly and testing, during which step we assemble chassis, watertight compartments, upper casings for cordless models, and also power boxes for corded models, and (3) finished product packaging. We have designed and implemented a series of quality control and assurance policies to ensure high product quality throughout our manufacturing process. See "—Quality Control—Quality Management System—Manufacturing" for details.



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**Production Capacity and Utilization Rate**

The following table sets forth our production capacity and utilization rate by product types for the periods indicated.

| | Year ended December 31, | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | | | 2024 | | | 2025 | |
| | Production capacity[1] | Production volume[2] | Utilization rate[3] | Production capacity[1] | Production volume[2] | Utilization rate[3] | Production capacity[1] | Production volume[2] | Utilization rate[3] |
| | *(in thousand units, except for the percentages)* | | | | | | | | |
| Cordless models | 520.0 | 475.5 | 91.4% | 595.0 | 556.0 | 93.5% | 610.0 | 605.6 | 99.3% |
| Corded models | 35.0 | 25.2 | 72.1% | 15.0 | 14.5 | 96.7% | 5.0 | 3.6 | 72.0% |
| Handheld models | 15.0 | 12.0 | 80.1% | 40.0 | 38.5 | 96.3% | 9.0 | 6.5 | 72.2% |
| **Total** | **570.0** | **512.8** | **90.0%** | **650.0** | **609.4** | **93.8%** | **624.0** | **615.7** | **98.7%** |

(1) Production capacity is calculated based on the maximum capacity at the full machine assembly stage of the manufacturing process, with the machine downtime varied among different periods. In particular, the production capacity in 2023, 2024 and 2025 are calculated based on the assumptions that the production lines operated for an average of eight hours per day, 22 days per month and ten months per year.

(2) Production volume refers to the number of robotic pool cleaners produced in a given period.

(3) Utility rate is calculated by dividing the production volume of a given period by the production capacity of the same year.

Our production capacity increased from 570.0 thousand units in 2023 to 650.0 thousand units in 2024, and remained relatively stable at 624.0 thousand units in 2025, primarily because we ramped up our production capacity in response to growing market demands. Our utilization rate increased from 90.0% in 2023 to 93.8% in 2024, primarily due to further optimization and adjustments to the production lines and layout in 2024, including the addition of a new assembly line. Our utilization rate further increased to 98.7% in 2025, primarily because we optimized our workshop layout and production line configuration from June to August 2024 and increased the utilization of automated equipment in certain processes, which improved capacity utilization.



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The following table sets forth our production capacity and utilization rate for each of our manufacturing facilities for the periods indicated.

| | Year ended December 31, | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2023 | | | 2024 | | | 2025 | | |
| | Production capacity[1] | Production volume[2] | Utilization rate[3] | Production capacity[1] | Production volume[2] | Utilization rate[3] | Production capacity[1] | Production volume[2] | Utilization rate[3] |
| | *(in thousand units, except for the percentages)* | | | | | | | | |
| Plastic injection workshop | 605.0 | 512.8 | 84.7% | 700.0 | 620.0 | 88.5% | 491.0 | 467.1 | 95.1% |
| Assembly workshop 1 | 440.0 | 445.7 | 99.0% | 361.0 | 358.1 | 99.2% | 265.2 | 262.0 | 98.8% |
| Assembly workshop 2 | 120.0 | 67.1 | 55.9% | 270.0 | 251.3 | 93.1% | 358.8 | 353.7 | 98.6% |
| **Total** | **570.0** | **512.8** | **90.0%** | **650.0** | **609.4** | **93.8%** | **624.0** | **615.7** | **98.7%** |

(1) Production capacity is calculated based on the maximum capacity at the full machine assembly stage of the manufacturing process, with the machine downtime varied among different periods. In particular, the production capacity in 2023, 2024 and 2025 are calculated based on the assumptions that the production lines operated for an average of eight hours per day, 22 days per month and ten months per year.

(2) Production volume refers to the number of robotic pool cleaners produced in a given period.

(3) Utility rate is calculated by dividing the production volume of a given period by the production capacity of the same year.

The utilization rate of our plastic injection workshop increased from 84.7% in 2023 to 88.5% in 2024, and further to 95.1% in 2025, primarily due to the improvement of our production technique and the automation level, as well as the addition of manufacturing machines. The utilization rate of our assembly workshop 1 remained relatively stable at 99.0% in 2023, 99.2% in 2024 and 98.8% in 2025. The utilization rate of our assembly workshop 2 increased from 55.9% in 2023 to 93.1% in 2024, and further to 98.6% in 2025, primarily due to the addition of production lines and the increase in the sales volume of our cordless models.



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### Expansion Plan

The global robotic pool cleaner market, in terms of GMV, is expected to increase from US$2,799.7 million in 2025 to US$4,567.7 million by 2030, with a CAGR of 10.3% from 2025 to 2030, according to the CIC Report. We believe that this enormous yet underpenetrated market presents great market potential for our products. In anticipation of the increase in demand, we plan to further enhance our mass production capability by adding new production equipment and machinery, enhancing automation and efficiency for our existing equipment and machinery and expanding our manufacturing facilities.

To enhance information-based manufacturing, we plan to invest in advanced planning and scheduling system, manufacturing execution system and product traceability system, which we believe enable us to collect data on and monitor the implementation and processes of manufacturing tasks, automate manufacturing scheduling and achieve end-to-end traceability of the entire manufacturing process.

In addition, we plan to expand our manufacturing facilities. We have obtained the Investment Project Filing Certificate for establishing a new production base along with warehouses in Tianjin, China, with a proposed total site area of approximately 31,000 square meters, which is expected to increase our annual production capacity of robotic pool cleaners by more than 600,000 units. We plan to initiate the application for the property ownership certificate upon finalization of the site. We currently expect to complete the construction and commence operation for this production base by 2027, and our total annual production capacity is expected to reach more than 1.2 million units. We expect to incur total investment of approximately RMB[**REDACTED**] for the construction of our new production base, which will be primarily funded by the [**REDACTED**] from the [**REDACTED**], our cash reserves and operating cash flow in the future. See "Future Plans and Use of [**REDACTED**]—Use of [**REDACTED**]." We also plan to further extend our annual production capacity to more than 2.0 million units with total site area of more than 60,000 square meters for our production base in the future.

We may face a number of challenges in implementing our expansion plans, such as procurement of sales orders and raw materials and maintaining quality control. We intend to further improve the automation levels of our production process to reduce our dependence on manual labor to the largest extent. However, we may face failure or delay in implementing our expansion plan. See "Risk Factors—Risks Relating to Our Business and Industry—Failure to successfully execute our equipment upgrade and capacity expansion plans may have a material adverse effect on our business, financial conditions and results of operations."

## SALES AND MARKETING

We have established an expansive global customer network, covering 60 countries and regions, primarily including those in North America, Europe, Asia and Oceania, as of the Latest Practicable Date. We sell and market our products through our experienced sales and marketing team. As of the Latest Practicable Date, we had a sales and marketing team of 81 members. In 2023, 2024 and 2025, our selling and marketing expenses were RMB97.2 million, RMB173.8 million and RMB302.5 million, respectively, representing 25.7%, 32.0% and 37.2% of our total revenue in the same periods, respectively.



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### Geographic Coverage

We have established a global customer network, offering a broad spectrum of products to 60 countries and regions, primarily including those in North America, Europe, Asia and Oceania, as of the Latest Practicable Date. The table below sets forth our revenue breakdown by geographic location, based on the location at which our products are delivered, each expressed as an absolute amount and as a percentage of our total revenue, for the periods indicated.

| | Year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | *(RMB in thousands except for percentages)* | | | | | |
| North America[(1)] | 188,180 | 49.8 | 268,673 | 49.4 | 359,197 | 44.2 |
| Europe[(2)] | 136,194 | 36.0 | 217,737 | 40.1 | 332,377 | 40.9 |
| China | 38,624 | 10.2 | 19,865 | 3.7 | 56,215 | 6.9 |
| Others countries and regions[(3)] | 14,952 | 4.0 | 37,260 | 6.9 | 64,413 | 7.9 |
| **Total** | **377,950** | **100.0** | **543,535** | **100.0** | **812,202** | **100.0** |

(1) Includes primarily the United States and Canada.

(2) Includes primarily Spain, France, Germany, Italy and Austria.

(3) Includes primarily Australia.

### Sales Model

We sell our branded robotic pool cleaners primarily through online and offline sales primarily in North America, Europe, Asia and Oceania under two brands, *WYBOT* and *Winny Pool Cleaner*. Under our *WYBOT* brand, we primarily offer high-end, high-tech products, and under our *Winny* brand, we primarily offer products with high cost-effectiveness. We also sell commissioned products on an ODM basis primarily to global pool equipment brands, such as Bestway, CASH and Productos QP, which on-sell them to end consumers primarily through offline channels.

Our branded products differ from commissioned ODM products in terms of design, functionality, pricing strategy, and target market positioning. To actively manage potential cannibalization risks, we have adopted a multi-dimensional approach covering the following aspects.

- *Market and customer*. We generally avoid entering the core markets and sales channels of our ODM customers. Our branded products focus on the emerging markets that are either underserved or not effectively covered by ODM customers. Meanwhile, we maintain open and regular communication with our ODM customers to ensure alignment and mutual understanding regarding market boundaries and product positioning.

- *Product and branding*. While leveraging shared technology platforms, R&D capabilities, and manufacturing processes, we ensure clear distinctions in product form, feature combinations, and user experience between our branded products and ODM offerings. Our branded products are built around distinct brand stories and value propositions, which are intentionally differentiated from those of our ODM customers. Our ODM products focus on cost efficiency and customization to meet ODM customer's specific functional needs, whereas our branded products focus on technological innovation and premium user experience for establishing a high-end market image of our brand.



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- *Independent operation.* We operate separate business units for ODM and branded product lines, each with independent teams and management structures. The ODM business unit is evaluated based on customer satisfaction, order profitability, production efficiency, and delivery timeliness. In contrast, the branded product unit is assessed based on brand awareness, revenue growth, profit margin, market share, and inventory turnover.

The table below sets forth our revenue breakdown by sales model, each expressed as an absolute amount and as a percentage of our total revenue, for the periods indicated.

| | For the year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | *(RMB in thousands except for percentages)* | | | | | |
| **Branded Products** | **253,765** | **67.1** | **393,332** | **72.4** | **677,948** | **83.5** |
| Online sales | 222,660 | 58.9 | 354,765 | 65.3 | 530,482 | 65.3 |
| – DTC | 197,883 | 52.4 | 318,535 | 58.6 | 458,825 | 56.5 |
| – B2B | 24,776 | 6.6 | 36,230 | 6.7 | 71,657 | 8.8 |
| Offline sales | 31,105 | 8.2 | 38,567 | 7.1 | 147,466 | 18.2 |
| – Sales to third-party merchants | 28,011 | 7.4 | 29,654 | 5.5 | 130,791 | 16.1 |
| – Direct sales to end consumers | 3,094 | 0.8 | 8,913 | 1.6 | 16,675 | 2.1 |
| **ODM products** | **117,551** | **31.1** | **133,516** | **24.6** | **127,088** | **15.6** |
| **Accessories** | **6,634** | **1.8** | **16,687** | **3.1** | **7,166** | **0.9** |
| **Total** | **377,950** | **100.0** | **543,535** | **100.0** | **812,202** | **100.0** |

***Branded Products***

Since 2023, we have strategically placed greater emphasis on the development and sales of our branded products, opening up online sales channels such as Amazon, and further expanding the business scale of our own branded products. We also conduct offline sales of our branded products to third-party merchants to expand our market reach. In 2023, 2024 and 2025, our revenue generated from the sales of branded products was RMB253.8 million, RMB393.3 million and RMB677.9 million, respectively, accounting for 67.1%, 72.4% and 83.5% of our total revenue in the same periods, respectively.

*Online Sales*

We have achieved rapid and substantial growth in online sales. Our online sales are primarily conducted on E-commerce marketplaces, such as Amazon, our E-commerce independent websites on Shopify, Woot, Walmart, Best Buy, Lowe's, Target, and Home Depot. Boasting a network comprising thousands of retail stores, such online marketplaces serve as direct channels for end consumers to conveniently place orders and purchase our products. Our revenue attributable to online sales of our branded products was RMB222.7 million, RMB354.8 million and RMB530.5 million in 2023, 2024 and 2025, respectively, accounting for 58.9%, 65.3% and 65.3% of our total revenue in the same periods, respectively. Among such revenue, our revenue generated through Amazon was RMB211.1 million, RMB309.8 million and RMB404.1 million, respectively, accounting for 94.8%, 87.3% and 76.2% of our total revenue attributable to online sales of our branded products in the same periods, respectively.



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Our sales operations on online platforms are conducted primarily under two distinct models, namely the direct-to-customer, or DTC, sales model and the business-to-business, or B2B, sales model.

Under the DTC sales model, we sell directly to end consumers who place order with us through our stores on the marketplaces. The end consumers are recognized as our customers. For this model, we typically purchase operational support services from the marketplaces, including order fulfillment, storage, and customer services, among others. In general, we are required to pay a commission to the marketplaces, which is typically a certain percentage rate of our sales revenue generated through our online stores on these marketplaces.

Under the B2B sales model, we supply our products to the online marketplaces, which in turn resell them to end consumers through their own online stores or channels. In our B2B sales, the marketplaces that purchase products from us for resale are recognized as our customers, and we do not need to pay any additional fees or commissions to the marketplaces.

Sales through Amazon

Since 2023, we have utilized Amazon's services to connect with a worldwide customer base across various key markets, including the United States, France, Germany, Spain, Italy, Canada and Australia, benefiting from Amazon's extensive global reach, robust infrastructure, and established reputation as a trusted online marketplace. Furthermore, the streamlined sales process and efficient services provided by Amazon align well with our rapid growth across multiple geographic markets, allowing us to operate with greater efficiency, which is a crucial aspect for our operations.

We sell our products on Amazon primarily through the Seller Central program, a comprehensive seller services program provided by Amazon that allows us to conduct online sales directly to end consumers under a DTC sales model. Using the dedicated Amazon Seller Central portal, we effectively manage various aspects of our Amazon sales, including inventory management, pricing updates, buyer communication, and adding new products. To streamline order fulfillment, we leverage Amazon's "Fulfillment By Amazon (FBA)" service, whereby we send our products to Amazon's warehouses and Amazon handle shipping and last-mile delivery to the end consumers on our behalf. Revenue recognition for our sales occurs upon the transfer of product control to our end consumers. In 2023, 2024 and 2025, our revenue generated through Amazon's Seller Central program was RMB186.3 million, RMB273.5 million and RMB332.4 million, respectively, accounting for 83.7%, 77.1% and 62.7% of our total revenue attributable to online sales of our branded products in the same periods, respectively.

In addition to the Seller Central program, we have also participated in Amazon's Vendor Central program. This program operates under a B2B sales model, where Amazon places bulk purchase orders with us on buyer-seller contractual arrangement, and subsequently fulfills its customer orders without our further involvements. Sales on Amazon under DTC model (Seller Central program) and the sales to Amazon under the B2B sales model (Vendor Central program) are not inter-conditional or otherwise inter-related. We have no control of their pricing strategy, nor do we have any access to their inventory control system. Unless quality defects, we do not allow Amazon to return products purchased from us. Additionally, we do not impose any minimum purchase quantity requirement. According to the CIC Report, such sales model is commonly adopted by participants of Amazon's Vendor Central program globally. In 2023, 2024 and 2025, our revenue generated through Amazon's Vendor Central program was RMB24.8 million, RMB36.2 million and RMB71.7 million, respectively, accounting for 11.1%, 10.2% and 13.5% of our total revenue attributable to online sales of our branded products in the same periods, respectively.



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In 2023, 2024 and 2025, our revenue generated through Amazon was RMB211.1 million, RMB309.8 million and RMB404.1 million, respectively, accounting for 55.9%, 57.0% and 49.7% of our total revenue in the same periods, respectively. Although Amazon was our largest online sales channel, we are not contractually bound to sell our products exclusively through Amazon. We maintain flexibility in selecting and managing our sales channels and also established diversified sales channels for our branded products during the Track Record Period, including our independent websites on Shopify, sales through other E-commerce platforms, and offline third-party merchants. In 2023, 2024 and 2025, our revenue generated through other E-commerce channels and offline third-party merchants was RMB39.6 million, RMB74.6 million and RMB257.2 million, respectively, accounting for 10.5%, 13.7% and 31.7% of our total revenue in the same periods, respectively.

Considering (1) our well-established and mutually beneficial business relationship with Amazon and our proven track record of well-performing and compliant operations on Amazon; (2) Amazon's inclusiveness as an open E-commerce marketplace; (3) our flexibility and efforts in expanding and diversifying our sales channels; (4) our growing customer base and our continuous effort to attract potential customers; (5) our strong brand image and innovative product portfolio that attracts interests from customers; and (6) our capability to maintain our business in light of the positive outlook for the market, our Directors do not consider our current reliance on Amazon possess material risks to us.

Sales through Shopify and Other Online Platforms

Our sales operations on Shopify and other online platforms are conducted through the DTC sales model. We operate independent websites on Shopify, with the major website addresses at www.wybotpool.com for the U.S. market, and www.eu.wybotpool.com for the European market. In 2023, 2024 and 2025, our revenue generated through Shopify was RMB8.4 million, RMB42.4 million and RMB121.7 million, respectively, accounting for 3.8%, 11.9% and 22.9% of our total revenue attributable to online sales of our branded products in the same periods, respectively. In 2023, 2024 and 2025, our revenue generated through other online platforms was RMB3.2 million, RMB2.6 million and RMB4.7 million, respectively, accounting for 1.4%, 0.7% and 0.9% of our total revenue attributable to online sales of our branded products in the same periods, respectively.

*Offline Sales*

To complement our online operations for our branded products, we also seek to expand our offline sales, aiming to further enhance our global footprint. Our offline sales for our branded products primarily include sales to third-party merchants, which include primarily pool equipment specialty retail chain stores, shopping malls, and supermarkets. To a much lesser extent, we also sell our branded products directly to end consumers.

Third-party merchants are in the business of merchandizing and generally carry a wide portfolio of robotic pool cleaner brands, which is an industry norm according to the CIC Report. Leveraging their extensive customer base and strong sales expertise, such third-party merchants effectively promote products from various manufacturers, including ours, which serves to significantly expand our market reach. Our revenue attributable to offline sales of our branded products, through third-party merchants, was RMB28.0 million, RMB29.7 million and RMB130.8 million in 2023, 2024 and 2025, respectively, accounting for 7.4%, 5.5% and 16.1% of our total revenue in the same periods, respectively.



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Third-party merchants are Independent Third Parties that purchase our products under a seller-buyer model by purchase orders. Accordingly, we recognize revenue upon the delivery and acceptance of products by these merchants, with returns limited to defective items. Ownership and control over the products are transferred upon acceptance, with all subsequent inventory risk borne by the merchants. We typically enter into framework agreements with such third-party merchants, with individual orders placed by purchase orders stipulating fixed prices, subject to bulk purchase discount.

The following table sets forth the key metrics of our cooperated third-party merchants for the periods indicated.

| | For the year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| Number of third-party merchants at the beginning of the period | 100 | 103 | 124 |
| Number of new third-party merchants | 64 | 85 | 162 |
| Number of exiting third-party merchants | 61 | 64 | 89 |
| Number of third-party merchants at the end of the period | 103 | 124 | 197 |

**No Material Risk of Channel Stuffing**

We believe that our sales reflect actual demand from our end consumers, and we have established effective mechanisms to prevent channel stuffing and ensure that our sales reflect genuine demand from our end consumers, because (1) we have implemented a strict return policy under which third-party merchants are not permitted to return products except for quality-related issues, thereby avoiding inflating sales through excessive shipments, (2) given the seasonality and rapid iteration of our branded products, third-party merchants have nearly no incentive to stockpile large quantities of our branded products, and (3) we typically require third-party merchants to place orders prudently and align their purchases with actual market demand. These arrangements enable us to maintain efficient collaboration with third-party merchants while eliminating material risk of channel stuffing.

***ODM***

For our ODM business, we have established long-term and stable relationships with world-renowned pool equipment brands, such as Bestway, CASH and Productos QP, and trade customers that engage in international trades. We believe that our close collaboration with top brand owners under the ODM model has allowed us to achieve quicker product iteration and wider market acceptance.

In 2023, 2024 and 2025, sales of ODM sales was RMB117.6 million, RMB133.5 million and RMB127.1 million, respectively, accounting for 31.1%, 24.6% and 15.6% of our total revenue in the same periods, respectively. Our revenue from ODM sales generally decreased during the Track Record Period in absolute amount and as a percentage of our total revenue, primarily because we strategically put more emphases on our branded product sales. During the Track Record Period, the number of our ODM customers was 31, 39 and 34 in 2023, 2024 and 2025, respectively. All of our ODM sales were conducted through offline channels.



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We typically enter into framework agreement with ODM customers, the salient terms of which are summarized as follows.

- *Term*. The term of the framework agreement with our ODM customers is typically one year.

- *Product, price and quantity*. The models, specifications, quantities and prices of our products to be sold to ODM customers shall be specified in the purchase orders.

- *Shipment*. Our products are shipped on a free-on-board basis, and the goods shall be delivered at the agreed place, time and to the transport agent designated by the ODM customers. Once the goods are on delivered at the agreed place, the risk of damage or loss during transit is transferred to the customer, who is responsible for costs for the rest of the journey to the destination, including paying for any transportation, insurance, tariffs and customs clearance costs.

- *Warranty*. The warranty period for printed circuit board, motor and battery is generally 24 months from the shipment date to our ODM customers or the end consumers. We also provide complimentary components with each order delivery, so that our ODM customers can fix quality issues by themselves, and we also provide complimentary components on demand within the warranty period.

- *Intellectual Property.* We retain all intellectual property rights with respect to our products. Our ODM customers shall not, without our prior written consent, use proprietary brand names, trademarks, trade names, logos and other intellectual property owned by us, or use our intellectual property rights to manufacture, sell, offer to sell or import any products for or on behalf of itself or any third parties.

- *Termination*. The framework agreement can be terminated with mutual written consent or upon contract expiration, unless renewed by both parties.

Our Directors consider that the risk of cannibalization between DTC and B2B channels is effectively managed through clear product positioning and differentiated channel strategies. The DTC channel serves to showcase our technological leadership and brand value. Products sold through DTC are primarily our latest and most advanced models equipped with proprietary technologies such as AI-powered underwater vision, precise acoustic positioning, 3D mapping and autonomous navigation, targeting our flagship level and pioneer level models. In contrast, the B2B channel comprises ODM customers and offline third-party merchants.

For ODM customers, we provide products based on industry-standard or relatively mature technology platforms, fundamentally avoiding overlap with our branded products. For offline third-party merchants selling our branded products, we implement subtle product line differentiation through specific models or customized configurations to maintain clear segmentation. In addition, the DTC channel focuses on direct consumer engagement, building brand loyalty, capturing higher margins and collecting first-hand user insights, while the B2B channel supports capacity utilization and production stability through ODM business and enables coverage of regions and market segments that DTC channels cannot deeply penetrate. We maintain strict internal guidelines to prevent product overlap across channels, apply pricing strategies and product feature differentiation to ensure that DTC premium models do not compete directly with B2B offerings, and regularly review channel performance and third-party merchants arrangements to ensure alignment with our overall brand and market strategy.



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Among third-party merchants, we mitigate cannibalization risk by allocating exclusive regional distribution rights, implementing differentiated product configurations and enforcing channel discipline through contractual terms. These measures ensure that third-party merchants focus on their designated markets and avoid direct competition with other third-party merchants or our DTC channel. Our Directors believe that these measures effectively minimize cannibalization risk and allow both channels to complement each other, driving overall growth.

**Marketing**

We constantly seek to deepen and explore the application scenarios of our products and services through maintaining and building relationships with our existing or new customers. To achieve this, we adopt multi-faceted marketing initiatives. We visit our customers to present them with our latest technologies and products or attend sales fairs for product demonstration. Furthermore, our management regularly attend major industry events and develop contacts among existing and potential customers in the industry, which further contribute to our sales and marketing results. We also utilize the broad influence of various social media platforms to reach more end consumers. We customize contents about our robotic pool cleaners and publish on popular social media platforms, such as Facebook and YouTube, and collaborate with key opinion influencers to promote our products. In addition, we employ Google's search engine and other promotional tactics to raise our brand awareness, driving traffic and sales growth for our E-commerce independent websites. Part of our marketing strategies is to demonstrate the capabilities of our products and share our experience and knowledge of our products with our customers. We engage with the industry through a wide variety of contents, with the goal of creating interactive exchanges with our customers, thereby promoting and sharing the information of our products. We cultivate and support the growth of our customer community through close interaction with our customers and actively gathering their feedback.

**Pricing Policies**

We implement a competitive and effective pricing policy which complies with the relevant laws and regulations. We adopt uniform pricing strategy for all our ODM sales and branded product sales, which determines product sales prices on a cost-plus basis and takes into consideration market prices of competitive products. We will grant discounts under certain circumstances, considering customer relationship, purchase volume, product positioning and targeted price range. During the Track Record Period and up to the Latest Practicable Date, we had been able to maintain stable selling prices for our products.

**Seasonality**

Our products are sold on an order-by-order basis and our sales are affected by seasonal fluctuations. Typically, since market demands and production cycles vary throughout the year, we sell more products under ODM model in the first and fourth quarters, and more branded products in the second and third quarters, of a given year. Other seasonal trends that affect us or the global robotic pool cleaner industry may develop, and current seasonal trends may become more extreme. The degree of seasonality may vary from year to year due to conditions in the industry and other factors, which makes it difficult for us to predict the level of demand with precision.



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**Tariff**

During the Track Record Period and up to the Latest Practicable Date, we exported our finished products to various overseas markets, including the United States and the European Union. For the purposes of this analysis, our legal advisers have reviewed the customs information and declarations that we provided, including the HS codes used for tariff reporting, and have relied on such information in assessing the tariff regimes applicable to our exports.

Based on the HS codes that we declared in our customs filings, exports of our PRC-origin products to the United States were subject to (i) the baseline import tariffs applicable to the relevant product category, (ii) additional duties imposed under the United States' long-standing Section 301 trade measures and (iii) further surcharges introduced in early 2025 and subsequently adjusted in mid-2025. Tariffs applicable to exports of our products to the European Union remained broadly stable throughout the Track Record Period, and no safeguard, anti-dumping or countervailing measures applied to our products during the relevant period.

Despite changes in the U.S. tariff environment, our gross profit margin remained stable throughout the Track Record Period. The impact of overseas tariffs on our cost of sales was mitigated by reductions in prices of key raw materials, our ability to implement moderate selling-price adjustments in overseas markets, ongoing optimization of our production processes, supply chain efficiency and product mix, and increased operational efficiency and automation.

We also conducted internal sensitivity analyses. These analyses indicate that while higher tariff levels could increase overall landed cost, under the tariff environment applicable during the Track Record Period we were able to maintain stable margins through pricing discipline, cost optimization and operational improvements.

To proactively manage potential tariff risks going forward, we have implemented, and continue to adopt, the following strategies:

- *Pricing Flexibility.* We adjust overseas selling prices from time to time to reflect tariff-related cost changes while maintaining market competitiveness.

- *Procurement and Production Optimization.* We continue to diversify our supply chain, enhance sourcing efficiency and increase automation to reduce unit production cost.

- *Exploration of Overseas OEM Arrangements.* Following on-site assessments conducted in Southeast Asia in early 2025, we concluded that, should U.S. tariff levels rise significantly above existing levels, producing a portion of our products through overseas OEM partners may reduce overall landed cost. We retain flexibility to adopt such arrangements if necessary.

Based on the customs information and declared HS codes that we provided, our legal advisers have relied upon for the purposes of this analysis, and having reviewed the applicable U.S. and EU tariff regimes on that basis, our legal advisers did not identify any regulatory developments other than the regulatory developments in the United States regarding the uncertain rates of import duties that would have had a material adverse impact on us during the Track Record Period.



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## OUR CUSTOMERS

Our customers for branded products primarily include (1) end consumers or Amazon Vendor Central program for online sales of our branded products, and (2) third-party merchants, such as pool equipment specialty retail chain stores, shopping malls, and supermarkets, for offline sales of our branded products. Our customers also include robotic pool cleaner companies and companies in the pool care and outdoor living industries, to whom we offer our products on ODM basis. Our ability to meet and exceed our customers' expectations has allowed us to develop relationships with and to attract and retain our customers. In 2023, 2024 and 2025, revenue generated from our top five customers accounted for 27.0%, 23.4% and 22.0% of our total revenue, respectively, and revenue from our top customer accounted for 7.8%, 7.3% and 8.8% of our total revenue in the same periods, respectively. The following table sets forth information of our top five customers during the Track Record Period.

| Customer | Customer Type | Transaction amount | Percentage of revenue contribution | Commencement of collaboration | Principal business | Payment method and credit period |
|---|---|---|---|---|---|---|
| | | *(RMB in thousands)* | *(%)* | *(Year)* | | |
| *For the year ended December 31, 2023* | | | | | | |
| Customer A | ODM customer | 29,350 | 7.8 | 2017 | A private company engaged in sales of inflatable and frame swimming pools and related peripheral products | Letter of credit; payment made within 90 days after the bill of lading date |
| Customer B | Branded product customer (online) | 26,402 | 7.0 | 2023 | A public company engaged in global E-commerce platform and cloud computing services, including online retail and cloud services | Bank account transfer; payment made within 90 days |
| Customer C | ODM customer | 19,763 | 5.2 | 2020 | A private company engaged in cross-border E-commerce | Telegraphic transfer; 5% deposit, with the remaining balance payable within a credit period of 30 to 90 days |
| Customer D* | ODM customer | 15,856 | 4.2 | 2010 | A private company engaged in sales of swimming pool-related products with primary markets in Germany and Austria | Telegraphic transfer; payment made within 60 days after the bill of lading date |
| Customer E | Branded product customer (offline) | 10,839 | 2.9 | 2021 | A private company engaged in cross-border E-commerce of innovative products for home and professional use, with integrated product development, digital marketing, brand building and localized fulfillment | Bank transfer; payment made within six months after shipment |
| **Total** | | 102,210 | 27.0 | – | – | – |



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| Customer | Customer Type | Transaction amount | Percentage of revenue contribution | Commencement of collaboration | Principal business | Payment method and credit period |
|---|---|---|---|---|---|---|
| | | *(RMB in thousands)* | *(%)* | *(Year)* | | |
| ***For the year ended December 31, 2024*** | | | | | | |
| Customer B | Branded product customer (online) | 39,771 | 7.3 | 2023 | A public company engaged in global E-commerce platform and cloud computing services, including online retail and cloud services | Bank account transfer; payment made within 90 days |
| Customer F | ODM customer | 30,391 | 5.6 | 2012 | A private company engaged in sales of swimming pool-related products with primary markets in Spain and Portugal | Telegraphic transfer; full payment made before arrival at port or irrevocable L/C at 180 days |
| Customer D* | ODM customer | 22,912 | 4.2 | 2010 | A private company engaged in sales of swimming pool-related products with primary markets in Germany and Austria | Letter of credit; payment made within 180 days |
| Customer G | ODM customer | 20,761 | 3.8 | 2019 | A private company engaged in manufacturing and sales of swimming pool equipment | Bank transfer; full payment made after receiving copy of the bill of lading |
| Customer A | ODM customer | 13,287 | 2.4 | 2017 | A private company engaged in sales of inflatable and frame swimming pools and related peripheral products | Letter of credit; payment made within 90 days after the bill of lading date |
| **Total** | | 127,122 | 23.4 | – | – | – |
| ***For the year ended December 31, 2025*** | | | | | | |
| Customer B | Branded product customer (online) | 71,657 | 8.8 | 2023 | A public company engaged in global E-commerce platform and cloud computing services, including online retail and cloud services | Bank account transfer; payment made within 90 days |
| Customer E | Branded product customer (offline) | 39,783 | 4.9 | 2021 | A private company engaged in cross-border E-commerce of innovative products for home and professional use, with integrated product development, digital marketing, brand building and localized fulfillment | Bank transfer; payment made within eight months after shipment |
| Customer D* | ODM customer | 35,000 | 4.3 | 2010 | A private company engaged in sales of swimming pool-related products with primary markets in Germany and Austria | Letter of credit; payment made within 60 days |
| Customer A | ODM customer | 16,984 | 2.1 | 2017 | A private company engaged in sales of inflatable and frame swimming pools and related peripheral products | Letter of credit; payment made within 90 days after the bill of lading date |
| Customer H | ODM customer | 15,160 | 1.9 | 2021 | An Australian private company engaged in the sales of swimming pool related products | Telegraphic transfer; 70% upon the shipping; 30% within 60 days of the shipping |
| **Total** | | 178,584 | 22.0 | – | – | – |

* As of the Latest Practicable Date, Customer D remained our customer. The revenue from Customer D decreased significantly during the Track Record Period, primarily due to our strategic shift in business model from being predominantly ODM-based model to focusing on selling our branded products. See "—Our Business—Shift in Business Model."

We do not believe that we relied on any particular customer to generate a significant portion of our revenue during the Track Record Period. As of the Latest Practicable Date, none of our Directors, their close associates or any shareholders which, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our top five customers. During the Track Record Period, our Customer F and Supplier F are the same entity that operates an E-commerce marketplace globally. See "—Overlapping of Major Customers and Suppliers" for details.



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## SUPPLIERS AND RAW MATERIALS

### Our Suppliers

Our suppliers primarily provide us with raw materials, hardware, and logistics and marketing services. We carefully select our suppliers to secure principal raw materials used in our production process and require them to satisfy certain evaluation and assessment criteria. See "—Quality Control—Quality Management System—Procurement" for details.

Purchase from our top five suppliers accounted for 51.5%, 44.8% and 44.2% of our total purchases in 2023, 2024 and 2025, respectively, and purchase from our largest supplier accounted for 35.7%, 26.6% and 24.3% of our total purchases in the same periods, respectively. The following table sets forth information of our top five suppliers during the Track Record Period.

| Supplier | Raw materials or services procured | Transaction amount | Percentage of total purchases | Commencement of collaboration | Principal business | Payment method and credit period |
|---|---|---|---|---|---|---|
| | | *(RMB in thousands)* | *(%)* | *(Year)* | | |
| ***For the year ended December 31, 2023*** | | | | | | |
| Supplier A | E-commerce platform services | 81,896 | 35.7 | 2023 | A public company engaged in global E-commerce platform and cloud computing services, including online retail and cloud services | Deduction based on transaction; payment schedule agreed by the parties |
| Supplier B | Battery and battery pack | 9,879 | 4.3 | 2020 | A private company engaged in research and development, production and sales of lithium batteries | Telegraphic transfer or acceptance; within 60 days |
| Supplier C | Motor and motor components | 9,844 | 4.3 | 2019 | A private company engaged in manufacturing and sales of micro DC motors, brushed DC motors, brushless DC motors, micro motors, shaded pole motors | Telegraphic transfer or acceptance; within 30 days |
| Supplier D | Mainboard and circuit board | 8,869 | 3.9 | 2019 | A private company engaged in research, development, production and sales of smart home and new energy products | Telegraphic transfer or acceptance; within 60 days |
| Supplier E | Charger, mainboard and circuit board | 7,737 | 3.4 | 2019 | A private company engaged in research and development, production and sales of switch power supplies, LED power supplies, power adapters, phone chargers, medical power supplies | Telegraphic transfer or acceptance; within 30 days |
| **Total** | | 118,225 | 51.5 | – | – | – |



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| Supplier | Raw materials or services procured | Transaction amount | Percentage of total purchases | Commencement of collaboration | Principal business | Payment method and credit period |
|---|---|---|---|---|---|---|
| | | *(RMB in thousands)* | *(%)* | *(Year)* | | |
| ***For the year ended December 31, 2024*** | | | | | | |
| Supplier A | E-commerce platform services | 135,392 | 26.6 | 2023 | A private company engaged in global E-commerce platform and cloud computing services, including online retail and cloud services | Deduction based on transaction; payment schedule agreed by the parties |
| Supplier F | Mainboard and circuit board | 26,542 | 5.2 | 2022 | A private company engaged in research, development, production and sales of intelligent control and power supply technology for robotics, new energy, LED lighting, smart home appliances and medical devices | Telegraphic transfer or acceptance; within 30 days |
| Supplier C | Motor and motor components | 25,671 | 5.0 | 2019 | A private company engaged in manufacturing and sales of micro DC motors, brushed DC motors, brushless DC motors, micro motors, shaded pole motors | Telegraphic transfer or acceptance; within 30 days |
| Supplier B | Battery and battery pack | 21,232 | 4.2 | 2020 | A private company engaged in research and development, production and sales of lithium batteries | Telegraphic transfer or acceptance; within 60 days |
| Supplier G | Logistics services | 19,658 | 3.9 | 2023 | A private company engaged in supply chain management, international and domestic freight forwarding, loading, unloading and handling services, logistics scheme design, domestic trade | Telegraphic transfer; payment schedule agreed by the parties |
| **Total** | | 228,495 | 44.8 | – | – | – |
| ***For the year ended December 31, 2025*** | | | | | | |
| Supplier A | E-commerce platform services | 179,524 | 24.3 | 2023 | A private company engaged in global E-commerce platform and cloud computing services, including online retail and cloud services | Deduction based on transaction; payment schedule agreed by the parties |
| Supplier H | Advertising and promotional services | 67,786 | 9.2 | 2024 | A private company engaged in technology development, consulting, service and transfer in information, network and computer fields, advertising services, graphic designing and innovative services, system integration, marketing planning, business consulting, and E-commerce | Telegraphic transfer; within 15 days |
| Supplier F | Mainboard and circuit board | 37,113 | 5.0 | 2022 | A private company engaged in research, development, production and sales of intelligent control and power supply technology for robotics, new energy, LED lighting, smart home appliances and medical devices | Telegraphic transfer or acceptance; within 30 days |
| Supplier C | Motor and motor components | 26,517 | 3.6 | 2019 | A private company engaged in manufacturing and sales of micro DC motors, brushed DC motors, brushless DC motors, micro motors, shaded pole motors | Telegraphic transfer or acceptance; within 30 days |
| Supplier I | Logistics services | 16,425 | 2.2 | 2025 | A private company engaged in international logistics services, including sea freight, air freight, land transportation, chemical logistics and project logistics | Telegraphic transfer; within 90 days |
| **Total** | | 327,365 | 44.2 | – | – | – |



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We enter into framework procurement agreements with our suppliers, which contain terms and conditions consistent with customary industry practice, primarily the following:

- *Term*. The framework agreement generally has a term of three years.

- *Price, quality, quantity and delivery*. Our purchases are typically made on purchase order or purchase agreement basis, and we specify the material type, unit price, quality and quantity requirements, delivery timeline and other contract terms in each purchase order or purchase agreement we send to our suppliers. Suppliers shall be responsible for shipping costs and any damage resulting from the transportation process.

- *Warranty and return policies*. Any product that fails to meet our quality standard shall be returned to and repaired or replaced by the supplier. Sales returns and damages caused by any unqualified products shall be compensated by the supplier.

- *Payment arrangements*. Purchase prices are determined per purchase order. We are typically required to pay our suppliers within 30 days of goods acceptance.

- *Intellectual property*. All technical materials, blueprints, samples and other information relating to our products are our proprietary trade secrets, and without our consent, our suppliers shall not disclose such information to any third parties. Blueprints and technical materials developed by our suppliers based on information supplied by us shall not be used to the benefit of other third parties or for other commercial purposes.

As of the Latest Practicable Date, none of our Directors, their close associates or any shareholders which, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our top five suppliers. During the Track Record Period, our Customer F and Supplier F are the same entity that operates an E-commerce marketplace globally. See "—Overlapping of Major Customers and Suppliers" for details.

**Raw Materials**

The principal raw materials and hardware used in manufacturing our products include batteries, motors, chargers, circuit board assembly, metal components, injection molding materials and packaging materials. We procure our raw materials from manufacturers and suppliers in China, and have maintained stable and longstanding relationship with major raw material suppliers. We generally contract with more than one supplier for each major type of materials. During the Track Record Period and up to the Latest Practicable Date, we procured all of the raw materials from China and we had not experienced significant difficulties in maintaining sources of supplies and expect to be able to maintain adequate sources of quality supplies in the future.

All our raw materials are sourced from China and are of non-U.S. origin. While some of our development software, development tools, and computer systems are from U.S. brands, the majority are publicly available open-source solutions. According to the specific licensing policies of the relevant providers, such publicly available open-source software is not subject to export control measures. Our International Sanctions Advisors have confirmed that none of the raw materials, technologies, or software we use are subject to any licensing requirements under the EAR. This assessment is based on the fact that these items are not highly restricted products and our company does not appear on any relevant sanctions lists.



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The purchase price of raw materials and hardware is based on prevailing market prices of products of similar attributes and our procurement amount. We manage price fluctuations of our raw materials by (1) closely monitoring pricing fluctuation, (2) strategic increasing procurement amount in case of substantial upward price fluctuation, and (3) requiring suppliers to give advance notice for price increase of over 30%. We believe that during the Track Record Period, fluctuations in raw materials and hardware costs did not have a material impact on our results of operations or gross profit margin.

## OVERLAPPING OF MAJOR CUSTOMERS AND SUPPLIERS

Our Customer B and Supplier A are the same entity that operates an E-commerce marketplace globally. Along with our B2B sales on the E-commerce marketplace operated by Customer B, Customer F places bulk purchase orders with us and subsequently fulfills its customer orders by reselling the products acquired from us. In 2023, 2024 and 2025, the revenue from Customer B was RMB26.4 million, RMB39.8 million and RMB71.7 million, respectively, accounting for 7.0%, 7.3% and 8.8%, of our total revenue in the same periods, respectively. Meanwhile, we sell our products on the same E-commerce marketplace that allows us to conduct online sales directly to end consumers under a DTC sales model, under which we purchased operational support services from Supplier A, including order fulfillment, storage, and customer services, among others. In general, we are required to pay a commission to Supplier A, which is typically a certain percentage rate of our sales revenue generated through our online stores on the same E-commerce marketplace. In 2023, 2024 and 2025, our purchase from Supplier A was RMB81.9 million, RMB135.4 million and RMB179.5 million, respectively, accounting for 35.7%, 26.6% and 24.3% of our total purchase in the same periods, respectively.

To the best knowledge of our Directors, during the Track Record Period, there were no other overlaps between our top five suppliers and customers or between our top five customers and suppliers. Our Directors confirm that all transactions with our overlapping customers and suppliers were conducted in the ordinary course of business and were based on normal commercial terms and at arm's length, and the sales to and purchases from these entities were neither interconnected nor conditional upon each other. According to the CIC Report, the practice of selling products to the aforementioned E-commerce marketplace and purchased operational support services from the same is not uncommon in the robotic pool cleaner industry.

## THIRD-PARTY PAYMENT ARRANGEMENTS

### Background

During the Track Record Period, Relevant Customers settled payments with us through accounts that were not held by the contractual parties specified in the corresponding sales and purchase agreements under the Third-Party Payment Arrangements. The Relevant Customers during the Track Record Period primarily consisted of small scale companies overseas.

In 2023, 2024 and 2025, the number of the Relevant Customers was two, one and one, respectively. All the third-party payors of the Relevant Customers during the Track Record Period were independent to the respective Relevant Customers.

The aggregate amount that the Relevant Customers settled under the Third-Party Payment Arrangements was RMB0.4 million, RMB1.2 million and RMB0.6 million, respectively, accounting for 0.1%, 0.2% and 0.1% of our total revenue in the same periods, respectively. No individual Relevant Customer has made material contribution to our revenue during the Track Record Period.



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To the best of knowledge of our Directors, the Relevant Customers who paid us through independent payors chose to settle through Third-Party Payment Arrangements primarily for payment convenience and faster transaction times.

**Termination and Implication of Third-Party Payment Arrangements**

We had ceased all Third-Party Payment Arrangements by April 30, 2025 and ceased all transactions with the Relevant Customers. As of the Latest Practicable Date, none of our customers utilized the Third-Party Payment Arrangement to settle payments with us.

We consider that the termination of the Third-party Payment Arrangements did not have, nor will have, any material adverse effect on the liquidity, business operation and financial performance of the Group, primarily because the aggregate amount they settled under the Third-Party Payment Arrangements only accounted for 0.1%, 0.2% and 0.1% of our total revenue in 2023, 2024 and 2025, respectively.

As advised by our PRC Legal Advisor, (1) our third-party payments are grounded in lawful transactions and commercially prudent arrangements and there is no concealment, falsification, or misrepresentation of any proceeds of crime or the source and nature of income derived from such proceeds; (2) the risks were low for our Group to be found obligated to return funds to Relevant Customers or their designated third-party payors under the Third-Party Payment Arrangements; and (3) our Company has not been found to be involved in any money laundering activities, activities that could be related to money laundering or any relevant investigations, and as such, the risk of the Third-Party Payment Arrangements being deemed as constituting the crime of money laundering under Article 191 of the Criminal Law of the PRC (中華人民共和國刑法) for the purpose of covering up or concealing the source and nature of proceeds or gains is low.

Based on the foregoing, our Directors confirm that, to the best of their knowledge and based on the know-your-customer procedures and internal control measures implemented, (1) during the Track Record Period, the relevant payments were based on bona fide underlying transactions and valid contractual relationships, and (2) there were no instances of commercial bribery, money laundering, tax evasion, or existing or potential disputes with our Group related to the Third-Party Payment Arrangements.

**Enhanced Internal Control Measures of Third-Party Payment Arrangements**

To safeguard our interest against risks associated with Third-Party Payment Arrangements, since May 2025, we have significantly enhanced and implemented various internal control measures in order to rectify Third-Party Payment Arrangements. Our efforts to rectify the Third-Party Payment Arrangements include, among other things:

(1) we initiated the implementation of Third-Party Payment Arrangements rectification measures and informed our employees regarding the enhanced internal control measures;

(2) we amended our standard forms of sales and purchase agreements and required all parties who settle payments with us to enter into the amended sales and purchase agreements as contractual parties, which specify, among other things, the detailed information and payment obligation of such parties;

(3) our finance department is required, during payment verification, to confirm whether the payor is the same as the contractual party. In cases of discrepancy, both the payor and the contractual party are required to provide written explanations specifying the identity of the payor, its



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relationship with the contractual party, the payment amount, together with an acknowledgment that the payment amount is not subject to any dispute. If such explanations cannot be provided, the finance department is instructed not to accept the relevant payment; and

(4) to prevent fraud or money laundering activities and ensure the accuracy and completeness of our accounting books and records, we further strengthened our know-your-customer procedures to gain a comprehensive understanding of our customers and performing verification of payment details against our records to confirm payments are made in accordance with the agreements. If any abnormalities are detected, we will promptly liaise with such customers for verification and correction. In addition, our sales team will hold regular meetings with customers to gain insights into their business operations, thereby reducing the risk of involvement in fraudulent or money laundering activities.

## QUALITY CONTROL

Product quality is vital to our business, since any potential quality defect may cause significant risks to consumers who use our products. As such, we have implemented a comprehensive and stringent quality control system, encompassing all the key aspects of our operations, including procurement, manufacture and delivery, to ensure the satisfactory supply of products with consistent quality, safety and reliability. We have thoroughly implemented our manufacturing philosophy of scientific management and lean production throughout our production process, and have adopted ISO9001 quality management system.

### Quality Management Team

Our quality control and assurance department coordinates and implements our quality management initiatives. As of December 31, 2025, our quality control and assurance team had 23 members, with expertise and professional background in areas such as mechanical engineering and automation, commercial management and E-commerce. The primary responsibilities of our quality control team include formulation and execution of our quality standards and testing procedures, testing our raw materials and finished goods against customer expectation, and maintenance and inspection of our manufacturing environment.

### Quality Management System

Our quality management system encompasses all the key aspects of our operations, such as procurement, manufacture, storage and after-sales services, and contributes to the quality, safety and reliability of our products.

#### *Procurement*

We only purchase raw materials from qualified suppliers who have passed our quality and reliability assessment. We conduct due diligence on new suppliers to assess their, among others, business qualification, production scale and capability, and product quality. Suppliers that pass such screening procedure will submit their sample product and basic information for us to review and examine. Upon our approval, the supplier is listed in our approved vendor list. We conduct quarterly and annual review on supplier qualification based on supply quality, pricing, delivery and service, and we also conduct onsite inspections on key material suppliers. We have devised stringent standards and processes for supplier onboarding and termination.



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We maintain and implement comprehensive quality control measures to ensure the safety and quality of our raw materials. Before admitting procured materials into our warehouse, we would inspect the packaging and quantity of the materials. After being admitted into our warehouse, we conduct quality inspection on the materials and store the materials in accordance with relevant storage conditions required by different materials, and we monitor the temperature and humidity of our warehouses on a daily basis to ensure proper storage conditions for the materials.

***Manufacturing***

We have implemented comprehensive quality control procedures for our manufacturing activities. Our quality management personnel monitor the key stages of production, special procedures, as well as the production environment. In addition, our manufacturing department implements our quality control initiative during routine manufacturing process. Our manufacturing staff separate, mark and record defective goods, remake or repair the defects and analyze and address underlying causes. We also keep detailed records for defective products and record the relevant personnel, product model, quantity and defects on a daily basis. We implement corrective and preventive measures to improve the general quality of our manufactured products.

Our quality control capability is further supported by our various reliability tests for our sample goods, finished goods and materials, including but not limited to (1) mechanical test to evaluate the durability of our goods and materials when positioned in the mechanical environment, (2) environment test to evaluate the durability of our goods and materials under various environmental conditions, such as temperatures, humidity, atmospheric pressure and salinity, and (3) voltage test to examine the impact of different voltage and static electricity on our products. We also implement management measures for our manufacturing infrastructure and operation environment. We periodically inspect, among others, our motor system, energy and electricity supply, and general and special equipment.

To ensure the safety of our products, which involve the usage of electricity under or near water, our products are powered by low-voltage direct current and do not involve the use of high voltage electricity. For cordless models, the power is supplied by lithium batteries. For corded models, alternating current from the mains is converted into low-voltage direct current through a switching power supply, with the maximum voltage not exceeding 30 volt.

***Warehousing***

Our warehouse management personnel maintain detailed operative policies over warehouse management, material and product management. We conduct regular inspection on our warehousing conditions to ensure that our raw materials and finished goods are properly stored. See "—Procurement" for quality control measures adopted and implemented with respect to raw materials and other procured materials. Our warehouse management personnel also collaborate with our procurement department and manufacturing department for coordinated material admission and transportation. Finished products that pass our quality inspection will be stored in warehouse for delivery.

***Product Warranty and Returns***

We have designed and implemented a comprehensive set of internal policies and procedures in respect of product return and warranty, including control procedures for product feedback and complaint, cause analysis procedures, defect rectification procedures and product re-evaluation procedures. We provide warranties for our products, ranging from 12 to 24 months. When a customer discovers quality defects in our products and files a complaint with us, it is required to report the details of the defective products, including the batch number, product contents, product list and the reason of defect. We typically



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provide repairment services to relevant customers. For branded products sold through our independent websites in particular, we provide a 30-day money-back guarantee on all undamaged products, and for products still under warranty but beyond the 30-day free return and replacement period, we offer free repair services.

On April 9, 2026, we conducted a voluntary product recall concerning certain models of our cordless robotic pool cleaners. We elected to proceed with the voluntary recall out of an abundance of caution and in close coordination with the U.S. Consumer Product Safety Commission. According to CIC, product recalls are not uncommon in the robotic pool cleaner industry. Such recall is to address potential burn and fire hazards associated with the affected units. Affected customers are advised to verify their model and serial numbers through our online recall portal, immediately discontinue use of the confirmed units, and follow our guidance for safe disposal or return to us. Eligible customers will typically receive a free replacement, a full refund, or a voucher of equal or greater value once the product is verified as affected. These recall efforts demonstrated our unwavering commitment to product safety, regulatory compliance, and responsible product lifecycle management.

During the Track Record Period and up to the Latest Practicable Date, save as disclosed in this Document, we did not, due to product quality issues, (1) receive fines, product recall orders or other penalties from the PRC government or other regulatory bodies or (2) receive any product return requests or complaints from our customers that have a material adverse effect on our business, financial conditions and results of operations. Therefore, during the Track Record Period and up to the Latest Practicable Date, we did not incur any material amount of product return or refund.

## WAREHOUSING AND INVENTORY MANAGEMENT

As of Latest Practicable Date, we had two warehousing facilities located in China, including (1) one leased property with an aggregate floor areas of 15,549.7 square meters, that was used for our office and warehousing purposes, and (2) one warehousing facility as part of our owned property, which also shared spaces with our manufacturing facilities and offices. See "—Properties—Owned Properties." Although the majority of our revenue during the Track Record Period was generated from overseas markets, we retain such large-scale warehousing facilities in China because our manufacturing facilities are located in China and sufficient warehousing area is needed to store finished goods, semi-finished products, and raw materials.

As of Latest Practicable Date, the aggregate floor areas of our 13 warehousing facilities located overseas were approximately 375,908 square meters, of which two warehousing facilities with 3,587 square meters were operated by us, and the other 11 facilities with 372,321 square meters were collaborative warehouses owned by logistics service providers and overseas warehousing service providers. Such collaborative warehouses are shared facilities, and their providers deliver supply chain management and operational services, including overseas storage, in-warehouse handling, last-mile delivery, and related supply chain data services, to us and other companies using the same warehouses.

Our warehouses are equipped with storage racks, forklifts and stackers to assist with routine warehouse operation and management. See "—Quality Control—Quality Management System—Warehousing" for our measures for warehousing management.

Our inventories consist of raw materials, packaging materials, work-in-progress and finished goods. As of December 31, 2023, 2024 and 2025, we had inventories of RMB120.0 million, RMB202.2 million and RMB281.7 million, respectively. We determine our inventory level by holistically considering the then-current inventory storage level, manufacturing plan, and projected customer demand, and we also closely monitor outgoing inventory to ensure sufficient provision of our products. We arrange material



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procurement and manufacturing schedule based on different types of products and customers. For our long term customers with stable annual purchase volume, including some of our third-party merchants for branded products and some ODM customers, we typically maintain an inventory level based on their typical annual purchase volume. For other third-party merchants for branded products and other ODM customers, we typically commence manufacturing upon receiving their purchase orders. For our branded products to be sold to end consumers through online sales, we typically prepare the inventory three to six months in advance, based on the historical sales performance and our sales projection, and we will ship the finished goods to our warehouses for timely delivery to end consumers upon receiving their purchase orders. Accordingly, we recorded relatively high inventory turnover days of 248 days, 258 days and 293 days in 2023, 2024 and 2025, respectively. See "Financial Information—Discussion of Major Balance Sheet Items—Inventories" for details. We manage our inventory mainly through our production and procurement plans. The departments of production and procurement are responsible for coordinating company resources, maintaining optimal inventory level.

Despite relatively high inventory turnover days during the Track Record Period, our Directors consider our inventory management policy effective based on the following factors.

- *Strategic shift in business model.* The increase in inventory turnover days was primarily attributable to strategic shift in business model from being predominantly ODM-based model to focusing on selling our branded products. Under this new model, we typically prepare inventory for branded products three to six months in advance to ensure timely delivery and capture seasonal demand.

- *Proactive inventory planning.* To accurately capture seasonal demand, we adopt a proactive inventory planning approach. ODM customers generally stock up in the first and fourth quarters, while branded product sales peak in the second and third quarters. Accordingly, inventory build-up reflects our deliberate planning to ensure operational resilience and product availability for the sales peak seasons.

- *Inventory growth aligned with revenue expansion.* The increase in the inventory level effectively supported our revenue growth, as evidenced by the correlation between inventory growth and revenue growth. Our inventory increased by 68.5% from RMB120.0 million as of December 31, 2023 to RMB202.2 million as of December 31, 2024, while our revenue increased by 43.8% from RMB378.0 million in 2023 to RMB543.5 million in 2024. Our inventory increased by 39.3% from RMB202.2 million as of December 31, 2024 to RMB281.7 million as of December 31, 2025, while our revenue increased by 49.4% from RMB543.5 million in 2024 to RMB812.2 million in 2025.

## DELIVERY AND LOGISTICS

We ship our products primarily by sea, and to a lesser extent, by air, and for customers located in China, we usually ship by ground transportation. Under our ODM model, our customers generally place a purchase order with us, and when we finish preparing for the order, the carrier engaged by us will inspect and pick up the products from our warehouses. The carrier will then deliver the products to the address designated by the customer, and the carrier's responsibility typically includes product transportation and custom declaration, and we will prepare documents required of custom declaration and cooperate with our carrier to complete the custom declaration process. For our branded robotic pool cleaners sold to domestic customers, we are responsible for arranging product delivery to address designated by the customers; and for those sold to overseas, we engage carrier for product transportation to overseas warehouses maintained by third-party merchants or our owned or leased overseas warehouses, and we are responsible for custom declaration and clearance.



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We collaborate with third-party logistic service providers, and in selecting our logistic service providers, we primarily consider factors such as the reliability, speed and costs of their delivery services. For our long term customers with stable annual purchase volume, including some of our third-party merchants for branded products and some ODM customers, we typically maintain an inventory level, so it typically takes two to three business days from the submission of orders from those customers with us to the delivery to its designated address, if we maintain sufficient inventory for order fulfillment. In case that we do not maintain sufficient inventory, we would negotiate with customers on delivery timeline. For our branded products sold through E-commerce marketplaces, it typically takes one to two business days for us to dispatch products from our overseas warehouses and deliver to address designated by consumers.

## TRANSFER PRICING ARRANGEMENT

Our global operations are managed through subsidiaries in different jurisdictions. Our PRC subsidiaries are mainly responsible for product development, supply chain management, manufacturing, domestic sales and marketing, while our overseas subsidiaries primarily focus on sales activities and E-commerce operations in the local markets.

The Company, our major operating company in the PRC, is primarily engaged in the development, manufacturing and sales of pool cleaners. In our intra-group transactions ("Intra-group Transactions"), the Company, together with its PRC subsidiaries and branch company, sells finished products to our subsidiaries outside mainland China to fulfill sales orders from the international markets, provides logistics and custom declaration and clearance services, as well as sales and promotional services, and is responsible for providing customer services and handling customer complaints and bears market, warranty and product liability risks. During the Track Record Period, the Company sold pool cleaners to WYBOTICS HONGKONG, WYBOTICS EUROPE and Wybotics Inc. In 2023, 2024 and 2025, the total value of such intra-group transactions was RMB156.8 million, RMB176.9 million and RMB332.0 million, respectively.

### Transfer Pricing Assessment

The Organization for Economic Co-operation and Development (the "OECD"), an international organization of international cooperation, promulgated the transfer pricing guidelines for multinational enterprises and tax administrations (the "OECD Transfer Pricing Guidelines"), which are generally followed by, or are consistent with the relevant tax jurisdictions involved in the Intra-group Transactions including Hong Kong, the PRC, Europe, and the United States. According to the OECD Transfer Pricing Guidelines, the Intra-group Transactions should be in complies with arm's length principle basis.

We have engaged an independent transfer pricing consultant (the "Transfer Pricing Advisor") to conduct benchmarking studies on the Intra-group Transactions during the Track Record Period in accordance with the OECD Transfer Pricing Guideline. Our Transfer Pricing Advisor adopted the Transaction Net Margin Method ("TNMM") was the most appropriate transfer pricing testing method to assess whether the transfer pricing arrangements related to the Intra-group Transactions were consistent with the arm's length principle by testing the overall profit level of WYBOTICS HONGKONG, and Wybotics Inc, Dulwich Electronic Commerce Inc. and WYBOTICS EUROPE. Under TNMM, Operating Margin ("OM") is selected as the profit level indicator ("PLI") for assessment.

The Transfer Pricing Advisor follows the OECD Transfer Pricing Guidelines and TP regulations to take relevant procedure. By using Database and devising a series of selection criteria, the Transfer Pricing Advisor selected comparable companies that assume similar functions and risks to those of WYBOTICS HONGKONG, Wybotics Inc, Dulwich Electronic Commerce Inc. and WYBOTICS EUROPE for the benchmarking analysis. The Transfer Pricing Advisor calculated the comparable companies' weighted



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average ("WA") OM, constructed an inter-quartile range and compared them with the OMs of WYBOTICS HONGKONG, Wybotics Inc, Dulwich Electronic Commerce Inc. and WYBOTICS EUROPE during the Track Record Period to assess whether the transfer pricing arrangements related to the Intra-group Transactions were consistent with the arm's length principle.

According to benchmarking analysis result, the OMs of WYBOTICS HONGKONG, Wybotics Inc, Dulwich Electronic Commerce Inc. and WYBOTICS EUROPE during the Track Record Period are fell within the three year WA OM inter-quartile range established by the comparable companies.

Therefore, according to the benchmarking analysis result, the Group's TP policies of the Intra-group Transactions are consistent with the arm's length principle during the Track Record Period.

**Tax Implication and Compliance**

Although benchmarking studies conducted in accordance with OECD Transfer Pricing guidelines would generally be followed by all tax jurisdictions involved in the Intra-group Transactions, it does not have binding effect on any local taxation authorities in the event of transfer pricing controversy. See "Risk Factors—Risks Relating to Our Business and Industry—Our international operations may be subject to transfer pricing adjustments by competent authorities."

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we were not aware of any inquiries, audit, investigation or challenge by any relevant tax authorities in Hong Kong, the PRC, the United States, and Europe in relation to the Intra-group Transactions.

We have implemented below internal control policies and procedures relating to transfer pricing to ensure compliance with applicable regulations and guidelines, including:

(1) Our finance team and management team regularly participate in transfer pricing training sessions organized by tax authorities or professional firms to maintain a comprehensive understanding of regulatory requirements and key tax practices;

(2) Our management team continuously monitors the transfer pricing arrangements for the intra-group transactions and updates the comparability analysis based on market conditions to ensure compliance with applicable transfer pricing regulations in relevant jurisdictions and the arm's length principle as outlined in OECD Transfer Pricing Guidelines;

(3) Our management team closely monitors the scale of transfer pricing transactions to ensure timely preparation and submission of relevant transfer pricing documentation upon reaching the thresholds; and

(4) If any transfer pricing documents are required for submission to tax authorities, such documents would be prepared by designated personnel and submitted after internal review and approval.

**PROPERTIES**

As of the Latest Practicable Date, we operated our business through one owned property with a total site area of 18,004.1 square meters and a gross floor area of 13,112.3 square meters, and nine leased properties with a total gross floor area of approximately 21,224.51 square meters. All such properties have been used for non-property activities as defined under Rule 5.01(2) of the Hong Kong Listing Rules and are primarily used as office premises and manufacturing and warehousing facilities for our business operations.



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**Owned Properties**

As of the Latest Practicable Date, we owned the land use rights to one parcel of land located in Tianjin, with a total site area of 18,004.1 square meters and we owned the property built on that land with a gross floor area of 13,112.3 square meters. Such property is used primarily as our manufacturing, warehousing and office facilities. As advised by our PRC legal advisors, we have obtained the land use certificates for such parcel of land and legally owned the land use rights to such parcel of land. The expiration date of the land use rights to such parcel of land is May 21, 2062.

**Leased Properties**

As of the Latest Practicable Date, we operated our businesses through seven leased properties in Beijing, Tianjin, Guangzhou, Shanghai and Shenzhen, with a total gross floor area of 17,637.09 square meters. Such properties primarily serve as our offices and warehousing facilities.

As of the Latest Practicable Date, we leased one property in France, with a total gross floor area of 1,250 square meters, as our office and warehousing facility. We also leased one property in the United States with a total gross floor area of approximately 2,337 square meters, as our office and warehousing facility.

Our lease agreements in respect of the abovementioned nine leased properties generally have expiration dates ranging from May 23, 2026 to April 30, 2032. We plan to renew our leases or negotiate new terms when the existing leases expire. All lessors are independent third parties. We did not experience material difficulties in negotiating renewal of our leases with our landlords during the Track Record Period and up to the Latest Practicable Date. We believe that there is sufficient supply of properties in China and overseas.

As of December 31, 2025, none of the properties leased or owned by us had a carrying amount of 15% or more of our consolidated total assets. Therefore, according to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all our Group's interests in land or buildings.

***Non-registration***

Pursuant to the applicable PRC laws and regulations, property lease agreements must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部). The registration of such leases will require the cooperation of our lessors. As of the Latest Practicable Date, we had not obtained lease registration for all of our leased properties in China with a gross floor area of approximately 17,637.09 square meters. We will take all practicable and reasonable steps to ensure that such leases are registered. As advised by our PRC Legal Advisor, the lack of registration of the lease agreements will not affect the validity of such lease agreements.

According to the relevant PRC laws and regulations, we may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease. As of the Latest Practicable Date, we had not received any such request or suffered any such fine from the relevant government authorities. We undertake to cooperate fully to facilitate the registration of lease agreements once we receive any requirements from relevant government authorities.



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*Title Defect*

The lessors of one leased properties located in Tianjin were unable to provide the title certificates of the relevant properties. One of such leased properties is used merely for business registration purposes, and the remaining of such leased properties are primarily used as warehousing facilities. We have been advised by our PRC Legal Advisers that because the properties with defective titles are leased properties, we will not bear any potential legal liability in respect of the defective titles. Moreover, the title defects will not have any material adverse impact on our operations because of the fact that such leased properties can be easily substituted by comparable premises.

## LICENSES, PERMITS AND APPROVALS

Our PRC legal advisors have advised that we had obtained all licenses, permits, and certificate necessary to conduct our operations in all material respects from the relevant government authorities in China, and such licenses, permits and approvals remained in effect as of the Latest Practicable Date. The following table sets forth a list of material licenses, permits, and approvals currently held by us.

| License/Permit | Holder | Grant date | Expiry date |
|---|---|---|---|
| Certificate of Registration of Customs Declaration Unit of the People's Republic of China (Consignee and Issuer of Import and Export Goods) | Company | February 11, 2009 | July 31, 2068 |
| Solid Pollutant Emissions Registration | Company | December 4, 2020 | November 16, 2030 |
| High-tech Enterprise Certificate | Company | December 3, 2024 | December 3, 2027 |
| Quality Management System Certification | Company | September 10, 2025 | October 8, 2028 |
| Registration of Foreign Trade Operators | Wangyuan Limited | February 10, 2006 | – |
| Road Transportation Operating License | Wangyuan Manufacturing | June 2, 2022 | June 1, 2026 |
| Road Transportation Operating License | Company | November 10, 2025 | November 9, 2029 |

## INTELLECTUAL PROPERTY

Intellectual property rights are fundamental to our business, and we devote significant time and resources to their development and protection. We rely on a combination of contractual restrictions, confidentiality procedures, and intellectual property registrations to establish and protect our proprietary technologies. As of the Latest Practicable Date, we had registered 13 trademarks, 151 patents, and 14 software copyrights in China and 38 trademarks, and 21 patents overseas. As of the same date, we had 288 and 48 patent applications in China and overseas, respectively. See "Statutory and General Information—Our Material Intellectual Property Rights" in Appendix IV to this document for details.

We have used our best efforts to ensure compliance with applicable intellectual property laws. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, except as disclosed in "—Legal Proceedings and Compliance," we were not involved in any intellectual property infringement actions brought by third parties. Our Directors further confirm that that we were not involved in any intellectual property infringement actions that, individually or in the aggregate, would have a



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material and adverse effect on our business, financial condition and result of operations. See "Risk Factors—Risks Relating to Our Business and Industry—We may be subject to intellectual property infringement claims which could be time-consuming or costly to defend and may result in a diversion of our financial and management resources, and have a material adverse impact on our business, results of operations and financial condition."

**Intellectual Property Protection**

We protect our intellectual property through strategic planning, such as submitting intellectual property registrations and applications, anti-counterfeiting mechanism, especially for trademarks and designs, and litigation mechanism to defend against any existing or potential intellectual property infringement. Despite our efforts, third parties may still obtain and misappropriate our intellectual property without authorization. As of the Latest Practicable Date, we did not find any of such misappropriations of our intellectual property rights. However, unauthorized use of our intellectual property by third parties and the expenses incurred in protecting our intellectual property rights may adversely affect our business and results of operations. For details of related risk, see "Risk Factors—Risks Relating to Our Business and Industry—Unauthorized use of our intellectual properties by third parties may harm our brands and reputation and materially and adversely affect our business."

**Internal Control Measures Avoiding Infringing Third Party's Intellectual Property Rights**

To avoid infringing third party's intellectual property rights, we have taken and strictly adhered to the following internal control measures:

- ***Control at the source.*** When acquiring external intellectual property, our intellectual property management team conducts rigorous reviews to confirm its legality and its compliance with relevant laws and regulations, thereby eliminating infringement risks at the source.

- ***Contractual safeguards.*** Our internal legal team conduct rigorous reviews of all contracts in relation to any cooperation or procurement involving intellectual property. Such contracts must clearly stipulate ownership, scope of authorization, duration of use, and allocation of liability for infringement in relation to the intellectual property, avoiding vague terms or verbal commitments.

- ***Searches on official database.*** For any third-party intellectual property we intend to use, our internal legal team performs intellectual property verification through official database searches to confirm its validity, ownership, and protection period, preventing use of expired or unauthorized intellectual property.

- ***Internal originality checks.*** For our internally developed technologies and designs, our R&D team conducts duplication checks through patent, trademark, and copyright searches to ensure no overlap with third-party intellectual property.

- ***Compliance in usage.*** We enforce strict boundaries for intellectual property usage. To prevent any unauthorized or excessive use of intellectual property, we strictly adheres to the scope and limitations of each intellectual property that our intellectual property management team specifies.



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- ***Ongoing supervision and training.*** We have established a long-term monitoring and training mechanism to address both internal and external patent infringement risks. Our R&D team oversees the use of patents both internally and externally, and our human resources team organize internal intellectual property-related training sessions.

We obtained the internal control review report prepared by the internal control consultant to understand that we have established these internal control measures regarding potential intellectual property infringement. And our Directors are of the view that such measures are effective and adequate to identify, monitor, and mitigate risks associated with potential intellectual property infringement.

## DATA SECURITY AND PRIVACY

In the course of our business, we collect, store and process business data and transaction data. We have access to certain data, primarily including email address for user account registration of our *WYBOT App* and our E-commerce independent websites on Shopify, and mail addresses for delivering our products ordered on Shopify. In particular, our *WYBOT App* only collects personal data that is not sensitive, including user's nickname and email address. Substantially all *WYBOT App* users are outside China. All data collected from our *WYBOT App* are stored locally in the United States, and there had been no cross boarder transfer of personal data during the Track Record Period and up to the Latest Practicable Date. We believe that the confidentiality, integrity and availability of data are vital to our business operations. To mitigate data security risks, we have implemented a comprehensive approach that includes stringent data encryption, secure data storage protocols and strict transmission policies to ensure the confidentiality and integrity of sensitive information. As advised by our PRC Legal Advisor, we are not required to obtain any licence or approval in relation to the operation of our *WYBOT App*.

We have established clear and detailed protocols that govern the use, storage and sharing of corporate data, ensuring that only employees with the appropriate authorization can access sensitive information on a need-to-know basis. We also conducted regular data security training for employees to strengthen their data security awareness. Our employees are required to sign confidentiality agreements as part of their employment, which strictly prohibit the unauthorized disclosure of any company-related confidential information. This policy ensures that our employees understand the critical nature of safeguarding company data and are held accountable for maintaining confidentiality. To safeguard against data loss, we have implemented a robust backup system that stores data in multiple locations. For our core business data, we have established primary and backup redundancy systems. We implement multi-tiered security backups to ensure data integrity and uninterrupted business continuity. Multiple backup copies of data are stored across different locations, ensuring that data can be quickly restored in the event of any technical issues, natural disasters, or unforeseen circumstances.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material data leakage or data loss, nor did we experience any material unauthorized use of customers' or employee's personal information.

## INSURANCE

We consider our insurance coverage to be adequate to safeguard against risks and unexpected events. We have purchased (1) product liability insurance, (2) short-term export credit insurance, (3) motor vehicle insurance, (4) employee accident insurance and (5) traffic insurance. As of the Latest Practical Date, the maximum insured amount per claim was US$2.0 million under our product liability insurance policy in the United States. As of the Latest Practicable Date, according to our product liability insurance



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policy in China, (1) the maximum insured amount per person per accident was RMB1,000, (2) the maximum aggregate insured amount was RMB20,000, (3) the maximum insured amount for property damage was RMB16,000, and (4) the maximum insured amount per accident was RMB20,000.

In particular, the product liability insurance is applicable to our products sold in various regions, primarily including those in North America, Europe, Asia and Oceania. Further, the product liability insurance covers, among other things, compensation for property damages and personal injuries caused by the use of our products. See "Risk Factors—Risks Relating to Our Business and Industry—We may not be able to fully maintain quality control over our products."

Our Directors believe that our insurance policies are adequate and consistent with the industry practice. During the Track Record Period and up to the Latest Practicable Date, we had not received any material insurance claims against us.

## EMPLOYEES

As of the Latest Practicable Date, we had 452 full-time employees, substantially all of whom were based in China. The following table sets forth the number of our full-time employees by function as of the Latest Practicable Date.

| | As of the Latest Practicable Date | |
|---|---|---|
| **Function** | **Number of Employees** | **% of Total** |
| Manufacturing | 209 | 46.2 |
| Management and administrative | 89 | 19.7 |
| Sales and marketing | 77 | 17.0 |
| R&D | 77 | 17.0 |
| **Total** | **452** | **100.0** |

Our success depends on our ability to attract, retain and motivate qualified personnel. We recruit new employees through lateral and campus recruiting. We evaluate each candidate based on their interview performance, relevant experience, application motives, willingness to learn, and compatibility with our company culture. As part of our human resources strategy, we offer employees competitive salaries, performance-based cash bonuses and other incentives. We have adopted a training protocol, pursuant to which we provide pre-employment training and regular continuing management and technical training to our employees.

As required under PRC labor laws, we enter into individual employment contracts with our employees covering matters such as wages, bonuses, employee benefits, workplace safety, confidentiality obligations, non-competition and grounds for termination. In compliance with PRC regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury and unemployment benefit plans.

As of the Latest Practicable Date, we have established a labor union to facilitate communications among employees and to protect their rights. We believe we maintain a good working relationship with our employees and we had not experienced any material labor dispute or any difficulty in recruiting or retaining staff for our operations during the Track Record Period and up to the Latest Practicable Date.



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We are required by PRC social insurance and housing provident fund laws and regulations to make contributions for mandatory social insurance and housing provident funds for our employees. During the Track Record Period, we did not make adequate contributions to the social insurance and housing provident funds with respect to certain of our employees as required by the relevant PRC laws and regulations. In accordance with article 86 of the Social Insurance Law of the PRC, employers who failed to promptly contribute social insurance in full amount shall be ordered by the social insurance collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears. Pursuant to article 38 of Regulations on the Housing Provident Fund of the PRC, in violation of the provisions of these regulations, an employer is overdue in the contribution of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the contribution within a stipulated period; where the contribution has not been made within the stipulated period, an application may be made to the people's court for compulsory enforcement. During the Track Record Period, the shortfall of social insurance and housing provident fund contributions was approximately RMB6.0 million. The total late payment fees for social insurance premiums was approximately RMB1.3 million. As we had not received any order from the social insurance collection agency requiring us to make payment or make up the deficiency within a specified time limit, no fines had been imposed on us as of the Latest Practicable Date. We believe such instance would not have a material adverse effect on our business. Moreover, considering that (1) we have obtained confirmations from the relevant competent government authorities, confirming that no administrative penalty was imposed on us in relation to our social insurance and housing provident fund contributions during the Track Record Period; (2) during the Track Record Period and up to the Latest Practicable Date, we had not received any administrative penalty in relation to social insurance and housing provident fund contributions, and we had not received any notice from relevant competent government authorities regarding any claim for inadequate contributions of our current and former employees, nor any notifications from the relevant competent government authorities requiring us to pay the shortfalls; (3) we were not aware of any material employee complaints or claims with respect to inadequate social insurance and/or housing provident fund contributions; and (4) we undertake that, in the event that competent government authorities require us to make contributions within a stipulated time period or make supplementary contributions and late fees, we will duly comply in a timely manner; our PRC Legal Advisor is of the view that the likelihood is remote that we would be required by the relevant competent government authorities, on an overall basis, to pay the entire shortfall for social insurance and housing provident fund contributions or that we would be subject to material administrative penalties due to our failure to make full payment of the social insurance and housing provident funds during the Track Record Period, assuming no significant changes in current applicable laws, regulations and policies, as well as the implementation and supervision requirements of local governments. Based on the foregoing view of our PRC Legal Advisor, we did not make any provisions in connection with the foregoing incident during the Track Record Period. See "Risk Factors—Risks Relating to Our Business and Industry—We may be required to make additional contributions of social insurance fund and/or housing provident fund and late payments and fines under PRC laws and regulations."

To monitor our compliance with relevant laws and regulations in respect of social insurance and housing provident fund contributions, we have taken the following internal control measures:

- we have designated our human resources department to review and monitor the reporting and contributions of social insurance and housing provident funds; and

- we will consult our PRC legal advisors on a regular basis for advice on relevant PRC laws and regulations to keep us abreast of relevant PRC laws and regulatory developments, including but not limited to PRC laws and regulations in relation to social insurance and housing provident funds, and will provide relevant employees with legal compliance trainings relating to the same.



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## AWARDS AND RECOGNITION

During the Track Record Period, we have received recognition for the quality and popularity of our products. The following table sets forth some significant awards and recognition we have received.

| Awarding Year | Award/Certificate | Issuing Organization |
|---|---|---|
| 2022 and 2025 | Specialized and New "Little Giant" Enterprise | Ministry of Industry and Information Technology of the People's Republic of China |
| 2023 | Science and Technology Leading Enterprise | Tianjin Science and Technology Bureau |
| 2023 | Leading Incubating Enterprise | TTEN.cn |
| 2024 | Manufacturing Single Champion Enterprise | Tianjin Industrial and Information Technology Bureau |
| 2024 | High and New Technology Enterprise | Tianjin Science and Technology Bureau Tianjin Municipal Finance Bureau Tianjin Municipal Taxation Bureau of the State Administration of Taxation |

## COMPETITION

The global robotic pool cleaner industry is highly concentrated, according to the CIC Report. We compete against other robotic pool cleaner manufacturers under ODM model, and pool product companies and robotic pool cleaner companies for the market share of our branded robotic pool cleaners. We also face competition from product and service providers for alternative pool cleaning solutions. In addition, we may also face competition from new market entrants in the future. As a professional robotic pool cleaner provider, we believe that our strong R&D capabilities, diverse and advanced technologies, scalable production capabilities, consistent provisions of high-quality products, established relationships with worldwide top brand owners, experienced management team and talent pool provide us with a competitive advantage over existing and potential competitors. We believe that we are well-positioned to compete effectively based on the foregoing factors. See "—Competitive Strengths" for details. However, some of our current or potential competitors may be able to develop products better accepted by consumers and robotic pool cleaner companies or may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, regulations or market demands. See "Risk Factors—Risks Relating to Our Business and Industry—If we fail to compete effectively, our business, results of operations and financial condition may be materially and adversely affected." For more information of the competitive landscape of our industries, see "Industry Overview."

## LEGAL PROCEEDINGS AND COMPLIANCE

We are subject to legal proceedings, investigations and claims arising in the ordinary course of our business from time to time.



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**Concluded Legal Proceedings**

On July 29, 2022, Zodiac Pool Systems LLC ("Zodiac LLC") and Zodiac Pool Care Europe ("Zodiac Europe", collectively with Zodiac LLC, "Zodiac") commenced a Section 337 investigation at the United States International Trade Commission ("ITC") alleging that Shenzhen Aiper Intelligent Co., Ltd., Aiper Intelligent, LLC and Aiper, Inc. (collectively, the "Aiper") infringed United States Patent Nos. 8,393,029 and 8,393,031 in connection with the importation and sale of certain robotic pool cleaners ("ITC Investigation").

The ITC Investigation did not proceed to a final merits determination against our Group on infringement or validity of Zodiac's asserted patents, as it was voluntarily dismissed by Zodiac in February 2023 after Aiper entered into a settlement agreement on its own with Zodiac in February 2023. Zodiac filed a motion to terminate the investigation with respect to Aiper based on the settlement agreement and corresponding consent order on February 17, 2023, and the motion was granted on February 21, 2023. The settlement agreement and the consent order were entered into between Zodiac and Aiper. Our Company was not a party to such settlement agreement and consent order. The consent order applied to Aiper and addressed Aiper's importation and sale of the products identified in the ITC Investigation. To the extent any such products corresponded to models sourced from us, including products supplied by us to Aiper, the consent order would have related to Aiper's sale/importation of those products; however, the consent order did not impose any obligations on us because the we were not a party to the settlement agreement or consent order.

Based on information available to us as of the Latest Practicable Date, and as advised by our Independent U.S. Litigation Advisor, we believe the ITC Investigation does not indicate that our current products infringe Zodiac's asserted patents in the ITC Investigation.

**Pending Overseas Legal Proceedings**

We are currently involved in a pending patent infringement litigation in front of the Tribunal Judiciaire de Paris ("Paris Judicial Court") (the "French Proceeding") initiated by Zodiac Europe on December 15, 2022 and a complaint was recently filed before a United States court (the "U.S. Complaint") initiated by Zodiac on May 23, 2025, for alleged infringement of certain patents held by the Zodiac registered in Europe and the United States. Meanwhile, we are also currently involved in an insurance claim litigation in front of Superior Court of Arizona in the United States ("Arizona Proceeding").

*French Proceeding*

In the French Proceeding, on December 15, 2022, Zodiac Europe initiated patent infringement proceedings against our Company and WYBOTICS EUROPE, our French subsidiary, before the Paris Judicial Court. In the French Proceeding, Zodiac Europe alleged infringement of claims 1, 2, 8, 9, and 12 to 15 of the French part of its European patent No. 2 240 653 (the "Zodiac French Patent"). Zodiac French Patent entitled "Apparatus for cleaning a submerged surface including a brushing device driven by members for driving the apparatus on the submerged surface," relates to a device for cleaning the submerged surfaces of a swimming pool. Zodiac Europe accused our Company and WYBOTICS EUROPE of offering, using, marketing, importing, and possessing for the purpose of marketing certain robotic pool cleaners, comprising our HJ3172, HJ3172 Plus, HJ3182, WY3312 and WY3342.



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Zodiac Europe requested (1) EUR2,544,000 as provisional damages to be confirmed once financial documents have been provided, (2) EUR200,000 as contribution of its legal costs, (3) a right to information for accessing to accounting documents, (4) measures to publish the judicial decision, and (5) an injunctive remedy to discontinue marketing and to recall from commercial circuit of infringing products.

As a counterclaim, our Company and WYBOTICS EUROPE sought the invalidity of claims 1, 2, 8, 9, and 12 to 15 of Zodiac French Patent on the basis that such claims did not involve an inventive step considering the prior art. As advised by our Independent French Litigation Advisor, the current propensity of French courts to invalidate patents gives a 55% to 60% chance of success of obtaining Zodiac French Patent's nullity, despite the apparent strength of Zodiac French Patent that did not encounter any major obstacles during the granting process. If the Paris Judicial Court does not invalidate Zodiac French Patent, it may proceed to determine on the merits of Zodiac Europe's claims.

Our Company and WYBOTICS EUROPE are challenging the validity of Zodiac French Patent with a 55% to 60% chance of success of obtaining Zodiac French Patent's nullity, as advised by our Independent French Litigation Advisor. Should Zodiac French Patent be found invalid, the French Proceeding will be dismissed in accordance with the laws of France. Consequently, the chance of not being condemned for infringement should be more than 50%, as advised by our Independent French Litigation Advisor.

If the Paris Judicial Court does not invalidate Zodiac French Patent, it may proceed to determine on the merits of Zodiac Europe's claims. If the Paris Judicial Court considers our HJ3172, HJ3172 Plus, HJ3182, WY3312 and WY3342 to be infringing claims 1, 2, 8, 9, and 12 to 15 of Zodiac French Patent, the Paris Judicial Court may order to (1) discontinue marketing the models in France for the future, (2) to pay a provision on definitive damages to be determined, that could realistically be under EUR1,000,000, and (3) grant the access of accounting documents to Zodiac Europe.

Our Directors, having considered (among other things) that our Independent French Litigation Advisor is of the opinion that there is 55% to 60% chance of success of obtaining Zodiac French Patent's nullity, and therefore chances of not being condemned for infringement higher than 50%, believe that it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and therefore no financial provision is required. As such, the contingent liabilities arising from the French Proceeding are not recognized as liabilities in accordance with IAS37.13(b). For the disclosure made in accordance with IAS37.86, see note 28 to the Accountants' Report in Appendix I to this document.

On May 22, 2025, the judge in charge of the case pronounced the closure of the instruction of the case, and accordingly the parties can no longer file new submissions nor adduce new exhibits. The oral hearing took place on April 9, 2026 and the Paris Judicial Court's decision on the merits of the case is expected to be known on July 1st, 2026. Due to inherent uncertainty associated with any legal proceedings, the outcome of the French Proceeding and the decision of the Paris Judicial Court cannot be accurately predicted. In the event of an unfavorable decision at first instance, our Company and WYBOTICS EUROPE may appeal before the Court of Appeal of Paris, without the need for prior authorization by any Court. The Court of Appeal proceedings usually last between 18 and 24 months.

Considering that (1) our Independent French Litigation Advisor is of the opinion that the chance of not being condemned for infringement should be more than 50%, and (2) HJ3172, HJ3172 Plus, HJ3182, WY3312 and WY3342 are outdated models or not marketed as of the Latest Practicable Date, our Directors are of the view that the French Proceeding will not have any material adverse effect on our business, results of operations and financial condition.



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*U.S. Complaint*

Based on information available to us as of the Latest Practicable Date, Zodiac filed the U.S. Complaint on May 23, 2025, and amended its complaint on September 22, 2025 ("Amended U.S. Complaint") to assert certain additional patents. Zodiac claimed that certain our robotic pool cleaner models infringed United States Patent Nos. 8,393,029; 8,393,031; 11,880,207; 11,262,766; and 11,003,191 ("Zodiac U.S. Patents") by making and selling certain robotic pool cleaners. The Zodiac U.S. Patents generally relate to certain features and functionality of robotic pool cleaners, including legacy gear and filter-basket component designs (U.S. Patent Nos. 8,393,029 and 8,393,031) and certain camera/vision-related functionality (U.S. Patent Nos. 11,003,191; 11,262,766; and 11,880,207). The accused models in the U.S. Complaint and the Amended U.S. Complaints comprise 14 models, comprising (1) five models, of which we have already discontinued sales, and (2) nine models of our premium, flagship, and pioneer level cordless robotic pool cleaners.

Zodiac sought both monetary damages and injunctive relief. However, Zodiac has not specified the amount of damages sought in the U.S. Complaint or Amended U.S. Complaint. In the event that Zodiac is able to carry its burden to prove infringement and if the patents are not found to be invalid or unenforceable, Zodiac may request monetary damages. The amount of damages that Zodiac may request in that event has not yet been determined and will not be determined until a later stage of the proceeding. Further, if Zodiac can show that balance of the equities weighs in favor of granting an injunctive remedy, it may be able to request for enjoining future sales of accused products found to infringe a valid patent in the U.S.

As of the Latest Practicable Date, the case schedule for the U.S. Complaint and any eventual trial date have not been determined and remained at a very early litigation stage. On October 30, 2025, we and Zodiac resolved the dispute over the proper service of process of the U.S. Complaint and agreed that we would answer or otherwise respond to the U.S. Complaint on December 15, 2025.

On September 9, 2025, we also filed a declaratory judgment complaint before another United States court (the "U.S. DJ Complaint") against Zodiac, requesting the court to declare non-infringement of all Zodiac U.S. Patents and to declare that certain Zodiac U.S. Patents (U.S. Patent Nos. 8,393,029 and 8,393,031) are invalid. On November 25, 2025, we also filed inter partes review petitions with the U.S. Patent and Trademark Office challenging the validity of the camera/vision-related patents asserted by Zodiac (U.S. Patent Nos. 11,003,191; 11,262,766; and 11,880,207) ("IPR Proceeding"). The U.S. DJ Complaint and the IPR Proceeding are parallel mechanisms under U.S. law that may proceed on different schedules; among other things, the existence of IPR Proceeding may affect the scope and timing of validity issues addressed in the court proceedings, including through potential stay or coordination requests. Based on the grounds identified in the IPR petitions and information available as of the Latest Practicable Date, our Independent U.S. Litigation Advisor is of the view that the IPR challenges present substantial questions of unpatentability; however, outcomes will depend on Patent Trial and Appeal Board determinations, and the U.S. DJ Complaint can proceed concurrently. We will also challenge the validity of all Zodiac U.S. Patents in response to the U.S. Complaint.

Considering that (1) it is more likely than not that each of the Zodiac U.S. Patents will be held invalid based on prior art through either the U.S. DJ Complaint or the IPR Proceeding, (2) Zodiac's allegations also face substantive challenges on infringement and validity that are expected to be tested through claim construction, dispositive motions, and/or other merits determinations in the U.S. Complaint, and (3) we have implemented new product designs and transitions such that the products currently offered for sale in the U.S. are not accused, or are being transitioned away from, the legacy designs alleged by Zodiac, our Independent U.S. Litigation Advisor is of the view that it is more likely than not that the Group will be able to defend the U.S. Complaint successfully.



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Considering that (1) our Independent U.S. Litigation Advisor's view that it is more likely than not that our Group will be able to defend the U.S. Complaint successfully, (2) the procedural posture of the U.S. Complaint, and (3) our Independent U.S. Litigation Advisor's view that the new designs and product transition reduce the likelihood that Zodiac could obtain any remedy that would materially affect our ongoing U.S. sales, our Directors are of the view that the U.S. Complaint and the Amended U.S. Complaint will not have any material adverse effect on our business, results of operations and financial condition. On the same basis, our Directors believe that it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of economic outflow cannot be made, so no financial provision is required. As such, the contingent liabilities arising from the U.S. Complaint are not recognized as liabilities in accordance with IAS37.13(b). For the disclosure made in accordance with IAS37.86, see note 28 to the Accountants' Report in Appendix I to this document.

Zodiac's allegations in the French Proceeding, the ITC Investigation, the U.S. Complaint and the Amended U.S. Complaint primarily concern certain legacy versions of our robotic pool cleaner products incorporating (1) a prior gear configuration, (2) a prior filter-basket configuration, and (3) certain camera/vision-related functionality. Considering that (1) we have implemented redesigns for the relevant gear and filter-basket components and have also developed a redesigned camera-related product configuration, (2) we are in the process of transitioning inventories and shipments so that products offered for sale in France and the United States reflect the redesigned configurations, and as advised by our Independent French Litigation Advisor and our Independent U.S. Litigation Advisor, our Directors are of the view that our current product offerings do not infringe Zodiac French Patents or Zodiac U.S. Patents, and we have not continued to use, directly and indirectly, the technology alleged to be infringed in the French Proceeding, the U.S Complaint, the Amended U.S. Complaint and the ITC Investigation in our current products.

To identify any potential infringement against any third party's intellectual property rights, we engage an independent third-party institution to identify any third party's intellectual property rights similar to our products ("Relevant Target Patents") through a systematic patent search across commonly used global patent databases by utilizing the search strategies around the core technical features and functional modules of our products. Based on the search results of the Relevant Target Patents, the independent third-party institution does not identify any of our products our technologies fall within the protection scope of any identified Relevant Target Patents, and is of the view that there is no risk of direct infringement or infringement under the doctrine of equivalents. Based on the foregoing, our Directors are of the view that our current products do not infringe any third party's intellectual property rights.

*Arizona Proceeding*

On February 23, 2026, Nationwide General Insurance Company, as subrogee of certain homeowners, filed a lawsuit against Wybotics Inc in the Superior Court of Arizona, Maricopa County, alleging product liability claims in connection with an alleged defect in a battery-operated pool cleaner that purportedly caused a residential fire. Such complaint seeks recovery of approximately US$38,000 in damages. The Arizona Proceeding is at an early stage. Our Directors confirm that this matter is an isolated claim. Considering the monetary value of the claim brought by such complaint is relatively modest, our Directors are of the view that this proceeding will not have any material adverse effect on our business, results of operations and financial condition.



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**Pending PRC Legal Proceeding**

***Pending Suzhou Legal Proceeding***

We are also currently involved in one pending contract dispute litigation in front of a PRC court in Suzhou filed by one of our domestic customers ("Suzhou Proceeding Plaintiff") in January 2024 for alleged breach of two contracts on the alleged basis that our subject matter products were subject to material safety risk. The Suzhou Proceeding Plaintiff alleged that the charging port of certain our robotic pool cleaners (WY200 (SW800) and WY300 (SW1200)) had safety risk (the "Allegation"), and requested the court for the termination of the two contracts and claimed damages and the return of the pre-payment of approximately RMB1.7 million in aggregate. We have lodged a counter-claim against the Suzhou Proceeding Plaintiff in August 2024 for their breach of the two contracts on the basis of their non-payment with respect to one contract and undue termination of the co-operation under the other contract. We claimed damages of approximately RMB7.3 million.

On July 8, 2025, the Suzhou court held, as the first instance judgment, that subject matter products were subject to safety risks and ordered that (1) the two contracts were validly terminated, (2) we shall return Suzhou Proceeding Plaintiff the pre-payment of the two contracts of approximately RMB0.5 million, (3) we shall pay Suzhou Proceeding Plaintiff damages of approximately RMB0.5 million, and (4) our counterclaim be dismissed ("First Instance Judgement"). We have appealed the First Instance Judgement and the appellate procedure was still pending as of the Latest Practicable Date.

As advised by our PRC litigation counsel, (1) the alleged safety risk of the charging port does not exist because the charging port concerned is compliant with the relevant standards, as supported by the certification body which had certified the alleged products, and (2) the Allegation is not accurate and the First Instance Judgement is erroneous, primarily due to the following factors:

- ***Misinterpretation of the standard.*** The court's expert opinion incorrectly interpreted the relevant safety standard.

- ***The original appraisal institution lacking qualifications and independent judgment.*** The original appraisal institution lacked the specific qualification to evaluate the relevant safety standard and simply acted as a "conduit" for a third-party lab's conclusions without providing its own analysis or showing the third party's reasoning.

- ***Major procedural flaws.*** (1) The appraisal institution was not properly qualified for the task, leading to an improper sub-contracting of the core work; (2) the assigned expert's registered specialty was mismatched with the electromechanical safety nature of the standard, and (3) the sampling was defective, as it did not cover all product models in dispute.

- ***Ignored Safety Design.*** The appraisal experts overlooked the product's built-in dual protection circuit (PCB auto-cutoff and a battery fuse), which prevents fires/explosions even if misuse occurs. This demonstrates a fundamental failure to understand the safety logic of the standard.

- ***The ignorance of contradictory evidence.*** The court relied on the flawed expert opinion despite contrary evidence from the official certification body, which confirmed the product's charging port was compliant and that abnormal charging tests did not cause fires.

Considering (1) the monetary value of the claim brought by the Suzhou Proceeding Plaintiff is relatively modest, as can be demonstrated the First Instance Judgment that we are ordered to pay the Suzhou Proceeding Plaintiff an aggregated amount of approximately RMB1.0 million, (2) as advised by



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our PRC litigation counsel, the Allegation is not accurate and the First Instance Judgement is erroneous, and (3) the alleged charging port have been replaced in our current and future models, our Directors are of the view that this proceeding will not have any material adverse effect on our business, results of operations and financial condition.

Despite this pending PRC legal proceeding, as advised by our PRC litigation counsel and our PRC Legal Advisor, our products are complied with the Product Quality Law of the PRC. In particular, prior to market entry in key regions, the Company's products are required to obtain quality certifications such as Electrical Testing Laboratories (ETL) and Underwriters Laboratories (UL), and both the WY200 (SW800) and WY300 (SW1200) models had obtained ETL certification, including ETL certificates. Regarding the false allegations made by the Suzhou Proceeding Plaintiff, we received an email from an independent quality assessment institute reiterating its opinion that the models subject to this proceeding are compliant with the requirements of the relevant safety standards pertaining to the battery safety standard.

Moreover, to our best knowledge, our Directors confirm that our products have obtained all necessary certification before being sold in our major markets.

***Pending Tianjin Legal Proceeding***

We are also currently involved in one pending contract dispute litigation in front of a PRC court in Tianjin filed by one of our domestic suppliers of batteries ("Tianjin Proceeding Plaintiff"). The Tianjin Proceeding Plaintiff claimed for RMB1.3 million from us, consisting of our unpaid contract amount of RMB1.2 million, the interests thereupon and the relevant legal costs. In January 2026, we counterclaimed that the quality of the batteries supplied by the Tianjin Proceeding Plaintiff did not meet the stipulated standards and claimed for RMB5.8 million from them. The first instance hearings for this dispute were conducted on January 22 and March 18, 2026, and the first instance judgment is still pending. Considering the monetary value of the claim brought by the Tianjin Proceeding Plaintiff is relatively modest, our Directors are of the view that this proceeding will not have any material adverse effect on our business, results of operations and financial condition.

As of the Latest Practicable Date, we were not involved in any litigation or arbitration proceedings pending or, to our knowledge, threatened against us or any of our Directors that could have a material and adverse effect on our business, financial condition or results of operations.

**Compliance**

We are subject to various regulatory requirements and guidelines issued by regulatory authorities in China, the U.S., Hong Kong and France. See "Regulatory Overview" for details. During the Track Record Period and up to the Latest Practicable Date, we did not commit any material non-compliance of the laws and regulations, and we did not experience any non-compliance incident, which taken as a whole, in the opinion of our Directors, is likely to have a material and adverse effect on our business, financial condition or results of operations. As advised by our PRC legal advisors, during the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant laws and regulations in all material respect.

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE**

We are well aware that environmental, social and governance (ESG) is closely related to corporate sustainability and requires compliance with all ESG laws and regulations, and our operations are subject to regular inspections by local government departments. See "Regulatory Overview" for details. We are highly concerned about the potential impact of factors such as ESG and climate change on our business



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operations, proactively identify and assess ESG-related matters, and are committed to taking comprehensive and effective measures to manage and mitigate ESG-related risks. We have implemented company-wide health, safety, social and environmental protection policies and standard operating procedures, such as waste treatment and disposal, workplace safety and environment management.

We commit to complying with ESG reporting requirements upon [**REDACTED**] and proactively communicating with stakeholders on our ESG practices and performance.

**ESG Governance**

Our Board is responsible for overseeing and managing key environmental, social, and governance ("ESG") risks. The implementation of our ESG strategies is handled by a dedicated ESG working group, which operates under the Board and collaborates with relevant departments. We plan to hold regular ESG working group meetings to promote ESG initiatives. The ESG working group ensures the effectiveness of ESG management by regularly reporting to the Board and senior management on ESG risks, objectives, and progress. It coordinates ESG-related activities, develops and reviews policies, and oversees their implementation while ensuring timely and accurate reporting and continuous improvement of ESG strategies. We have formulated the following ESG-related measures and working mechanisms:

- arranging internal training on ESG-related risks, ESG-related laws and regulations, and ESG responsibilities to raise the awareness of ESG among our management and employees; and

- regularly communicating with industry peers on ESG-related risks and experiences of improving the ESG monitoring mechanism to manage such risks.

We integrate the above measures and working mechanisms into our daily operations to take our corporate social responsibility and reduce the environmental impact of our business operations.

**Environmental Protection**

We place a strong emphasis on environmental protection and have taken proactive measures to control the negative environmental impact of our business. We have implemented a systematic environmental protection and risk prevention policy to improve the energy efficiency and environmental friendliness of our operations and to ensure effective compliance with relevant Chinese standards, laws and regulations.

Our directors confirm that we have obtained all the permits and licenses that are material to our operations under the environmental laws and regulations of China. As informed by our Chinese legal counsel, during the track record period, there has been no violation of Chinese environmental laws and regulations applicable to our business operations that has had a material adverse impact on our business, financial condition or overall operating results.

**Energy Usage and Greenhouse Gas Emissions**

We strictly abide by the Energy Conservation Law of the People's Republic of China, continuously promote the construction of the energy management system, actively optimize energy conservation measures, and constantly improve energy use efficiency.

Our energy conservation and emission reduction measures mainly include the following:



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- We conduct energy consumption statistics and energy diagnostic analysis: We regularly assess the energy usage of each production process and high-energy-consuming equipment, identify problems in a timely manner, and formulate optimization plans.

- Equipment renewal and energy substitution: We use electric forklifts instead of diesel ones to reduce diesel consumption, lower energy consumption per unit of operation, and reduce greenhouse gas emissions.

- Energy conservation culture construction: We cultivate employees' awareness of energy conservation, regularly organize energy conservation training, and advocate that employees implement various energy conservation measures in their daily work.



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Details of our principal energy consumption during the Track Record Period are as follows:

| | For the year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| Purchased Electricity (GWh) | 2.6 | 2.9 | 3.4 |
| Gasoline consumption (kiloliters) | 97.8 | 95.8 | 90.5 |
| Diesel oil consumption (kiloliters) | 228.7 | 187.3 | 156.1 |
| Purchased heat consumption (GJ) | 1,517.0 | 1,364.0 | 1,367.0 |
| Total Comprehensive Energy Consumption (tons of standard coal) | 726.6 | 711.7 | 735.7 |
| Energy Consumption Intensity (tons of standard coal/RMB million revenue) | 1.9 | 1.3 | 0.9 |
| Direct Greenhouse Gas Emissions (Scope 1) (kilotons of $CO_2$ equivalent) | 0.8 | 0.7 | 0.6 |
| Indirect Greenhouse Gas Emissions (Scope 2) (kilotons of $CO_2$ equivalent) | 1.6 | 1.7 | 2.0 |
| Total Greenhouse Gas Emissions (Scope 1 and Scope 2) (kilotons of $CO_2$ equivalent) | 2.4 | 2.4 | 2.6 |
| Greenhouse Gas Emission Intensity (tons of $CO_2e$/RMB million revenue) | 6.4 | 4.5 | 3.2 |

*Note:*

(1) The above data cover our office area and production base.

According to the Corporate Value Chain (Scope 3) Accounting and Reporting Standard of the Greenhouse Gas Protocol, we are also subject to "Scope 3 — Other Indirect Greenhouse Gas Emissions" arising from activities such as business travel, employee commuting, upstream and downstream transportation and distribution. These emissions result from upstream and downstream value chain activities that are controlled by other operating entities. In the future, we plan to gradually establish corresponding statistical mechanisms based on categories such as business travel, upstream and downstream transportation and distribution.

**Water Resource Management**

We attach great importance to water resources management, strictly abide by relevant laws and regulations, formulate multiple water resources management-related measures, and regularly monitor indicators related to water resources utilization. We use water-saving facilities such as water-saving faucets in the office area and guide employees to develop water-saving habits by posting water-saving signs.



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During the track record period, our water resource consumption details are as follows:

| | For the year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| Total Water Consumption (thousand cubic meters) | 9.8 | 11.1 | 7.9 |
| Water Intensity (cubic meters/RMB million revenue) | 26.0 | 20.4 | 9.7 |

*Note:* The above data cover our office area and production base.

**Pollutant and Waste Management**

Our business operations, including the manufacturing process of our robotic pool cleaners, may generate solid waste and hazardous waste. We adopt advanced environmentally friendly manufacturing equipment, install environmental protection facilities for the treatment of exhaust gases and regular testing, and optimize our manufacturing process to reduce the generation of pollutants and other negative impacts during the manufacturing process. With respect to certain of our manufacturing facilities located in Tianjin, we have maintained relevant environmental registration and filings with the competent government authorities.

We have implemented systematic environmental protection and risk prevention policies to make our operations more energy efficient and environmentally friendly and to ensure effective compliance with the relevant standards, laws and regulations in China. We have established internal protocols for waste and pollution generated from our manufacturing activities, which is primarily solid waste. Waste generated from our operations comprises general solid waste, including packaging materials and plastics and hazardous waste, including UV lamp, activated carbon and used machine oil, which are disposed of by qualified third parties. We dispose of our solid waste in compliance with the Law of Prevention and Control of Environmental Pollution by Solid Waste of the People's Republic of China (中華人民共和國固體廢物污染環境防治法). Specifically, we categorize solid waste into recyclable general solid waste, non-recyclable general solid waste, recyclable hazardous solid waste and non-recyclable hazardous solid waste, and accord different treatment. Recyclable general solid waste is collected periodically by administrative department and is generally sold to waste recycling companies. Non-recyclable general solid waste is handed over to factory administrator for centralized processing. Recyclable hazardous solid waste, such as waste batteries and empty chemical barrels, is stored in special compartments in our warehouses, and we coordinate with our suppliers for recycling or exchange. Non-recyclable hazardous solid waste is handed over to qualified third parties for proper disposal and decontamination treatment.

During the track record period, the details of our pollutants and waste are as follows:

| | For the year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| Total wastewater discharge (kilotons) | 5.9 | 6.7 | 3.2 |
| Total harmless waste (tons) | 103.0 | 100.4 | 86.0 |
| Total hazardous waste (tons) | 0.8 | 0.9 | 0.6 |
| VOCs (tons) | 0.4 | 0.4 | 0.3 |



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**Raw Material Procurement**

We focus on the environmental and social impact of the raw materials we purchase and insist on conducting procurement activities in a responsible manner. Moreover, we take measures to limit the negative environmental impact of our materials used. Raw materials used in the manufacture of our products primarily include batteries, printed circuit board assembly, metal components, injection molding materials and packaging materials. We procure such materials from qualified supplier who are required to comply with relevant laws, regulations and environmental standards. Besides, we have added environmental control practices to our supplier review checklist. This checklist explicitly evaluates suppliers' compliance with environmental laws and regulations, as well as their environmental management systems, solid waste disposal procedures, and hazardous chemical controls.

**Indicators and Goals**

Aligned with our business development plan and management framework, we have established a suite of relevant environmental indicators and goals and continuously monitor the progress of these goals.

- Our energy and greenhouse gas emissions management targets are: We plan to reduce energy consumption intensity (tons of standard coal/RMB million revenue) and greenhouse gas emissions intensity (tons of $CO_2e$/RMB million revenue) by 3% between 2024 and 2028. We will continue to improve our energy management system and implement measures for energy conservation and emissions reduction, and anticipate that these efforts will lead to the successful achievement of our goals.

- Our water resource management target is to reduce our water intensity (cubic meters per million yuan of revenue) by 5% by 2028 with 2024 as the base year. In the future, we will continue to optimize water conservation measures and enhance the awareness of water conservation among our employees in an effort to achieve this goal.

**Addressing Climate Change**

Under the impact of climate change, our business faces physical risks, transition risks, etc., which may affect our production operations and financial performance in the short, medium and long term. We are actively responding to climate change, identifying climate-related risks and opportunities, and taking measures to mitigate the impact of climate risks.

- Physical risks (short- and medium-term): We are exposed to physical risks such as typhoons, floods, rising average temperatures, rising sea levels, which can cause damage or failure of infrastructure and equipment, resulting in production disruptions, reduced productivity, and additional costs. It also affects the normal operation of logistics and supply chains, resulting in shortages of inventory or failure to deliver orders on time, causing losses. We have established and improved environmental management systems, developed contingency plans for sudden environmental incidents, and regularly organized employees to conduct relevant training and emergency drills. When choosing locations, fully assess local climate risks and geographical locations to avoid risks that may be caused by natural disasters. Strengthen supply chain management, assess supplier risks, and work with suppliers from multiple origins to avoid the risk of supply disruptions caused by disasters in a single region.

- Transition risks (medium- and long-term): As policies and requirements related to greenhouse gas emissions become increasingly strict, we may increase our investment in purchasing green electricity, promoting green procurement, green renovations of our office premises, and



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improving energy efficiency, resulting in higher operating costs for us. We have implemented the concept of low-carbon operation, strengthened the management of energy and water resources, and continuously monitored national and local climate and environmental policies to ensure that our operations comply with relevant policy requirements.

- Climate-related opportunities (medium- and long-term): More efficient production and sales processes and the use of resources and energy will help reduce operating costs and increase revenue. We are working to improve energy and resource efficiency by actively promoting the clean energy transition, technological transformation and equipment upgrading.

**Social Responsibility**

***Occupational Health and Safety***

We have obtained all necessary licenses in relation to workplace safety and established workplace safety policies and procedures to ensure that all parts of our operations are compliant with applicable laws and regulations in all material respects. Specifically, we established safety inspection team to execute and implement our workplace safety policies. Our safety inspection team is responsible for identifying potential safety risks and devising corresponding treatment, including those relating to electrical devices, manufacturing equipment, hazardous materials and building structures. Upon identifying any such safety hazards, our safety inspection team maintains written records of hazard description and underlying causes and reports to relevant responsible department for timely correction.

In addition, we adopted a series of preventive measures to further ensure workplace and occupational safety. For instance, we periodically organize safety training and safe production meetings to enhance employees' workplace safety awareness. In 2023, 2024 and 2025, our health and safety expenditures amounted to RMB274,400, RMB227,300, and RMB280,000, respectively. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant workplace accident or encounter any material non-compliance issues with respect to any applicable laws and regulations on occupational safety.

***Labour Rights Protection and Talent Development***

We commit to promoting fairness and equality in the workplace and adhere to a policy of transparency and fairness in recruitment and promotion, ensuring that all employees are provided with equal opportunities in matters including recruitment, promotion, welfare protection, and career development.

We strictly adhere to international Labour standards and local Labour laws and regulations, and prohibit the use of child labor or any form of forced labor. We do not tolerate any form of discrimination, including gender, sexual orientation, disability, age, race, nationality, family status, or any other legally protected factors and do focus on embracing diversity within our organization and equal and respectful treatment of all of our employees in their hiring, training, wellness and professional and personal development. This approach applies to all employee activities and human resources matters, including recruitment, promotion, transfer, rewards, and training, among others.

We have established a human resources system based on the principles of "openness, equality, competition, and merit selection," and we have formulated the "Human Resources Management Policy." We implement a comprehensive labor contract system and sign employment agreements with all employees. These agreements clarify mutual rights and obligations, and establish fair, equal, and lawful labor relations. Our contracts include provisions covering the duration of the contract, working hours and



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rest periods, compensation, social insurance, labor protection, working conditions, and the prevention of occupational hazards. All employees enjoy statutory benefits, including national holidays, annual leave, sick leave, marriage leave, and maternity leave.

The company fully respects and safeguards employees' rights to participation and oversight, and is committed to building a diverse and equitable workforce. We have established reporting and grievance mechanisms to provide channels for employee feedback. Employees who believe that violations of laws or regulations have occurred or whose rights have been infringed upon may report them through a 24-hour hotline, a dedicated reporting email address, or an anonymous reporting mailbox. While maximizing equal career opportunity for everyone, we will also continue to promote work-life balance and create a pleasant workplace for all of our employees.

With the aim of further supporting professional development, we engage in various kinds of training programs and procure training resources relevant to specific job roles. This includes inviting external instructors, which is considered one of the company's welfare benefits. The company offers a wide range of training programs for its employees, including new employee orientation, safety production training, professional technical training, general skills training and management training, covering all employees and ensuring that different groups receive the appropriate training. By providing opportunities for continuous learning and growth to our employees, we aim to enhance their skills and knowledge, promoting their professional advancement within our Group.

Our staff composition during the Track Record Period is set out below:

| | | For the year ended December 31, | | |
|---|---|---|---|---|
| **Indicators** | **Category** | **2023** | **2024** | **2025** |
| Total number of employees | / | 312 | 383 | 448 |
| Number of employees by gender | Male | 177 | 218 | 261 |
| | Female | 135 | 165 | 187 |
| Number of minority employees | / | 4 | 4 | 4 |
| Number of disabled employees | / | 3 | 3 | 3 |

***Responsible Supply Chain***

The company promotes the development of a sustainable supply chain through measures such as controlling supplier access and implementing green procurement. We incorporate environmental factors into our assessment of suppliers, give priority to environmentally certified green products, and reduce the environmental impact of our procurement activities.

We have established a procurement management system to ensure that inquiries, pricing and negotiations are conducted based on reasonable market prices, to guarantee procurement efficiency and transparency, and to prevent commercial bribery and corruption. We have made public the reporting channels, accepted relevant inquiries and complaints, and encouraged suppliers, agents and customers to cooperate with the company in anti-corruption management, abide by the company's relevant anti-corruption policies and rules, and create a positive and healthy cooperative environment.

During the track record period, no supplier terminated cooperation with us due to major environmental and social negative events.



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***Product Quality***

We comply with the Product Quality Law of the People's Republic of China, the Law of the People's Republic of China on Protection of Consumer Rights and Interests, and other laws and regulations, and continuously enhance our quality management capabilities. We have obtained ISO 9001 quality management system certification, which is valid until October 8, 2028. We have established a sound quality management system in accordance with international standards, and we have established corresponding quality inspection standards in all aspects of product design and development, testing, factory inspection, and after-sales management to ensure product quality.

***Integrity and Anti-corruption***

The company attaches great importance to anti-commercial bribery and anti-corruption management and continuously improves relevant management policies and systems. The company strictly adheres to laws and regulations such as the Anti-Unfair Competition Law of the People's Republic of China. The company has established internal systems such as the Anti-Fraud Work Management Measures, which prohibit all kinds of corrupt practices for the purpose of obtaining improper benefits and stipulate corresponding penalties for such corrupt practices.

The company actively strengthens the construction of professional ethics among its internal staff and regularly conducts integrity propaganda and education for all employees to reduce the probability of corruption incidents from the source. We set up email, telephone and other reporting channels, regulate the investigation authority of anti-fraud work, strictly keep any reports confidential and only share them with those who need such information to ensure that the information of the reporters is not leaked and to prevent all retaliatory acts.

During the reporting period, there were no incidents of penalties imposed by the competent authorities for violations of laws and regulations related to corruption and bribery.

## INTERNAL CONTROL AND RISK MANAGEMENT

Our Board is responsible for the overall effectiveness of our risk management and establishing our internal control system and reviewing its effectiveness. We have established and we maintain risk management and internal control systems consisting of policies and procedures that are appropriate for our business operations, and we are dedicated to continuously improving and implementing these systems to ensure our policies and implementation are effective and sufficient.

In preparation for the [**REDACTED**], we engaged an independent internal control consultant to review our internal control system during July to September 2024 and during May to June 2025, based on an agreed scope covering controls and procedures in the following aspects: (1) sales, accounts receivable and collection, (2) procurement, accounts payable and payment, (3) inventory management, (4) production and costing, (5) research and development, (6) human resource and payroll, (7) fixed assets and construction management, (8) cash and treasury management, (9) insurance, (10) financial reporting and disclosure controls, (11) taxes, (12) intangible assets and intellectual properties, (13) IT general controls, (14) contract management and other general control measures.

Our internal control consultant recommended various rectification and improvement measures in our internal control system based on its findings. Accordingly, we have commenced implementation of rectification and improvement measures in response to these findings and recommendations.



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Our internal control consultant has also performed a follow up visit in June 2025 to review the implementation of measures we adopted in relation to our internal control system, and we did not receive any additional recommendations from the internal control consultant as of the Latest Practicable Date. Taking into consideration of the above and the internal policies when adopted effectively and implemented, our Directors' view is that our enhanced internal control measures are adequate and effective for our current business environment.



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## OVERVIEW

Upon the [**REDACTED**], the Board of Directors will consist of nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors. The Board is responsible, and has general authority for, the management and operation of our Company.

Our senior management consists of seven members who are responsible for the day-to-day operations of our Company. All of the Directors and senior management have met the qualification requirements under the relevant PRC laws and regulations and the Listing Rules for their respective positions.

### Directors and Senior Management

The following table sets forth certain information regarding the Directors and members of senior management:

| Name | Age | Position | The earliest date of joining our Company | Date of appointment as a Director | Responsibility | Relationship with other Directors and senior management |
|---|---|---|---|---|---|---|
| *Executive Directors* | | | | | | |
| Fu Guilan (付桂蘭) | 70 | Chairman of the Board, executive Director and chief executive officer | December 23, 2005 | December 23, 2005 | Responsible for the overall research and development, design, production and sales of our Group | Mother of Mr. Yu |
| Yu Qian (余淺) | 41 | Vice chairman of the Board, executive Director and product director | December 23, 2005 | December 23, 2005 | Responsible for the research and development and strategic development of our Group | Son of Ms. Fu |
| Li Hui (李暉) | 36 | Executive Director, deputy general manager, Board secretary and joint company secretary | January 1, 2021 | December 29, 2021 | Responsible for assisting the chief executive officer on the research and development, design and production, external financing and information disclosures of our Group | N/A |
| Cen Pu (岑璞) | 55 | Executive Director, deputy general manager and chief engineer | August 24, 2009 | December 29, 2021 | Responsible for the research and development of our Group | N/A |
| *Non-executive Directors* | | | | | | |
| Wang Shouwen (王壽文) | 40 | Non-executive Director | September 5, 2025 | September 5, 2025 | Responsible for providing advice and reviewing overall policies and operations of our Group | N/A |
| Cai Guoqing (蔡國卿) | 33 | Non-executive Director | September 5, 2025 | September 5, 2025 | Responsible for providing advice and reviewing overall policies and operations of our Group | N/A |



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| Name | Age | Position | The earliest date of joining our Company | Date of appointment as a Director | Responsibility | Relationship with other Directors and senior management |
|---|---|---|---|---|---|---|
| *Independent non-executive Directors* | | | | | | |
| Duan Yong (段詠) | 57 | Independent non-executive Director | January 20, 2022 | January 20, 2022 | Responsible for supervising and providing independent advice on the operation and management of our Group | N/A |
| Wang Lianen (王連恩) | 60 | Independent non-executive Director | December 29, 2021 | December 29, 2021 | Responsible for supervising and providing independent advice on the operation and management of our Group | N/A |
| Xu Jiayuan (許佳媛) | 34 | Independent non-executive Director | April 16, 2025 | April 16, 2025 | Responsible for supervising and providing independent advice on the operation and management of our Group | N/A |

| Name | Age | Position | The earliest date of joining our Group | Date of appointment as a member of senior management | Responsibility | Relationship with other Directors and senior management |
|---|---|---|---|---|---|---|
| *Senior Management* | | | | | | |
| Fu Guilan (付桂蘭) | 70 | Chairman of the Board, executive Director and chief executive officer | December 23, 2005 | December 23, 2005 | Responsible for the overall research and development, design, production and sales of our Group | Mother of Mr. Yu Qian |
| Yu Qian (余淺) | 41 | Vice chairman of the Board, executive Director and product director | December 23, 2005 | December 23, 2005 | Responsible for the research and development and strategic development of our Group | Son of Ms. Fu |
| Li Hui (李暉) | 36 | Executive Director, deputy general manager, Board secretary and joint company secretary | January 1, 2021 | January 1, 2021 | Responsible for assisting the chief executive officer on the research and development, design and production, external financing and information disclosures of our Group | N/A |
| Cen Pu (岑璞) | 55 | Executive Director, deputy general manager and chief engineer | August 24, 2009 | December 29, 2021 | Responsible for the research and development of our Group | N/A |
| Zhu Xiao (朱蕭) | 52 | Deputy general manager | February 29, 2024 | April 1, 2024 | Responsible for the production, business operation and quality assurance of our Group | N/A |
| Shen Jinguo (申進國) | 48 | Deputy general manager | June 28, 2021 | June 28, 2021 | Responsible for procurement, storage and logistics of our Group | N/A |
| Liang Hongfeng (梁宏峰) | 32 | Financial director | April 24, 2023 | April 1, 2024 | Responsible for the accounting, finance and internal control functions of our Group | N/A |



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## BOARD OF DIRECTORS

### Executive Directors

**Fu Guilan (付桂蘭)**, aged 70, has been the chairman of the Board and chief executive officer of our Company since December 2005, and was re-designated as an executive Director on September 19, 2025. Ms. Fu is primarily responsible for the overall research and development, design, production and sales of our Group.

Ms. Fu has been serving as the director of WYBOTICS HONGKONG, Wybotics Inc and WYBOTICS EUROPE since September 2022, the executive director and general manager of Shanghai Wangyuan Technology Co., Ltd. (上海望圓科技有限公司) and Guangzhou Wangyuan Technology Co., Ltd. (廣州望圓科技有限公司) since June 2022, the executive director and general manager of Tianjin Wangyuan Intelligent Manufacturing Co., Ltd. (天津望圓智能製造有限公司) since May 2022, the general partner of Tianjin Kanfang LP and Tianjin Wangyuan LP since August 2021, the executive director of Tianjin Wangyuan since July 2004, and the executive director of Tianjin Zhuhui since May 2003. Ms. Fu also served as the general manager of OCEAS from July 2008 to January 2022, and the general manager of Tianjin Gaoyake Industry & Trade Co., Ltd. (天津高亞克工貿有限公司) from August 2003 to August 2020.

Ms. Fu graduated from Paris VIII University Vincennes-Saint-Denis (Université Paris VIII) of France in September 1995 with a master's degree (state-funded) in French literature.

**Yu Qian (余淺)**, aged 41, has been the vice chairman of the Board and the Director since December 2005, and was re-designated as the executive Director on September 19, 2025. He was the technical consultant of our Company from December 2005 to August 2015, and was later promoted as the product director since August 2015. Mr. Yu is primarily responsible for the research and development and strategic development of our Group. Mr. Yu worked at Tianjin Normal University (天津師範大學) of the PRC from July 2015 to February 2022.

Mr. Yu graduated from Université Paris VI of France in December 2013 with a PhD degree in materials physics and chemistry.

**Li Hui (李暉)**, aged 36, has been serving as the Director since December 2021 and was re-designated as the executive Director on September 19, 2025. He was also appointed as the joint company secretary of our Company since the [**REDACTED**]. Mr. Li has been serving as the deputy general manager of our Company since January 2021 and Board secretary of our Company since December 2021. Mr. Li is primarily responsible for assisting the chief executive officer on the research and development, design and production, external financing and information disclosures of our Group.

Prior to joining the Group, Mr. Li worked at Middle Sea Sheng Rong (Beijing) Capital Management Group Limited (中海晟融(北京)資本管理集團有限公司) from May 2018 to October 2019, and Beijing branch of Dongguan Securities Co., Ltd. (東莞證券股份有限公司) from March 2015 to February 2018.

Mr. Li graduated from Tianjin University (天津大學) of the PRC in June 2012 with a bachelor's degree in material forming and control engineering, and from Rochester Institute of Technology in May 2014 with a master's degree in professional studies.



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**Cen Pu (岑璞)**, aged 55, has been serving as the Director, deputy general manager and chief engineer of our Company since December 2021. He was re-designated as the executive Director since September 19, 2025. From September 2009 to December 2021, Mr. Cen successively served as the technical director, deputy chief engineer of our Company. Mr. Cen is primarily responsible for the research and development of our Group.

Mr. Cen graduated from Hebei University of Technology (河北工業大學) (formerly known as Hebei Institution of Technology (河北工學院)) of the PRC in July 1994 with a bachelor's degree in mechanical manufacturing processes and equipment, and from Hebei University of Technology in April 2004 with a master's degree in computer applied technology. Mr. Cen obtained the qualification of senior engineer of the PRC in November 2019.

**Non-executive Directors**

**Wang Shouwen (王壽文)**, aged 40, has been serving as a Director since September 2025. Mr. Wang is responsible for providing advice and reviewing overall policies and operations of our Group.

Mr. Wang is the general manager at Qingdao Honghua Private Equity Fund Management Co., Ltd. (青島弘華私募基金管理有限公司). Prior to joining the Group, Mr. Wang served as the deputy director of strategic business department at Beijing Fuscent Financial Information Services Co., Ltd. (北京弘合柏基金融信息服務有限責任公司) from May 2018 to December 2019, the assistant to general manager of investment department at Huitong Yuzhi Private Equity Investment Fund Management Co., Ltd. (匯通渝致私募股權投資基金管理有限公司), formerly known as Huarong Yufu Equity Investment Fund Management Co., Ltd. (華融渝富股權投資基金管理有限公司) from May 2016 to April 2018, and the investment manager of investment department at Sdic Capital Holding Co., Ltd. (國投資本控股有限公司) from July 2011 to April 2016.

Mr. Wang graduated from Shangdong University of the PRC in June 2009 with a bachelor's degree in accounting and a bachelor's degree in law, respectively, and from Guanghua School of Management of Peking University in July 2011 with a master's degree in accounting. Mr. Wang obtained his professional qualification of intermediate level in finance in November 2012.

**Cai Guoqing (蔡國卿)**, aged 33, has been serving as a Director since September 2025. Mr. Cai is responsible for providing advice and reviewing overall policies and operations of our Group.

Mr. Cai has also been serving as the executive director of Shanghai Hengxu Chuangling Private Equity Fund Management Co., Ltd. (上海恒旭創領私募基金管理有限公司) since August 2019.

Mr. Cai graduated from Shanghai Jiao Tong University of the PRC in June 2014 with a bachelor's degree in business administration.

**Independent Non-executive Directors**

**Duan Yong (段詠)**, aged 57, has been serving as an independent non-executive Director since January 2022. Ms. Duan is primarily responsible for supervising and providing independent advice on the operation and management of our Group.

Ms. Duan has also been serving as the partner of Tianjin Tiancai Limited Liability Certified Public Accountants' Firm (天津天財有限責任會計師事務所) since January 2021, the independent director of Tianjin Hualai Technology Co., Ltd. (天津華來科技股份有限公司) (a company listed on the National Equities Exchange and Quotations, stock code: 874118) since September 2020, the independent director



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of Tianjin Jinbin Development Co., ltd. (天津津濱發展股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000897) from May 2016 to September 2024, and the independent director of Bohai Water Industry Co., Ltd. (渤海水業股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000605) since February 2025.

Ms. Duan previously served as the independent director of King-meter Technology Co., Ltd. (天津金米特科技股份有限公司) (a company listed on the National Equities Exchange and Quotations, stock code: 872249) from April 2022 to May 2023, the independent director of Tianjin Dalin New Material Technology Co., Ltd. (天津市大林新材料科技股份有限公司) (a company listed on the National Equities Exchange and Quotations, stock code: 870205) from March 2018 to September 2020, the independent director of Tianjin Tianbao Capital Construction Co., Ltd. (天津天保基建股份有限公司) (a company listed on Shenzhen Stock Exchange, stock code: 000965) from August 2017 to August 2020, the independent director of Tianjin Huahong Technology Co., Ltd. (天津華鴻科技股份有限公司) (a company listed on the National Equities Exchange and Quotations, stock code: 873804) from July 2017 to July 2023, the executive partner of Tianjin Jingcheng Certified Public Accountants (General Partnership) (天津敬誠會計師事務所(普通合夥)) from May 2016 to June 2017, the partner of Tianjin Unitax Certified Public Accountants Co., Ltd (天津尤尼泰會計師事務所有限公司) from January 2015 to December 2020, the executive deputy general manager of Tianjin Ruihe Wealth Management Consulting Co., Ltd. (天津睿和財富管理諮詢有限公司) from July 2014 to December 2014, the senior audit manager of Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) (德勤華永會計師事務所(特殊普通合夥)) (Including its predecessor, Deloitte Touche Tohmatsu CPA Firm (德勤華永會計師事務所有限公司)) from May 2011 to June 2014, an audit manager of Ernst and Young Hua Ming Certified Public Accountants (Special General Partnership) (安永華明會計師事務所(特殊普通合夥)) from November 2005 to May 2011, an audit project manager of ShineWing Certified Public Accountants (Special General Partnership) (信永中和會計師事務所(特殊普通合夥)) from January 2003 to October 2005. Previously, Ms. Duan successively worked at China Xinxing Tianjin Import & Export Co., Ltd. (中國新興天津進出口有限責任公司), Tianjin Fangzheng Certified Public Accountants (天津方正會計師事務所) and Shenzhen Pengcheng Accountant Office Co., Ltd. (深圳鵬城會計師事務所有限公司).

Ms. Duan graduated from Nankai University (南開大學) of the PRC in June 1991 with a bachelor's degree in economics and management, and in July 1994 with a master's degree in business management. Ms. Duan obtained the qualification of economics professional of the PRC in October 1998, the qualification of the certified accountant of the PRC in April 2001 and certified public asset valuer of the PRC in December 1997.

**Wang Lianen (王連恩)**, aged 60, has been serving as an independent non-executive Director since December 2021. He is primarily responsible for supervising and providing independent advice on the operation and management of our Group.

Mr. Wang has been serving as the senior partner of Grandall Law Firm (國浩律師事務所) since 2017. Mr. Wang has also been serving as the external director of Tianjin Quanye Hualian Group Co., Ltd. (天津勸業華聯集團有限公司), the external director of Tianjin Chenrong Investment Holdings Co., Ltd. (天津辰融投資控股有限公司), the external director of Tianjin Jinzhi State-owned Assets Capital Investment Operation Co., Ltd. (天津津智國有資本投資運營有限公司) since August 2020. Mr. Wang served as the external director of Tianjin Jincheng State-owned Capital Investment and Management Co. Ltd. (天津津誠國有資本投資運營有限公司) from July 2017 to September 2022. Mr. Wang also served as the independent director of Tianjin Huahong Technology Co., Ltd. (天津華鴻科技股份有限公司) from July 2017 to July 2023, and the external director of Tianjin Rail Transit Group Co., Ltd. (天津軌道交通集團有限公司) from April 2016 to April 2022.



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Mr. Wang has also been serving as the legal think-tank expert of the Tianjin Municipal Committee of the Communist Party of China (中共天津市委法律智庫) since 2017, and the lecturer of the master of laws at Nankai University since 2016. Mr. Wang previously served as the legal adviser to Tianjin Municipal Government from 2020 to 2023, the adjunct legal adviser to the Dongli District Committee and District Government of Tianjin (天津市東麗區區委區政府) from August 2018 to August 2024, and the adjunct legal adviser to the Beichen District Committee and District Government of Tianjin (天津市北辰區區委區政府) from December 2014 to December 2021.

Mr. Wang graduated from Tianjin Normal University of the PRC in July 2003 with a doctoral degree in political theory (政治學理論). Mr. Wang obtained the certification of PRC legal profession qualification in January 2006.

**Xu Jiayuan (許佳媛)**, aged 34, has been serving as an independent non-executive Director of our Company since April 2025. Ms. Xu is primarily responsible for supervising and providing independent advice on the operation and management of our Group.

Ms. Xu has been serving as a director of Metis Professional Services Co., Ltd. (墨提斯專業服務有限公司) since January 2022, the company secretary and authorised representative of Optima Automobile Group Holdings Limited (a company listed on the Stock Exchange, stock code: 8418) since September 2021, the company secretary and authorised representative of New Sparkle Roll International Group Limited (a company listed on the Stock Exchange, stock code: 970) since August 2024 and the company secretary and authorised representative of Chiho Environmental Group Limited (a company listed on the Stock Exchange, stock code: 976) since July 2025. Prior to joining the Company, Ms. Xu served as the manager of TANDEM (HK) Corporate Services Limited from October 2020 to September 2021, and as the company secretary and authorised representative of Ta Yang Group Holdings Limited (a company listed on the Stock Exchange, stock code: 1991) from January 2023 to April 2025.

Ms. Xu obtained a bachelor degree of management majoring in business administration (management accounting) from Capital University of Economics and Business in June 2013, and obtained a master degree of science majoring in accountancy from The Hong Kong Polytechnic University in October 2014. Ms. Xu is a member of the Hong Kong Institute of Certified Public Accountants (HKICPA) and a certified internal auditor (CIA) conferred by the Institute of Internal Auditors.

**SENIOR MANAGEMENT**

**Fu Guilan (付桂蘭)**, for the biographical details, please see "—Board of Directors—Executive Directors".

**Yu Qian (余淺)**, for the biographical details, please see "—Board of Directors—Executive Directors".

**Li Hui (李暉)**, for the biographical details, please see "—Board of Directors—Executive Directors".

**Cen Pu (岑璞)**, for the biographical details, please see "—Board of Directors—Executive Directors".

**Zhu Xiao (朱蕭)**, aged 52, has been serving as the deputy general manager of our Company since April 2024. Mr. Zhu is primarily responsible for the production, business operation and quality assurance of our Group.



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Prior to joining our Group, Mr. Zhu served in Tianjin Reach Surgical Instrument Co., Ltd. (天津瑞奇外科器械股份有限公司) as vice president from January 2016 to February 2024. Previously, Mr. Zhu successively worked at Tianjin Automobile Institute (天津市汽車研究所), Motorola Semiconductor product system (摩托羅拉半導體芯片廠), Motorola Energy Group (摩托羅拉電池廠), Motorola Mobile Device (摩托羅拉手機廠), Motorola Networks (摩托羅拉基站廠) and Honeywell (TianJin) Co., Ltd. (霍尼韋爾(天津)有限公司) from September 1996 to January 2016.

Mr. Zhu obtained a bachelor's degree in automotive engineering in June 1996, and a master's degree in management science and engineering in March 2007 from Tianjin University.

**Shen Jinguo (申進國)**, aged 48, has been serving as a deputy general manager of our Company since January 2022. Mr. Shen is responsible for the procurement, storage and logistics of our Group. Mr. Shen has also been serving as a supervisor of Shanghai Wangyuan Technology Co., Ltd. (上海望圓科技有限公司) and Guangzhou Wangyuan Technology Co., Ltd. (廣州望圓科技有限公司) from June 2022, and a supervisor of Tianjin Wangyuan Intelligent Manufacturing Co., Ltd. (天津望圓智能製造有限公司) from May 2022. Mr. Shen also served as an administration department manager of our Company from June 2021 to December 2021, and served as its supervisor from June 2021 to August 2021.

**Liang Hongfeng (梁宏峰)**, aged 32, has been serving as the financial director of our Company since April 2024. Ms. Liang is primarily responsible for the accounting, finance and internal control functions of our Group. Ms. Liang served as the financial department manager of our Company from April 2023 to March 2024.

Prior to joining our Group, Ms. Liang has served as the senior associate PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) (普華永道中天會計師事務所(特殊普通合夥)) from February 2022 to April 2023, the senior associate of Ernst and Young Hua Ming Certified Public Accountants (Special General Partnership) (安永華明會計師事務所(特殊普通合夥)) from October 2020 to January 2022, and the intermediate accountant of ShineWing Certified Public Accountants (Special General Partnership) (信永中和會計師事務所(特殊普通合夥)) from June 2018 to July 2020.

Ms. Liang graduated from Harbin University of Commerce (哈爾濱商業大學) of the PRC in June 2016 with a bachelor's degree in trade and economic, and from Yunnan University (雲南大學) of the PRC in June 2018 with a master's degree in auditing. Ms. Liang has been an associate member of Association of International Accountants since June 2024.

## OTHER INFORMATION

Save as disclosed in this section and in "Statutory and general information—C. Further information about our Directors and substantial shareholders" in Appendix VI to this document:

(1) each of our Directors and members of senior management does not hold and has not held any other positions in our Company and any other members of our Company as at the Latest Practicable Date;

(2) each of our Directors and members of senior management has not been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date and as at the Latest Practicable Date;

(3) none of our Directors and members of the senior management is related to other Directors and members of the senior management;



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(4) each of our Directors did not have any interest in our Shares within the meaning of Part XV of the SFO;

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

(6) each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on September 16, 2025, and (ii) understands his or her obligations as a director of a [**REDACTED**] under the Listing Rules; and

(7) each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) that he/she has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

## JOINT COMPANY SECRETARIES

**Li Hui (李暉)**, for biographical details of Mr. Li, please see "—Board of Directors—Executive Directors."

**Tang Ka Yan (鄧嘉欣)**, has been appointed as one of the joint company secretaries of our Company since the [**REDACTED**]. Ms. Tang is a senior manager of corporate services of Tricor Services Limited. Ms. Tang has over 15 years of experience in the corporate secretarial fields and has been providing corporate secretarial and compliance services to Hong Kong listed companies as well as multinational, private, and offshore companies.

Ms. Tang obtained her Bachelor of Business Administration in Accountancy from the City University of Hong Kong in November 2007, and the Master of Laws in Common Law from the Chinese University of Hong Kong in November 2013. Ms. Tang is a Chartered Secretary, a Chartered Governance Professional, and an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

## BOARD COMMITTEES

The Company has established four committees under the Board, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy Committee.

### Audit Committee

The Audit Committee consists of three Directors, namely Duan Yong, Wang Lianen and Xu Jiayuan with Duan Yong currently serving as the chairman. Each has the appropriate professional qualification and experiences as required under Rules 3.10(2) and 3.21 of the Listing Rules. The Audit Committee is mainly responsible for reviewing and overseeing the financial reporting procedure, risk management and internal



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control system of our Group and have with terms of reference in compliance with the relevant PRC laws and regulations and Rule 3.21 of the Listing Rules and paragraph D.3 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

**Remuneration and Appraisal Committee**

The Remuneration and Appraisal Committee consists of three Directors, namely Wang Lianen, Duan Yong and Fu Guilan, with Wang Lianen currently serving as the chairman. The Remuneration and Appraisal Committee is mainly responsible for evaluating the remuneration policies for Directors and senior management of our Group and making recommendations thereon to the Board of Directors and have with terms of reference in compliance with relevant laws and regulations of the PRC and Rule 3.25 of the Listing Rules and paragraph E.1 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules.

**Nomination Committee**

The Nomination Committee consists of three Directors, namely Xu Jiayuan, Duan Yong and Cen Pu, with Xu Jiayuan currently serving as the chairman. The Nomination Committee is mainly responsible for identifying, screening and recommending to the Board of Directors qualified candidates to serve as the Directors and senior management and monitoring the procedures for evaluating the performance of the Board of Directors and have with terms of reference in compliance with the relevant laws and regulations of the PRC and Rule 3.27A of the Listing Rules and paragraph B.3 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules.

**Strategy Committee**

We have established the Strategy Committee, which consists of Wang Lianen, Xu Jiayuan and Yu Qian, with Wang Lianen being the chairman of the Strategy Committee according to the relevant laws and regulations of the PRC. The main duties of the Strategy Committee are to research and recommend development strategy and capital operation of our Company.

## DIVERSITY POLICY OF THE BOARD OF DIRECTORS

The Board of Directors has adopted a board diversity policy (the "**Board Diversity Policy**") in order to enhance the effectiveness of our Board and to maintain high standard of corporate governance. The Board Diversity Policy sets out the criteria in selecting candidates to our Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board.

Our Directors have a balanced mixed of knowledge and skills, including but not limited to overall business management, finance and accounting and material science. They obtained degrees in diversified majors including physics, computer technology, engineering, finance, economics and laws.

In addition, our Board has a wide range of age, ranging from 33 years old to 70 years old. Three of our Directors are also female Directors. Our Board is of the view that our Board satisfies the Board Diversity Policy. Our Board will also ensure that appropriate balance of gender diversity is achieved with reference to investors' expectation, and international and local recommended best practices.



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The Nomination Committee is responsible for reviewing the diversity of our Board. After the [**REDACTED**], the Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness. The Nomination Committee will also include in successive annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

## CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of [**REDACTED**] set out in Appendix C3 to the Listing Rules after the [**REDACTED**], except for Code Provision C.2.1 of Part 2 of the Corporate Governance Code, which provides that the roles of chairman of the board and chief executive officer should be separate and should not be performed by the same individual.

We do not have a separate chairperson and general manager, and Ms. Fu, our chairman of the Board, executive Director and chief executive officer, currently performs these two roles. Our Board considers that vesting the roles of chairman and general manager in the same person is beneficial to the management of our Group. With extensive experience in the industry and having served in our Company since its establishment, Ms. Fu is the Director best suited to steer the overall management, business, sales, strategic development and research and development of our Group. The balance of power and authority is ensured by the operation of our Board and our senior management, which comprises experienced and visionary individuals. Our Board currently comprises four executive Directors (including Ms. Fu), two non-executive Directors, and three independent non-executive Directors, and therefore has a strong independence element in its composition.

The Board will continue to review and consider splitting the roles of chairperson and chief executive of the Company if and when it is appropriate taking into account the circumstances of the Group as a whole. Save as disclosed above, our Company intends to comply with all code provisions under the Corporate Governance Code after the [**REDACTED**].

## NON-COMPETITION

Each of our Directors confirms that as of the Latest Practicable Date, they are not interested in any business, apart from our business, which competes or is likely to compete, either directly or indirectly, with our business and requires disclosure under Rules 8.10(2) and 19A.14 of the Listing Rules.

## COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Company offers executive Directors and senior management members, who are our employees, compensation in the form of fee, salaries, allowances and benefits in kind, discretionary bonuses, retirement scheme contributions, and share-based payments. Our independent non-executive Directors receive compensation based on their responsibilities.

The aggregate amounts of emoluments paid or payable to the Directors for the three years ended December 31, 2023, 2024 and 2025 were RMB3.44 million, RMB3.37 million and RMB4.34 million, respectively.



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The aggregate amounts of emoluments including fee, salaries, allowances and benefits in kind, discretionary bonuses, retirement scheme contributions, and share-based payments paid or payable to the five highest paid individuals (excluding Directors) for the three years ended December 31, 2023, 2024 and 2025, were RMB3.47 million, RMB4.36 million and RMB7.79 million, respectively.

It is estimated that remuneration equivalent to approximately RMB2.94 million in aggregate will be paid to the Directors by our Company for the year ending December 31, 2026.

No remuneration was paid by our Company to the Directors or the five highest paid individuals as inducement to join or upon joining our Company or as a compensation for loss of office during the Track Record Period. Furthermore, none of the Directors had waived or agreed to waive any remuneration during the Track Record Period.

## COMPLIANCE ADVISOR

Our Company appointed Halcyon Capital Limited as the compliance advisor pursuant to Rule 3A.19 of the Listing Rules, and the compliance advisor will advise our Company in the following circumstances pursuant to Rule 3A.22 of the Listing Rules:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(iii) where our Company proposes to use the [**REDACTED**] of the [**REDACTED**] in a manner that is different from that detailed in this document or where our business activities, developments or results deviate from any forecasts, estimates or other information in this document; and

(iv) responding to inquiries made by the Exchange to the Company pursuant to Rule 13.10 of the Listing Rules.

Meanwhile, pursuant to Rule 3A.24 of the Listing Rules, the compliance advisor shall inform us on a timely basis of any amendment or supplement to the Listing Rules issued by the Stock Exchange from time to time and any new or amended laws and regulations in Hong Kong applicable to our Company. The compliance advisor shall also provide advice to us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The terms of the appointment of the compliance advisor will commence on the [**REDACTED**] and end on the date when the Company distributes the annual report of its financial results for the first full financial year commencing after the [**REDACTED**].



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## OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Company was controlled by the Controlling Shareholders, namely (i) Ms. Fu as to 10.88%, (ii) Mr. Yu as to 0.93%, (iii) Tianjin Zhuhui as to 21.55%, which is owned as to 57.50% and 42.50% by Ms. Fu and Mr. Yu, respectively, (iv) Tianjin Wangyuan as to 32.75%, which is owned as to 60.00% and 40.00% by Ms. Fu and Mr. Yu, respectively, and (v) Tianjin Kanfang LP and Tianjin Wangyuan LP as to 1.24% and 4.23%, respectively, with Ms. Fu being their respective sole general partner and entitled to exercise the voting rights attaching to the Shares held by them. As of the Latest Practicable Date, the Controlling Shareholders have been able to control 71.58% of the voting rights in shareholders' meetings of our Company.

Immediately following completion of the [**REDACTED**] and [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), our Company will be controlled [**REDACTED**]% voting rights by the Controlling Shareholders, namely (i) Ms. Fu as to [**REDACTED**]%, (ii) Mr. Yu as to [**REDACTED**]%, (iii) Tianjin Zhuhui as to [**REDACTED**]%, which is owned as to 57.50% and 42.50% by Ms. Fu and Mr. Yu, respectively, (iv) Tianjin Wangyuan as to [**REDACTED**]%, which is owned as to 60.00% and 40.00% by Ms. Fu and Mr. Yu,respectively, and (v) Tianjin Kanfang LP and Tianjin Wangyuan LP as to [**REDACTED**]% and [**REDACTED**]%, respectively, with Ms. Fu being their respective sole general partner and entitled to exercise the voting rights attaching to the Shares held by them.

## COMPETITION

The core business of our Group is to research, design, manufacture and marketing of robotic pool cleaners. Each of our Controlling Shareholders and Directors confirm that as of the Latest Practicable Date, he/she/it did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

## INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

### Management independence

Our business is primarily managed and conducted by our Board and senior management. Our Board has nine Directors comprising four executive Directors, two non-executive Directors and three independent non-executive Directors. For more information, see "Directors and Senior Management." With three independent non-executive Directors out of a total of nine Directors in our Board, there will be sufficient independent voice and check-and-balance within our Board to safeguard the interests of our Shareholders other than our Controlling Shareholders.

Although Ms. Fu and Mr. Yu, being our Controlling Shareholders, also hold directorship or senior management position in our Company, our Directors believe that our Board and senior management are able to manage our business and function independently from our Controlling Shareholders based on the following reasons:

(i) each Director is aware of his or her fiduciary duties as a Director which require, among others, that he or she acts for the benefit and in the best interest of our Company and Shareholders as a whole (but not merely in the interest of our Controlling Shareholders) and does not allow any conflict between his or her duties as a Director and his or her personal interests;



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(ii) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Controlling Shareholders or their respective close associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions, and shall not be counted in the quorum;

(iii) our Board will comprise nine Directors upon the [**REDACTED**], and three of them will be independent non-executive Directors, which represent one-third of the members of the Board. Our independent non-executive Directors have extensive experience in different areas and have been appointed in accordance with the requirements of the Listing Rules to ensure that the decisions of the Board are made after due consideration of independent and impartial opinions; and

(iv) our Company has established internal control mechanisms to manage conflict of interests, including, among others, the policies and procedures to identify connected transactions and material interests of our Directors, senior management and Shareholders to ensure that our Directors, senior management or Shareholders with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions. See "—Corporate Governance Measures" in this section for further details.

**Operational independence**

Our Group is operationally independent of our Controlling Shareholders. We have established our own organizational structure, and each department is assigned to specific areas of responsibilities. Our Group holds or enjoys the benefits of material relevant licenses and intellectual properties necessary to carry on our business. We have our own facilities, equipment and employees to operate our business independent from our Controlling Shareholders. We also have independent access to our customers and suppliers.

Based on the above, our Directors are of the view that we are able to operate independently of our Controlling Shareholders and their respective close associates.

**Financial independence**

We have a financial department which is independent of our Controlling Shareholders and such financial department is responsible for the finance, accounting, reporting, credit and internal control of our Group. We can make financial decisions independently without interference from our Controlling Shareholders and their associates. We maintain bank accounts with banks independently and do not share any bank accounts with our Controlling Shareholders and their associates. We believe that we are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Controlling Shareholders or their associates.

During the Track Record Period and as of the Latest Practicable Date, there was no loan, advance or guarantee provided by our Controlling Shareholders or his/her/its close associates.

Based on the above, our Directors are of the view that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.



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## CORPORATE GOVERNANCE MEASURES

In order to further safeguard the interests of our minority Shareholders, we will adopt the following corporate governance measures to manage potential conflicts of interests:

(a) as part of our preparation for the [**REDACTED**], we have adopted our Articles of Association in compliance with the Listing Rules. In particular, our Articles of Association provided that, unless otherwise stipulated;

  (i) when the Board meeting deliberates on connected transactions, connected Directors in the relevant connected transactions or arrangements shall not participate in voting; and

  (ii) when the Shareholders' general meeting deliberates on connected transactions, connected Shareholders who hold significant interests in the relevant connected transactions or arrangements shall not participate in voting, and the number of voting shares they represent shall not be counted in the effective voting, and the announcement of the Shareholders' general meeting resolution shall fully disclose the voting status of the non-connected Shareholders condition;

(b) we are committed to ensure that our Board shall have a sufficiently balanced composition of executive Directors, non-executive Director and independent non-executive Directors that can facilitate the exercise of independent judgment. We believe that the independent non-executive Directors have the necessary expertise to form and exercise independent judgment in the event of any conflict of interest between our Company and our Controlling Shareholders. Further, the independent non-executive Directors will be able to seek independent professional advice from external parties in appropriate circumstances at our Company's cost; and

(c) we have appointed Halcyon Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including but not limited to various requirements relating to Directors' duties and corporate governance.



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## SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] and [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the following persons will have, or be deemed, or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

| | | | Shares held as of the Latest Practicable Date | | Shares held immediately following the completion of the [REDACTED] and [REDACTED] (assuming the [REDACTED] is not exercised) | | |
|---|---|---|---|---|---|---|---|
| Name of Shareholder | Nature of interest | Description of Shares | Number of Shares[1] | Percentage of shareholding in our total issued share capital | Number of Shares[1] | Percentage of shareholding in our Unlisted Shares/H Shares | Percentage of shareholding in our total issued share capital[5] |
| Ms. Fu | Beneficial interest | Unlisted Shares | 6,801,297 | 10.88% | [REDACTED] | [REDACTED]% | [REDACTED]% |
| | | H Shares | – | – | [REDACTED] | [REDACTED] | [REDACTED] |
| | Interest in a controlled corporation[2][3] | Unlisted Shares | 37,388,273 | 59.80% | [REDACTED] | [REDACTED]% | [REDACTED]% |
| | | H Shares | – | – | [REDACTED] | [REDACTED] | [REDACTED] |
| Mr. Yu | Beneficial interest | Unlisted Shares | 579,975 | 0.93% | [REDACTED] | [REDACTED]% | [REDACTED]% |
| | | H Shares | – | – | [REDACTED] | [REDACTED] | [REDACTED] |
| | Interest in a controlled corporation[2] | Unlisted Shares | 33,968,273 | 54.33% | [REDACTED] | [REDACTED]% | [REDACTED]% |
| | | H Shares | – | – | [REDACTED] | [REDACTED] | [REDACTED] |
| Tianjin Zhuhui[2] | Beneficial interest | Unlisted Shares | 13,490,937 | 21.55% | [REDACTED] | [REDACTED]% | [REDACTED]% |
| | | H Shares | – | – | [REDACTED] | [REDACTED] | [REDACTED] |
| Tianjin Wangyuan[2] | Beneficial interest | Unlisted Shares | 20,477,336 | 32.75% | [REDACTED] | [REDACTED]% | [REDACTED]% |
| | | H Shares | – | – | [REDACTED] | [REDACTED] | [REDACTED] |
| Tianjin Wangyuan LP[3] | Beneficial interest | Unlisted Shares | 2,642,235 | 4.23% | [REDACTED] | [REDACTED]% | [REDACTED]% |
| | | H Shares | – | – | [REDACTED] | [REDACTED] | [REDACTED] |
| Tianjin Kanfang LP[3] | Beneficial interest | Unlisted Shares | 777,765 | 1.24% | [REDACTED] | [REDACTED]% | [REDACTED]% |
| | | H Shares | – | – | [REDACTED] | [REDACTED] | [REDACTED] |
| Mr. Yu Jincheng | Interest of spouse[4] | Unlisted Shares | 44,189,570 | 70.68% | [REDACTED] | [REDACTED]% | [REDACTED]% |
| | | H Shares | – | – | [REDACTED] | [REDACTED] | [REDACTED] |

(1) All interests stated are long positions.

(2) Tianjin Zhuhui is owned as to 57.50% and 42.50% by Ms. Fu and Mr. Yu, respectively. Tianjin Wangyuan is owned as to 60.00% and 40.00% by Ms. Fu and Mr. Yu, respectively. Therefore, Ms. Fu and Mr. Yu are deemed to be interested in all the Shares held by Tianjin Zhuhui and Tianjin Wangyuan for the purpose of the SFO.

(3) Ms. Fu is the general partner of Tianjin Kanfang LP and Tianjin Wangyuan LP, respectively. Therefore, Ms. Fu is deemed to be interested in the interests held by Tianjin Kanfang LP and Tianjin Wangyuan LP, respectively.



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(4) Mr. Yu Jincheng is the spouse of Ms. Fu. Accordingly, they are deemed to be interested in the same number of Shares of each other for the purpose of the SFO.

(5) For the avoidance of doubt, both Unlisted Shares and H Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following the completion of the [**REDACTED**] and [**REDACTED**] (assuming the [**REDACTED**] is not exercised), have an interest or short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.



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Our registered share capital as of the Latest Practicable Date was RMB62,523,409, divided into 62,523,409 Unlisted Shares of par value of RMB1.00 each.

Assuming the [**REDACTED**] is not exercised, the share capital of our Company immediately after the [**REDACTED**] and [**REDACTED**] will be as follows:

| Description of Shares | Number of Shares | Approximate percentage to total share capital |
|---|---|---|
| | | *(%)* |
| Unlisted Shares | [**REDACTED**] | [**REDACTED**] |
| H Shares to be [**REDACTED**] from [**REDACTED**] | [**REDACTED**] | [**REDACTED**] |
| H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] | [**REDACTED**] | [**REDACTED**] |
| **Total** | [**REDACTED**] | [**REDACTED**] |

Assuming the [**REDACTED**] is exercised in full, the share capital of our Company immediately after the [**REDACTED**] and [**REDACTED**] will be as follows:

| Description of Shares | Number of Shares | Approximate % of the [REDACTED] issued share capital after the [REDACTED] |
|---|---|---|
| | | *(%)* |
| Unlisted Shares | [**REDACTED**] | [**REDACTED**] |
| H Shares to be [**REDACTED**] from [**REDACTED**] | [**REDACTED**] | [**REDACTED**] |
| H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] | [**REDACTED**] | [**REDACTED**] |
| **Total** | [**REDACTED**] | [**REDACTED**] |

*Note:* See "Our Corporate Structure Immediately Following the [**REDACTED**]" in the section headed "History, Development and Corporate Structure" for details of the identities of our Shareholders whose Shares will remain as [**REDACTED**] and whose Shares will be [**REDACTED**] into [**REDACTED**] upon [**REDACTED**].

The above table assumes that the [**REDACTED**] has become unconditional and the [**REDACTED**] are [**REDACTED**] pursuant to the [**REDACTED**].

## OUR SHARES

Upon the completion of the [**REDACTED**] and the [**REDACTED**], the Shares will consist of Unlisted Shares and H Shares. The H Shares in issue following the completion of the [**REDACTED**] and the Unlisted Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares. However, apart from certain qualified domestic institutional investors in the PRC, qualified PRC investors under the Shanghai-Hong Kong stock exchanges connectivity mechanism (Shanghai-Hong Kong Stock Connect) and the Shenzhen-Hong Kong stock exchanges connectivity mechanism (Shenzhen-Hong Kong Stock Connect) and other persons entitled to hold H Shares pursuant to the relevant PRC laws and regulations or upon approval by any competent authorities, H Shares generally may not be subscribed for by, or traded between, legal or natural persons of the PRC. On the other hand, Unlisted Shares may only be subscribed for by, and traded between, mainland Chinese



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investors, certain qualified foreign institution investors and qualified foreign strategic investors. H Shares may only be subscribed for and traded in Hong Kong dollars. Unlisted Shares, on the other hand, may only be subscribed for and transferred in Renminbi.

## RANKING

Unlisted Shares and H Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document.

All dividends for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollars or Renminbi, whereas all dividends for Unlisted Shares will be paid in Renminbi. Other than cash, dividends could also be paid in the form of shares.

## CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

For details of circumstances under which the Shareholders' general meeting are required, please refer to "Shareholders and Shareholders' Meeting—Voting and Resolutions of Shareholders' Meetings" under "Appendix V—Summary of Articles of Association of the Company" to this document.

## [**REDACTED**] OF OUR [**REDACTED**] INTO [**REDACTED**]

Pursuant to the regulations prescribed by the securities regulatory authorities of the State Council and the Articles of Association, the [**REDACTED**] may be [**REDACTED**] into [**REDACTED**] Shares. Such [**REDACTED**] Shares could be [**REDACTED**] or [**REDACTED**] on an overseas stock exchange, provided that prior to the [**REDACTED**] and [**REDACTED**] of such [**REDACTED**] Shares, any requisite internal approval process has been duly completed, all the filling procedures with relevant PRC regulatory authorities, including the CSRC are followed. In addition, such [**REDACTED**] and [**REDACTED**] shall comply with the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. If any of the [**REDACTED**] are to be [**REDACTED**], [**REDACTED**] and [**REDACTED**] as [**REDACTED**] on the [**REDACTED**], such [**REDACTED**], [**REDACTED**] and [**REDACTED**] will need to be filed with relevant PRC regulatory authorities, including the [**REDACTED**], and the approval of the [**REDACTED**].

### Filing with the CSRC for [**REDACTED**]

According to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) announced by the CSRC, for an H-share listed company, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and authorize the domestic company to file with the CSRC on their behalf.

In accordance with the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (H股公司境內未上市股份申請"全流通"業務指引) announced by the CSRC, an unlisted domestic joint stock company may apply for "full circulation" when applying for an overseas initial public offering.

We [have filed] with the CSRC for the [**REDACTED**] of [**REDACTED**] on a one-for-one basis ("[**REDACTED**]") upon the [**REDACTED**] of the [**REDACTED**] ("[**REDACTED**] **of the Company**"), which has been completed on [●], 2026.



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**[REDACTED] by the [REDACTED]**

We [have applied] to the [**REDACTED**] of the [**REDACTED**] for the granting of [**REDACTED**] of, and permission to [**REDACTED**], our H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] (including any [**REDACTED**] which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**]) and the [**REDACTED**] to be [**REDACTED**] from [**REDACTED**] on the Stock Exchange.

We will perform the following procedures for the [**REDACTED**] after receiving the approval of the Stock Exchange: (1) giving instructions to our [**REDACTED**] regarding relevant share certificates of the [**REDACTED**]; and (2) enabling the [**REDACTED**] to be accepted as eligible securities by [**REDACTED**] for deposit, clearance and settlement in the [**REDACTED**]. Until the [**REDACTED**] Shares are re-registered on our [**REDACTED**], such Shares will not be [**REDACTED**] as [**REDACTED**]. The participating shareholders may only [**REDACTED**] the Shares upon completion of domestic procedures.

Unlisted Shareholders can work with the Company according to the Articles of Association and follow the procedures set out in this document to [**REDACTED**] the [**REDACTED**] after the [**REDACTED**] if they want, provided that such [**REDACTED**] of [**REDACTED**] into and [**REDACTED**] and [**REDACTED**] of [**REDACTED**] will be subject to the filling procedures of the relevant PRC regulatory authorities, including the CSRC, the approval of the Stock Exchange and the satisfaction of the [**REDACTED**] requirement under the Listing Rules by the Company.

**REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE**

According to the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (H股公司境內未上市股份申請"全流通"業務指引) announced by the CSRC, the domestic shareholders of unlisted shares shall handle share transfer registration business in accordance with the relevant business rules of CSDC. And H-share companies should submit relevant status reports to the CSRC within 15 days after the shares involved in the application completing the transfer registration in CSDC.

**SHAREHOLDERS' APPROVAL FOR THE [REDACTED]**

Approval from holders of the Shares is required for the Company to [**REDACTED**] and seek the [**REDACTED**] of [**REDACTED**] on the Stock Exchange. The Company has obtained such approval at the Shareholders' general meeting held on September 19, 2025.

**RESTRICTIONS ON TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]**

According to the Company Law, the Shares issued by the Company prior to the [**REDACTED**] are restricted from [**REDACTED**] within one year from the [**REDACTED**].

Our Directors and members of the senior management (as defined in our Articles of Association) of our Company shall declare their shareholdings in our Company and any changes in their shareholdings. Shares transferred by our Directors and such members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company. The Shares that the aforementioned persons held in our Company cannot be transferred within one year from the date on which the shares are [**REDACTED**] and [**REDACTED**], nor within half a year after they leave their positions in our Company. The Articles of Association may contain other restrictions or conditions on the transfer of the Shares held by our Directors, members of senior management of our Company and other Shareholders. For further details, see "Summary of Articles of Association of the Company" in Appendix V to this document.

The Company will work with the domestic securities company to be engaged by the Company to restrict the [**REDACTED**] of the [**REDACTED**] technically within one year after the [**REDACTED**].



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*You should read the following discussion in conjunction with the consolidated financial statements and the notes thereto included in the Accountants' Report set out in Appendix I to this document which have been prepared in accordance with IFRS Accounting Standards and the selected historical financial information and operating data included elsewhere in this document. Our historical results do not necessarily indicate results expected for any future periods. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results may differ from those anticipated in these forward-looking statements as a result of any number of factors, including those set forth in "Forward-looking Statements" and "Risk Factors." In evaluating our business, you should carefully consider the information provided in "Risk Factors" in this document.*

## OVERVIEW

We are a growing global participant focused on the research, design, manufacture and marketing of robotic pool cleaners. We are the world's top three and China's top one provider of robotic pool cleaners, as measured by both shipment volume and GMV of self-manufactured products in 2024, with a comprehensive product portfolio equipped with advanced pool cleaning technology, according to the CIC Report. We are also the inaugurator and the world's largest provider of cordless robotic pool cleaners, as measured by shipment volume of self-manufactured products in 2024, according to the same source.

Tracing our history back to two decades ago, we played an active role in the development China's robotic pool cleaner industry with accumulated expertise in the research, design, manufacture and marketing of robotic pool cleaners which span a wide range of market demands at residential, commercial and public facilities. We have contributed to the developments of robotic pool cleaners by inaugurating the earliest lightweight products in 2009, the earliest cordless products in 2014, and the earliest AI-powered products in 2023. We began the development of cordless products and the application of the relevant patents in 2009. At present, the adoption of cordless robotic pool cleaners has become a clear trend in pool cleaning and maintenance, according to the CIC Report. We leverage our advanced R&D center and production base to ensure product performance and consistent quality and operate an expansive sales network across the continents to provide comprehensive support and services to our global clientele. Aligned with our commitment to technological innovation, we are participating in the intelligent transformation of the global pool cleaning and maintenance industry with AI-powered robotic products.

We achieved significant growth during the Track Record Period. Our revenue increased at a CAGR of 46.6% from RMB378.0 million in 2023 to RMB812.2 million in 2025. Our net profit increased at a CAGR of 28.5% from RMB60.8 million in 2023 to RMB100.4 million in 2025.

## BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with IFRS Accounting Standards. The historical financial information has been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period.

The preparation of historical financial information in conformity with the IFRS Accounting Standards requires the use of certain critical accounting estimates, as well as our management's judgment in applying our accounting policies.



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## KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations, financial condition and the period-to-period comparability of our financial results are principally affected by the following factors.

### Growth of Global Robotic Pool Cleaner Market

Our business and results of operations are driven by end consumer demand for robotic pool cleaners. The global robotic pool cleaner market, in terms of GMV, is expected to increase from US$2,799.7 million in 2025 to US$4,567.7 million by 2030, with a CAGR of 10.3% from 2025 to 2030, according to the CIC Report. The adoption rate of robotic pool cleaners in the world is expected to increase from 26.2% in 2024 to 34.2% in 2029, according to the same source. The key market drivers of our industry primarily include (1) technological advancements, including but not limited to climbing walls, footholds, and steps, wireless charging and underwater charging, human-free operation, and IoT integration, and (2) new opportunities in emerging markets such as China. The future trends of our industry primarily include (1) surging technology advancement, (2) diversified application scenarios, (3) shifting towards online purchasing channels, and (4) cordless robotic pool cleaners will become mainstream. See "Industry Overview—Overview of the Global Robotic Pool Cleaner Market—Key Market Drivers" and "Industry Overview—Overview of the Global Robotic Pool Cleaner Market—Future Trends." To remain competitive, we must continue to stay abreast of the evolving industry trends and rapid technological development, and to identify and anticipate the evolving expectations and needs of customers and end users in a timely manner. We believe that we are well-positioned to capture the market opportunities with our strong R&D capability and comprehensive product portfolio.

### Our Ability to Research and Develop Our Products

Our business prospects and our ability to compete in the global robotic pool cleaner market largely depend on our ability to continuously research and develop our robotic pool cleaners. Leveraging our expertise and core technologies accumulated through years of experience, we have contributed to the development of robotic pool cleaners by inaugurating the earliest lightweight products in 2009, the earliest cordless products in 2014, and the earliest AI-powered products in 2023. We began the development of cordless products and the application of the relevant patents in 2009. We have established an effective R&D system to expand the available functionalities of our products, accommodating specific needs of various different scenarios. See "Business—Research and Development."

Our ability to continuously research and develop new robotic pool cleaners in line with technological progress and market trends depends on our continued investments in R&D. In 2023, 2024 and 2025, we incurred research and development expenses of RMB19.3 million, RMB22.1 million and RMB30.4 million, respectively, accounting for 5.1%, 4.1% and 3.7% of our total revenue in the same periods, respectively. In addition, we believe seasoned and committed professionals are crucial for bolstering our R&D, and we plan to continue to recruit and train more R&D talents that specialize in AI algorithm, machine vision and IoT technologies. As we plan to continue to invest in R&D for both technologies and talents to focus on innovations in order to remain competitive, we expect our research and development expenses to increase in the future. While we strive to achieve efficiency with our R&D efforts, R&D activities are inherently uncertain, and we might encounter practical difficulties in applying and commercializing our R&D results. As such, our significant R&D expenditures may not generate desirable benefits, which could materially and adversely affect our business, results of operations and financial condition.



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**Our Ability to Manage and Expand Production Capacity**

The growth of our revenue and market share depends on our ability to manage and expand our production capacity in a cost-efficient manner. We have a production base with three workshops with a gross floor area of more than 10,000 square meters as of the Latest Practicable Date. In 2023, 2024 and 2025, the production capacity of our manufacturing facilities was approximately 570 thousand units, 650 thousand units and 624 thousand units, respectively. Our production capacity during the Track Record Period generally increased, primarily due to the upgrade of our production lines and equipment and our focus on expanding, training and managing our rapidly growing workforce. For details of our annual production capacity and utilization rates at our current facilities, see "Business—Manufacturing." In 2023, 2024 and 2025, our cost of sales was RMB160.7 million, RMB228.3 million and RMB301.1 million, respectively, accounting for 42.5%, 42.0% and 37.1% of our total revenue in the same periods, respectively.

In order to further enhance our manufacturing capabilities, we plan to add new production equipment and machinery, enhance automation and efficiency for our existing equipment and machinery and expand our manufacturing facilities, with which we will be able to fulfill customer demand and the needs of our rapid business growth. However, our expansion plan involves significant capital expenditure, which may affect our liquidity if we are unable to generate sufficient cash flow from operations or financing activities. In addition, expanding production capacity generally results in higher depreciation expenses in future periods. As a result, if we are unable to maintain sufficient utilization rates, or otherwise fail to generate sufficient profits from the expanded production capacity to offset the increased depreciation expenses, our profitability would be adversely affected by such expansion. See "Business—Manufacturing" and "Future Plans and Use of [**REDACTED**]" for details.

**Our Sales and Marketing Capabilities**

We have made proactive efforts in global market expansion with an extensive global customer network for our branded and ODM products across 60 countries and regions primarily in North America, Europe, Asia and Oceania as of the Latest Practicable Date. In 2023, 2024 and 2025 we sold approximately 167.5 thousand, 263.2 thousand and 370.4 thousand branded products, respectively, and approximately 203.0 thousand, 167.8 thousand and 130.7 thousand ODM products, respectively.

We sell branded products under two brands, *WYBOT* and *Winny Pool Cleaner*, to end consumers primarily in North America, Europe, Asia and Oceania primarily through online E-commerce marketplaces, such as Amazon, our E-commerce independent websites on Shopify, Woot, Walmart, Best Buy, Lowe's, Target, and Home Depot. Boasting a network comprising thousands of retail stores, such online marketplaces serve as direct channels for end consumers to conveniently place orders and purchase our products. In addition, leveraging our experience accumulated through our ODM business, since late 2023, we have also been expanding offline sales of our branded products to third-party merchants, which include primarily pool equipment specialty retail chain stores, shopping malls, and supermarkets. In addition, we have established long-term and stable relationships with world-renowned pool equipment brands, such as Bestway, CASH and Productos QP, on an ODM basis to sell commissioned products to global customers primarily through offline channels.

Our ability to expand market reach and customer base, generate sales, and achieve business growth in the future will continue to rely on the efficiency and breadth of our sales network. As of the Latest Practicable Date, we had a sales and marketing team of 81 members. In 2023, 2024 and 2025, our selling and marketing expenses were RMB97.2 million, RMB173.8 million and RMB302.5 million, respectively, representing 25.7%, 32.0% and 37.2% of our total revenue in the same periods, respectively. Our selling



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and marketing expenses increased significantly during the Track Record Period, primarily due to a step-up in our marketing efforts to promote our branded products. As we continue to scale up our business operations, we expect to achieve greater cost efficiency with our sales and marketing initiatives.

**Our Ability to Manage Costs and Expenses**

Our ability to manage costs and expenses will affect our overall profitability. Our cost of sales was RMB160.7 million, RMB228.3 million and RMB301.1 million in 2023, 2024 and 2025, respectively, accounting for 42.5%, 42.0% and 37.1% of our total revenue in the same periods, respectively.

Staff costs was a significant component of our cost of sales and operating expenses during the Track Record Period, which was RMB62.8 million, RMB71.5 million and RMB113.4 million in 2023, 2024 and 2025, respectively, accounting for 16.6%, 13.2% and 14.0% of our total revenue in the same periods, respectively. Our staff cost includes salaries, wages and other benefits, contributions to defined contribution retirement plan and equity-settled share-based payment expenses for our employees. We have adopted an employee share ownership plans for the primary purpose of rewarding and incentivizing our employees. Fluctuation in staff costs will affect our costs and expenses, which would affect our profit margin.

In addition, we have incurred cost of raw materials in connection with our manufacturing activities, which was RMB100.4 million, RMB142.8 million and RMB196.0 million in 2023, 2024 and 2025, respectively, representing 26.6%, 26.3% and 24.1% of our total revenue in the same periods, respectively. To manage our costs and expenses and improve our profit margins and, at the same time, ensure the cost-effective delivery of our products, we continually optimize our supply chain management by seeking alternative suppliers for key raw materials.

Our business and results of operations are also significantly affected by our operating expenses, which primarily comprised selling and marketing expenses, administrative expenses and research and development expenses during the Track Record Period. In 2023, 2024 and 2025, our selling and marketing expenses were RMB97.2 million, RMB173.8 million and RMB302.5 million, respectively, accounting for 25.7%, 32.0% and 37.2% of our total revenue in the same periods, respectively. In the same periods, our research and development expenses were RMB19.3 million, RMB22.1 million and RMB30.4 million, respectively, accounting for 5.1%, 4.1% and 3.7% of our total revenue in the same periods, respectively. Our selling and marketing expenses and research and development expenses may continue to increase and account for a significant portion of our total revenue. In 2023, 2024 and 2025, our administrative expenses were RMB43.0 million, RMB39.8 million and RMB62.7 million, respectively, accounting for 11.4%, 7.3% and 7.7% of our total revenue in the same periods, respectively. We expect to maintain our administrative expenses at reasonable level in the future along with our business growth and expansion.

**Changes in Our Revenue Mix**

During the Track Record Period, we generated the majority of revenue from sales of branded products and sales under ODM model. Revenue contribution from sales of branded products, as a percentage of our total revenue, increased from 67.1% in 2023 to 72.4% in 2024 and further to 83.5% in 2025, while our revenue generated from sales under ODM model, as a percentage of our total revenue, decreased from 31.1% in 2023 to 24.6% in 2024 and further to 15.6% in 2025, primarily because, since 2023, we have strategically placed greater emphasis on the development and sales of our branded products, opening up online sales channels such as Amazon, and further expanding the business scale of our own branded products. In 2023, 2024 and 2025, the gross profit margin for our branded products was 63.4%, 60.4% and 65.2%, respectively, and the gross profit margin for our ODM products was 44.4%, 50.7% and 49.9% in the same periods, respectively. Such change in our revenue mix had a positive impact on our



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overall gross profit margin, which increased from 57.5% in 2023 to 58.0% in 2024 and further to 62.9% in 2025. The gross profit margin for our branded products is typically higher than that for our ODM products, primarily due to the higher average selling price of our branded products, as compared to the average selling price of our ODM products, as we continuous to upgrade our branded products with more advanced technologies. As we launch more branded products and further expand our market outreach in the future, we may experience further fluctuations in the revenue contribution based on sales model, and our overall gross profit margin may continue to vary, which may have an impact on our results of operations.

**Seasonality**

Our results of operations are affected by effects of seasonal variations. Typically, since market demands and production cycles vary throughout the year, we sell more products under ODM model in the first and fourth quarters, and more branded products between in the second and third quarters, of a given year. Other seasonal trends that affect us or the global robotic pool cleaner industry may develop, and current seasonal trends may become more extreme. The degree of seasonality may vary from year to year due to conditions in the industry and other factors, which makes it difficult for us to predict the level of demand with precision. If seasonal demand exceeds our expectation, we may not have sufficient stock or arrange for timely production and delivery. If seasonal demand is lower than our expectation, we could be left with excess inventory, higher working capital and liquidity requirements, as well as the risk of impairment losses on our inventory. As a result, historical patterns of our results of operations may not be indicative of our future performance, and period-to-period comparisons of our results of operations may not be meaningful, especially given our limited operating history with respect to our branded product sales. See "Business—Sales and Marketing—Seasonality."

**Fluctuation in Foreign Exchange Rates**

During the Track Record Period, a majority of our revenue was generated from sales denominated in U.S. dollars and Euro. However, a majority of our cost of sales and operating expenses are denominated in Renminbi, U.S. dollars and Euro, and our financial information is presented in Renminbi. We are thus subject to foreign exchange risk. For example, if the U.S. dollar appreciates against the Renminbi after we enter into a U.S. dollar denominated sales contract or orders, our cost of sales as a percentage of our revenue attributable to such sales would decrease due to such appreciation, increasing both our gross profit and gross profit margin. Conversely, if the Renminbi appreciates against the U.S. dollar after we enter into a U.S. dollar denominated sales, our gross profit and gross profit margin would be adversely affected. We have put in place foreign exchange risk control policies, such as the use of derivative financial instruments, to manage potential risks we may face during volatile fluctuations in foreign exchange rates. See "Risk Factors—Risks Relating to Our Business and Industry—Fluctuations in exchange rates may result in foreign exchange losses and adversely impact our profitability."

**Global Markets**

Our sales to global markets are subject to various security and customs inspection, tariff and other trade restrictions in our countries or regions of destination. Import and export controls and trade restrictions can result in delays in the delivery of our products, the levying of customs duties, fines or other penalties on exporters or importers, as well as increased tariffs, which may individually or collectively cause material changes in the demand or supply of our products. Our products have been subject to an additional 30.0% tariff since May 2025 for all products being exported to the United States primarily due to the imposition of tariffs between the United States and China. If we maintain or increase our sales to overseas customers in the future, any unfavorable government policies on international trade, such as capital controls or tariffs, may affect the demand for our products, impact the competitive position of our



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products or prevent us from being able to sell products overseas, which could have an adverse effect on our business, financial condition and results of operations. See "Risk Factors—Risks Relating to Our Business and Industry—We conduct operations worldwide and are exposed to legal, regulatory, political, economic, commercial and other risks in each country in which we operate" for details.

## CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

The preparation of historical financial information in conformity with the IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by management in the application of the IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3 in the Accountants' Report set out in Appendix I to this document.

### Revenue

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

#### *Revenue from Contracts with Customers*

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

– *Sale of goods*

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

We typically offer customers of robotic pool cleaner that are not made-to-order rights of return for a period of 30 days upon customer acceptance. Such rights of return give rise to variable consideration. We use an expected value approach to estimate variable consideration based on our current and future performance expectations and all information that is reasonably available. This estimated amount is included in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. At the time of sale of robotic pool cleaner, we recognize revenue after taking into account adjustment to transaction price arising from returns as mentioned above. A refund liability is recognized for the expected returns, and is included in other payables, accruals and provision (see note 19 in the Accountants' Report set out in Appendix I to this document). A right to recover returned goods (included in Prepayments, deposits and other receivables, see note 16 in the Accountants' Report set out in Appendix I to this document) and



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corresponding adjustment to cost of sales are also recognized for the right to recover products from customers. This right to recover returned goods is measured at the former carrying amount of the inventory less any expected costs to recover goods (including potential decreases in the value of the returned goods).

If the products are a partial fulfilment of a contract covering other goods, then the amount of revenue recognized is an appropriate proportion of the total transaction price under the contract, allocated between all the goods promised under the contract on a relative stand-alone selling price basis.

We offer warranties for its products for 12 to 24 months from the date of sale. A related provision is recognized in accordance with the policy set out in Note 2(r).

We take advantage of the practical expedient in paragraph 63 or IFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months of less. Our sales contracts had an original expected duration of one year or less, we have not disclosed the information related to the aggregated amount of the transaction price allocated to the remaining performance obligations in accordance with paragraph 121 of IFRS 15. We have recognized the incremental costs of obtaining sale contracts as an expense as incurred in accordance with paragraph 94 of IFRS 15 as the amortization period of the assets that we otherwise would have recognized is within one year.

***Revenue from Other Sources and Other Income***

*Interest income*

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

*Government grants*

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that we will comply with the conditions attaching to them. Grants that compensate us for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate us for the cost of an asset are recognized as deferred income and subsequently recognized in profit or loss on a systematic basis over the useful life of the asset.



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**Credit Losses and Impairment of Assets**

***Credit Losses from Financial Instruments***

We recognize a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortized cost (including cash and cash equivalents, trade receivables and other receivables).

*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts. The expected cash shortfalls of fixed-rate financial assets, trade receivables, deposits and other receivables are discounted using the effective interest rate determined at initial recognition or an approximation thereof. The maximum period considered when estimating ECLs is the maximum contractual period over which we are exposed to credit risk. ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

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

- financial instruments that are determined to have low credit risk at the reporting date; and

- other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

*Significant increases in credit risk*

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

We consider a financial asset to be in default when the debtor is unlikely to pay its credit obligations to us in full, without recourse by us to actions such as realizing security (if any is held). We consider a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade."

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. We recognize an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.



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*Credit-impaired financial assets*

At each reporting date, we assess whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default;
- the restructuring of a loan or advance by us on terms that we would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

*Write-off policy*

The gross carrying amount of a financial asset or contract asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when we otherwise determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

***Impairment of Other Non-current Assets***

At each reporting date, we review the carrying amounts of its non-financial assets (other than inventories and other contract costs and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis. An impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**Inventories**

Inventories are measured at the lower of cost and net realizable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.



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**Trade and Other Receivables**

A receivable is recognized when we have an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due. Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortized cost.

**Share-based Payments**

The grant-date fair value of equity-settled share-based payments granted to employees is measured at the fair value of the shares granted at the grant dates. The amount is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service conditions at the vesting date.

**Provisions and Contingent Liabilities**

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognized for any expected reimbursement that would be virtually certain. The amount recognized for the reimbursement is limited to the carrying amount of the provision.

**Expected Credit Losses for Receivables**

The credit losses for trade and other receivables are based on assumptions about the expected loss rates. We use judgement in making these assumptions and selecting the inputs to the impairment calculation, which are based on our past collection history and existing market conditions. For details of the key assumptions and inputs used, see Note 26(a) in the Accountants' Report set out in Appendix I to this document. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional loss allowances in future periods.



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## RESULTS OF OPERATIONS

The following table sets forth the summary of our consolidated statements of profit or loss and other comprehensive income for the periods indicated.

| | Year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | *(RMB in thousands except for percentages)* | | | | | |
| Revenue | 377,950 | 100.0 | 543,535 | 100.0 | 812,202 | 100.0 |
| Cost of sales | (160,735) | (42.5) | (228,272) | (42.0) | (301,079) | (37.1) |
| **Gross profit** | **217,215** | **57.5** | **315,263** | **58.0** | **511,123** | **62.9** |
| Other net income | 12,873 | 3.4 | 5,767 | 1.1 | 10,610 | 1.3 |
| Selling and marketing expenses | (97,186) | (25.7) | (173,820) | (32.0) | (302,519) | (37.2) |
| Administrative expenses | (43,033) | (11.4) | (39,844) | (7.3) | (62,718) | (7.7) |
| Research and development expenses | (19,343) | (5.1) | (22,106) | (4.1) | (30,421) | (3.7) |
| Impairment losses recognized on trade receivables and other receivables, net | (2,776) | (0.7) | (1,869) | (0.3) | (2,700) | (0.3) |
| **Profit from operations** | **67,750** | **17.9** | **83,391** | **15.3** | **123,375** | **15.2** |
| Finance costs | (124) | (0.0) | (231) | (0.0) | (370) | (0.0) |
| Changes in carrying amount of redemption liabilities | – | – | – | – | (6,488) | (0.8) |
| **Profit before taxation** | **67,626** | **17.9** | **83,160** | **15.3** | **116,517** | **14.3** |
| Income tax | (6,777) | (1.8) | (12,650) | (2.3) | (16,106) | (2.0) |
| **Profit for the year** | **60,849** | **16.1** | **70,510** | **13.0** | **100,411** | **12.4** |

## NON-IFRS MEASURE

To supplement our consolidated financial statements which are prepared and presented in accordance with the IFRS Accounting Standards, we use adjusted net profit (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, the IFRS Accounting Standards. We believe that such non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating the potential impact of items that our management does not consider to be indicative of our operating performance. The use of such non-IFRS measure has limitations as an analytical tool, and you should not consider them in isolation from, as a substitute for, analysis of, or superior to, our results of operations or financial condition as reported under the IFRS Accounting Standards. In addition, such non-IFRS financial measure may be defined differently from similar terms used by other companies, and may not be comparable to other similarly titled measure used by other companies. Our presentation of such non-IFRS measure should not be construed as an implication that our future results will be unaffected by unusual or non-recurring items.

We define adjusted net profit (non-IFRS measure) as profit for the year adjusted for equity-settled share-based payment expenses, expenses related to previous A-share listing attempt, [**REDACTED**] and changes in the carrying amount of redemption liabilities. Equity-settled share-based payment expenses is non-cash expenses arising from granting restricted share units and options to senior management and employees. Expenses related to previous A-share listing attempt represent professional service fees in connection with the previous A-share listing attempt. [**REDACTED**] arise from activities relating to the [**REDACTED**]. Our redemption liabilities to investors during the Track Record Period was primarily attributable to the redemption rights of the Pre-[**REDACTED**] Investors included in our financing arrangements, which were recorded as financial liabilities. Upon the [**REDACTED**], the redemption rights will be automatically terminated, and the redemption liabilities will be reclassified from liabilities to



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equity. See "History, Development and Corporate Structure—Pre-[**REDACTED**] Investments—Special Rights of the Pre-[**REDACTED**] Investors." The following table sets forth a reconciliation of our adjusted net profit (non-IFRS measure) to the most directly comparable financial measure calculated and presented in accordance with the IFRS Accounting Standards.

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | |
| **Profit for the years/period** | 60,849 | 70,510 | 100,411 |
| *Add:* | | | |
| Equity-settled share-based payment expenses | 4,629 | 397 | 11,083 |
| Expenses related to previous A-share listing attempt | 7,393 | – | – |
| [**REDACTED**] | [**REDACTED**] | [**REDACTED**] | [**REDACTED**] |
| Changes in the carrying amount of redemption liabilities | – | – | 6,488 |
| **Adjusted net profit (non-IFRS measure)** | 72,871 | 77,502 | 124,247 |

## KEY COMPONENTS OF OUR RESULTS OF OPERATIONS

### Revenue

During the Track Record Period, we generated revenue primarily from the sales of robotic pool cleaners. We also generated de minimis revenue from the sales of accessories during the Track Record Period.

#### *Revenue by Sales Model*

During the Track Record Period, we sold our branded robotic pool cleaners, and also sold commissioned products on ODM basis. The following table sets forth a breakdown of our revenue by sales model, both in absolute amount and as a percentage of our total revenue, for the periods indicated.

| | Year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | *(RMB in thousands except for percentages)* | | | | | |
| Sales of branded products | 253,765 | 67.1 | 393,332 | 72.4 | 677,948 | 83.5 |
| Sales under ODM model | 117,551 | 31.1 | 133,516 | 24.6 | 127,088 | 15.6 |
| Sales of accessories[(1)] | 6,634 | 1.8 | 16,687 | 3.1 | 7,166 | 0.9 |
| **Total** | **377,950** | **100.0** | **543,535** | **100.0** | **812,202** | **100.0** |

(1) Accessories included primarily components and semi-manufactured products.



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Our revenue generated from sales of branded products, as a percentage of our total revenue, increased from 67.1% in 2023 to 72.4% in 2024 and further to 83.5% in 2025, while our revenue generated from sales under ODM model, as a percentage of our total revenue, decreased from 31.1% in 2023 to 24.6% in 2024 and further to 15.6% in 2025, primarily due to (1) our strategic shift in business model from being predominantly ODM-based model to focusing on selling our branded products, and (2) our expanded branded products sales channels, especially the rapid and substantial growth in online sales through the establishment of our online E-commerce marketplaces in 2023, such as Amazon, and our E-commerce independent websites on Shopify in 2023. See "Business—Our Business—Shift in Business Model."

Our revenue generated from sales of accessories, as a percentage of our total revenue increased from 1.8% in 2023 to 3.1% in 2024, primarily due to the user retention effect that the customers purchased our products in 2023 entered into the accessory replacement cycle in 2024. Our revenue generated from sales of accessories, as a percentage of our total revenue, decreased from 3.1% in 2024 to 0.9% in 2025, primarily due to the centralized procurement of accessories by certain customers in 2024.

***Revenue by Product Types***

During the Track Record Period, we generated revenue from a comprehensive product portfolio of pool cleaners, which can be categorized into (1) cordless products, (2) corded products and (3) handheld products. The following table sets forth a breakdown of our revenue by product types, both in absolute amount and as a percentage of our total revenue for robotic pool cleaners, for the periods indicated.

| | Year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | *(RMB in thousands except for percentages)* | | | | | |
| Cordless robotic pool cleaners | 310,549 | 83.6 | 483,522 | 91.8 | 785,215 | 97.5 |
| Corded robotic pool cleaners | 50,016 | 13.5 | 32,185 | 6.1 | 16,532 | 2.1 |
| Handheld pool cleaners | 10,751 | 2.9 | 11,141 | 2.1 | 3,289 | 0.4 |
| **Total revenue for robotic pool cleaners** | **371,316** | **100.0** | **526,848** | **100.0** | **805,036** | **100.0** |

Our revenue generated from sales of cordless robotic pool cleaners, as a percentage of our total revenue, increased from 83.6% in 2023 to 91.8% in 2024, and further to 97.5% in 2025, while our revenue generated from sales of corded robotic pool cleaners, as a percentage of our total revenue, decreased from 13.5% in 2023 to 6.1% in 2024, and further to 2.1% in 2025, primarily due to our strategic focus on the development and promotion of the cordless products to follow the industry trend that cordless robotic pool cleaners were gradually replacing corded robotic pool cleaners, according to the CIC Report.

Our revenue generated from sales of handheld pool cleaners, as a percentage of our total revenue, decreased from 2.1% in 2024 to 0.4% in 2025, primarily because we strategically placed less emphasis on the sales of our handheld products in anticipation of the launch of our new handheld models.



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The following table sets forth a breakdown of our revenue for our branded cordless robotic pool cleaners by product level, both in absolute amount and as a percentage of our revenue for our branded cordless robotic pool cleaners, for the periods indicated.

| | Year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | *(RMB in thousands except for percentages)* | | | | | |
| Premium level | 96,421 | 38.0 | 190,835 | 48.5 | 451,071 | 66.5 |
| Entry level | 138,062 | 54.4 | 158,500 | 40.3 | 130,828 | 19.3 |
| Flagship level | 15,818 | 6.2 | 43,432 | 11.0 | 50,990 | 7.5 |
| Pioneer level | 3,464 | 1.4 | 565 | 0.1 | 45,059 | 6.6 |
| **Total revenue for our branded cordless robotic pool cleaners** | **253,765** | **100.0** | **393,332** | **100.0** | **677,948** | **100.0** |

***Revenue by Geographic Coverage***

We have established a global customer network, offering a broad spectrum of products to 60 countries and regions, including those in North America and Europe, China, and other countries and regions, as of the Latest Practicable Date. The table below sets forth our revenue breakdown by geographic location, based on the location at which our products are delivered, each expressed as an absolute amount and as a percentage of our total revenue, for the periods indicated.

| | Year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | *(RMB in thousands except for percentages)* | | | | | |
| North America[(1)] | 188,180 | 49.8 | 268,673 | 49.4 | 359,197 | 44.2 |
| Europe[(2)] | 136,194 | 36.0 | 217,737 | 40.1 | 332,377 | 40.9 |
| China | 38,624 | 10.2 | 19,865 | 3.7 | 56,215 | 6.9 |
| Others countries and regions[(3)] | 14,952 | 4.0 | 37,260 | 6.9 | 64,413 | 7.9 |
| **Total** | **377,950** | **100.0** | **543,535** | **100.0** | **812,202** | **100.0** |

(1) Primarily included the United States and Canada.

(2) Primarily included Spain, France, Germany, Italy and Austria.

(3) Primarily included Australia.

Our revenue generated from products delivered in China, as a percentage of our total revenue, decreased from 10.2% in 2023 to 3.7% in 2024, primarily due to our strategic shifting towards the development and sales of our branded products, which account for over 98% of our overseas market. Our revenue generated from products delivered in the North America, as a percentage of our total revenue, decreased from 49.4% in 2024 to 44.2% in 2025, while our revenue generated from products delivered in China, as a percentage of our total revenue, increased from 3.7% in 2024 to 6.9% in 2025, primarily due to the expansion of our customer base in China in 2025.



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Our revenue generated from products delivered in Europe, as a percentage of our total revenue, remained relatively stable at 36.0%, 40.1% and 40.9% in 2023, 2024 and 2025, respectively.

**Cost of Sales**

Our cost of sales primarily consisted of (1) raw material costs, (2) contract fulfillment costs, primarily consisted of tariffs and logistics costs, (3) manufacturing costs, and (4) staff costs. During the Track Record Period, our cost of sales was RMB160.7 million, RMB228.3 million and RMB301.1 million in 2023, 2024 and 2025, respectively. The following table sets forth a breakdown of our cost of sales by nature, both in absolute amount and as a percentage of total cost of sales, for the periods indicated.

| | Year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | *(RMB in thousands except for percentages)* | | | | | |
| Raw material costs | 100,414 | 62.5 | 142,811 | 62.6 | 196,032 | 65.1 |
| Contract fulfilment costs | 32,784 | 20.4 | 48,923 | 21.4 | 60,083 | 20.0 |
| Manufacturing costs | 7,942 | 4.9 | 11,620 | 5.1 | 21,149 | 7.0 |
| Staff costs | 15,469 | 9.6 | 17,072 | 7.5 | 19,293 | 6.4 |
| Others[(1)] | 4,126 | 2.6 | 7,846 | 3.4 | 4,522 | 1.5 |
| **Total** | **160,735** | **100.0** | **228,272** | **100.0** | **301,079** | **100.0** |

(1) Primarily included impairment losses on assets and taxes and surcharges.

The following table sets forth a breakdown of our raw material costs by type of raw materials, both in absolute amount and as a percentage of our raw material costs, for the periods indicated.

| | Year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | *(RMB in thousands except for percentages)* | | | | | |
| Electronic components | 23,573 | 23.5 | 45,819 | 32.1 | 69,178 | 35.3 |
| Plastic pellets | 16,135 | 16.1 | 20,922 | 14.7 | 26,376 | 13.5 |
| Motor components | 12,039 | 12.0 | 18,704 | 13.1 | 26,197 | 13.4 |
| Hardware parts | 11,183 | 11.1 | 15,247 | 10.7 | 22,071 | 11.3 |
| Battery pack | 23,390 | 23.3 | 26,014 | 18.2 | 19,888 | 10.1 |
| Packaging materials | 7,631 | 7.6 | 6,408 | 4.5 | 9,438 | 4.8 |
| Other raw materials | 6,463 | 6.4 | 9,697 | 6.8 | 22,884 | 11.7 |
| **Total raw material costs** | **100,414** | **100.0** | **142,811** | **100.0** | **196,032** | **100.0** |



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### Gross Profit and Gross Profit Margin

Our gross profit was RMB217.2 million, RMB315.3 million and RMB511.1 million in 2023, 2024 and 2025, respectively, representing a gross profit margin of 57.5%, 58.0% and 62.9% for the same periods, respectively. The following table sets forth a breakdown of our gross profit and gross profit margin by sales model for the periods indicated.

| | Year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *Gross profit* | *Gross profit margin (%)* | *Gross profit* | *Gross profit margin (%)* | *Gross profit* | *Gross profit margin (%)* |
| | *(RMB in thousands except for percentages)* | | | | | |
| Sales of branded products | 160,787 | 63.4 | 237,383 | 60.4 | 442,282 | 65.2 |
| Sales under ODM model | 52,194 | 44.4 | 67,724 | 50.7 | 63,462 | 49.9 |
| Sales of accessories | 4,234 | 63.8 | 10,156 | 60.9 | 5,379 | 75.1 |
| **Total** | **217,215** | **57.5** | **315,263** | **58.0** | **511,123** | **62.9** |

### Other Net Income

Our other net income primarily consisted of (1) one-off and conditional government grants, (2) interest income from our bank deposits, (3) net foreign exchange loss or gain, (4) changes in fair value of financial assets measured at FVTPL, in relation to our structural deposits; and (5) others. We recorded other net income of RMB12.9 million, RMB5.8 million and RMB10.6 million in 2023, 2024 and 2025, respectively.

### Selling and Marketing Expenses

Our selling and marketing expenses primarily consisted of (1) advertisement and promotion expenses, including the business promotion expense and the advertisement fees on E-commerce marketplaces, (2) sales service, after-sales service and consultation service expenses, primarily including E-commerce marketplace platform fees, consulting service expenses, and sales commission, (3) staff costs, including staff salary and share incentive expenses, and (4) business development and travel costs, including business development costs, travel costs and office costs. The following table sets forth a breakdown of our selling and marketing expenses, both in absolute amount and as a percentage of total selling and marketing expenses, for the periods indicated.

| | Year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | *(RMB in thousands except for percentages)* | | | | | |
| Advertisement and promotion expenses | 50,768 | 52.2 | 91,616 | 52.7 | 172,582 | 57.0 |
| Sales service, after-sales service and consultation service expenses | 35,276 | 36.3 | 63,689 | 36.6 | 86,625 | 28.6 |
| Staff costs | 7,503 | 7.7 | 11,768 | 6.8 | 32,086 | 10.6 |
| Business development and travel costs | 2,317 | 2.4 | 2,462 | 1.4 | 4,492 | 1.5 |
| Others[(1)] | 1,322 | 1.4 | 4,285 | 2.5 | 6,734 | 2.3 |
| **Total** | **97,186** | **100.0** | **173,820** | **100.0** | **302,519** | **100.0** |

(1) Included depreciation and other miscellaneous selling and marketing expenses.



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### Administrative Expenses

Our administrative expenses primarily consisted of (1) staff costs, including staff salary and share incentive expenses, (2) professional service expenses, primarily consisted of professional service fees in connection with the previous A-share listing attempt, [**REDACTED**], and certain legal service fees, (3) office and rental expenses, including business development costs, travel costs, office costs and rental costs, (4) financing cost surcharge, primarily consisted of bank settlement fees and (5) depreciation and amortization. The following table sets forth a breakdown of our administrative expenses, both in absolute amount and as a percentage of total administrative expenses, for the periods indicated.

| | Year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | *(RMB in thousands except for percentages)* | | | | | |
| Staff costs | 18,758 | 43.6 | 16,405 | 41.2 | 27,429 | 43.7 |
| Professional service expenses | 16,688 | 38.8 | 10,568 | 26.5 | 16,513 | 26.3 |
| Office and rental expenses | 4,650 | 10.8 | 5,330 | 13.4 | 6,467 | 10.3 |
| Financing cost surcharge | 457 | 1.1 | 3,002 | 7.5 | 4,662 | 7.4 |
| Depreciation and amortization | 1,481 | 3.4 | 1,519 | 3.8 | 1,664 | 2.7 |
| Others[(1)] | 999 | 2.3 | 3,019 | 7.6 | 5,982 | 9.6 |
| **Total** | **43,033** | **100.0** | **39,844** | **100.0** | **62,718** | **100.0** |

(1) Included tax and surcharge and other miscellaneous administrative expenses.

### Research and Development Expenses

Our research and development expenses primarily consisted of (1) staff costs, including staff salary and share incentive expenses, (2) patent, certification testing and design expenses, including patent and certification testing expenses and design expenses (3) material costs, and (4) depreciation and amortization. The following table sets forth a breakdown of our research and development expenses, both in absolute amount and as a percentage of total research and development expenses, for the periods indicated.

| | Year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | *(RMB in thousands except for percentages)* | | | | | |
| Staff costs | 15,524 | 80.3 | 17,138 | 77.5 | 25,041 | 82.3 |
| Patent, certification testing and design expenses | 1,596 | 8.3 | 2,248 | 10.2 | 2,677 | 8.8 |
| Material costs | 983 | 5.1 | 1,225 | 5.5 | 768 | 2.5 |
| Depreciation and amortization | 638 | 3.3 | 747 | 3.4 | 734 | 2.4 |
| Others[(1)] | 602 | 3.1 | 748 | 3.4 | 1,202 | 4.0 |
| **Total** | **19,343** | **100.0** | **22,106** | **100.0** | **30,421** | **100.0** |

(1) Included office expenses, rental fees, and other miscellaneous research and development expenses.

### Impairment Losses Recognized on Trade Receivables and Other Receivables, Net

We recognized net impairment losses on trade receivables and other receivables of RMB2.8 million, RMB1.9 million and RMB2.7 million in 2023, 2024 and 2025, respectively.



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**Finance Costs**

Finance costs consisted of interest expenses on lease liabilities. We incurred finance costs of RMB0.1 million, RMB0.2 million and RMB0.4 million in 2023, 2024 and 2025, respectively.

**Changes in Carrying Amount of Redemption Liabilities**

Our redemption liabilities to investors during the Track Record Period was primarily attributable to the redemption rights of the Pre-[**REDACTED**] Investors included in our financing arrangements, which were recorded as financial liabilities. Any change in the carrying amount of the redemption liabilities arising from the re-measurement of the redemption amount is recognized in profit or loss. In 2023, 2024 and 2025, our changes in carrying amount of redemption liabilities were nil, nil and RMB6.5 million, respectively.

**Income Tax**

Our income tax expense primarily consisted of the current tax at the statutory rates applicable to our assessable profit before taxation as determined under relevant laws and regulations. In 2023, 2024 and 2025, our income tax expense was RMB6.8 million, RMB12.7 million and RMB16.1 million, respectively.

Our Company and our subsidiaries established in the PRC are subject to the PRC corporate income tax rate of 25% during the Track Record Period. Under the PRC Income Tax Laws, an enterprise which qualifies as a High and New Technology Enterprise ("HNTE") is entitled to a preferential tax rate of 15% provided it continues to meet HNTE qualification standards on an annual basis. Our Company qualifies as an HNTE and is entitled for a preferential tax rate of 15% from 2022 to 2027. In addition to the preferential PRC corporate income tax rate, our Company is also entitled to an additional tax-deductible allowance calculated at 75%/100% of the qualified research and development costs incurred during the Track Record Period.

Wybotics Inc is subject to U.S. corporate income tax on its taxable income at 21% federal corporate income tax rate and other relevant states tax rate at a maximum of 9.5% during the Track Record Period.

WYBOTICS EUROPE is subject to corporate income tax of France on its taxable income at a rate of up to 25% during the Track Record Period.

WYBOTICS HONGKONG is under the two-tiered profits tax rate regime, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5% during the Track Record Period.

Our Group does not expect to have any material Pillar Two tax exposure (including current tax) arising in these tax jurisdictions during the year ended December 31, 2025.

During the Track Record Period, our operations involved transfer pricing arrangements among our subsidiaries. See "Business—Transfer Pricing Arrangement."

***Effective Tax Rate***

Our effective tax rate, representing income tax expense divided by profit before taxation, was 10.0%, 15.2% and 13.8% in 2023, 2024 and 2025, respectively, which was below the 25% statutory rate, primarily due to the preferential tax treatment enjoyed by the Company.



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Our effective tax rate increased from 10.0% in 2023 to 15.2% in 2024 primarily due to the increase in profit generated by our U.S. subsidiary, which is subject to a relatively higher corporate income tax rate, resulting in our higher overall effective tax rate. Our effective tax rate remained relatively stable at 13.8% in 2025.

**Profit for the Year**

As a result of the foregoing, we recorded net profit of RMB60.8 million, RMB70.5 million and RMB100.4 million in 2023, 2024 and 2025, respectively.

## PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

### Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

***Revenue***

Our revenue increased by 49.4% from RMB543.5 million in 2024 to RMB812.2 million in 2025.

- *Branded products*. Our revenue generated from sales of branded products increased by 72.4% from RMB393.3 million in 2024 to RMB677.9 million in 2025, primarily due to (1) the launch of more intelligent models of our branded products to meet market demand, which led to a significant increase in the sales volume of our branded products, and the sales volume of our branded products increased from approximately 263.2 thousand units in 2024 to approximately 370.4 thousand units in 2025, and (2) the increase in average selling prices of our branded products as we launched more advanced branded products with higher pricing in 2025.

- *ODM products*. Our revenue generated from sales under ODM model decreased slightly from RMB133.5 million in 2024 to RMB127.1 million in 2025, primarily due to our strategic shift toward promoting our own branded products, leading certain ODM customers transitioned to selling our branded products.

- *Accessories*. Our revenue generated from sales of accessories decreased by 57.1% from RMB16.7 million in 2024 to RMB7.2 million in 2025, primarily because (1) we provided complimentary spare parts to customers who purchased our products to enhance customer satisfaction, and (2) we strengthened our quality control measures, resulting in improved product reliability and reduced demand for replacement parts.

***Cost of Sales***

Our cost of sales increased by 31.9% from RMB228.3 million in 2024 to RMB301.1 million in 2025, primarily due to an increase of RMB53.2 million in raw material costs, driven by the increasing sales volume, in particularly our branded products, leading to a corresponding increases in raw material consumption.

***Gross Profit and Gross Profit Margin***

As a result of the foregoing, our gross profit increased by 62.1% from RMB315.3 million in 2024 to RMB511.1 million in 2025, with the corresponding gross profit margin of 58.0% and 62.9% in the same periods, respectively, primarily due to the continuing growth of the sales of our branded products.



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- *Branded products*. Our gross profit margin for branded products increased from 60.4% in 2024 to 65.2% in 2025, primarily due to (1) our improved bargaining power to our suppliers through centralized procurement of key components, leading to lower unit costs, and (2) an increase in sales volume of the branded products with a higher profit margin than the overall level of our branded products.

- *ODM products.* Our gross profit margin for ODM products decreased from 50.7% in 2024 to 49.9% in 2025, primarily due to an increase in the proportion of the sales of ODM products with lower gross profit margin.

- *Accessories*. Our gross profit margin for accessories increased from 60.9% in 2024 to 75.1% in 2025, primarily because of the increase in the proportion of the sales of accessories with relatively higher gross profit margin.

***Other Net Income***

Our other net income increased by 82.8% from RMB5.8 million in 2024 to RMB10.6 million in 2025, primarily due to (1) an increase of RMB4.8 million in net foreign exchange gain, as a result of the fluctuation in exchange rate of Renminbi against U.S. dollars and Euro, and (2) an increase of RMB2.4 million in gain on disposal of property, plant and equipment and right-of-use assets, as a result of the return of one land use right.

***Selling and Marketing Expenses***

Our selling and marketing expenses increased by 74.0% from RMB173.8 million in 2024 to RMB302.5 million in 2025, primarily due to (1) an increase of RMB81.0 million in advertisement and promotion expenses, as a result of our intensified marketing efforts to enhance brand visibility and expand customer reach, (2) an increase in sales service, after-sales service and consultation services expenses of RMB22.9 million, generally in line with the increase in our revenue and sales volume from online sales, and (3) an increase in staff costs of RMB20.3 million, as a result of the increases in the headcount and the average compensation level of our overseas sales and marketing team.

***Administrative Expenses***

Our administrative expenses increased by 57.4% from RMB39.8 million in 2024 to RMB62.7 million in 2025, primarily due to an increase in staff costs of RMB11.0 million, which was primarily due to the expansion of our share incentive plan for our administrative staff in 2025, with the grant decision being one-off in nature but the related expenses to be recognized over the vesting period in subsequent years.

***Research and Development Expenses***

Our research and development expenses increased by 37.6% from RMB22.1 million in 2024 to RMB30.4 million in 2025, primarily due to an increase in staff costs of RMB7.9 million, as a result of the expansion of our share incentive plan for our R&D staff.

***Impairment Losses Recognized on Trade Receivables and Other Receivables, Net***

Our net impairment losses recognized on trade receivables and other receivables remained relatively stable at RMB1.9 million and RMB2.7 million in 2024 and 2025, respectively.



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***Finance Costs***

Our finance costs increased from RMB0.2 million in 2024 to RMB0.4 million in 2025.

***Changes in the Carrying Amount of Redemption Liabilities***

We recorded changes in the carrying amount of redemption liabilities of nil and RMB6.5 million in 2024 and 2025, respectively.

***Income Tax***

Our income tax expense increased by 27.3% from RMB12.7 million in 2024 to RMB16.1 million in 2025, primarily due to the increase in our profit before taxation.

***Profit for the Period***

As a result of the above, our profit for the period in increased by 42.4% from RMB70.5 million in 2024 to RMB100.4 million in 2025. Our net profit margin remained relatively stable at 13.0% and 12.4% in 2024 and 2025, respectively.

**Year Ended December 31, 2024 Compared to Year Ended December 31, 2023**

***Revenue***

Our revenue increased by 43.8% from RMB378.0 million in 2023 to RMB543.5 million in 2024.

- *Branded products*. Our revenue generated from sales of branded products increased by 55.0% from RMB253.8 million in 2023 to RMB393.3 million in 2024, primarily due to our strategic efforts in expanding sale channels for our branded products, such as Amazon, which enhanced our brand awareness and led to a significant increase in the sales volume of our branded products. The sales volume of our branded products increased from approximately 167.5 thousand units in 2023 to approximately 263.2 thousand units in 2024.

- *ODM products*. Our revenue generated from sales under ODM model increased by 13.6% from RMB117.6 million in 2023 to RMB133.5 million in 2024, primarily due to the increase in average selling prices of our ODM products as we launched more advanced ODM products with higher pricing in 2024.

- *Accessories*. Our revenue generated from sales of accessories increased significantly from RMB6.6 million in 2023 to RMB16.7 million in 2024, primarily due to the user retention effect that the customers purchased our products in 2023 entered into the accessory replacement cycle in 2024.

***Cost of Sales***

Our cost of sales increased by 42.0% from RMB160.7 million in 2023 to RMB228.3 million in 2024, primarily due to (1) an increase of RMB42.4 million in raw material costs, driven by the increasing sales volume, leading to a corresponding increases in raw material consumption and (2) an increase of RMB16.1 million in contract fulfilment costs, primarily due to an increase in tariffs and logistics costs, driven by the increasing online sales volumes of our branded products, which led to the corresponding rises in import duties as well as first-mile and last-mile delivery expenses.



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***Gross Profit and Gross Profit Margin***

As a result of the foregoing, our gross profit increased by 45.1% from RMB217.2 million in 2023 to RMB315.3 million in 2024, with the corresponding gross profit margin of 57.5% and 58.0% in the same years, respectively, primarily due to our enhanced brand influence and the increase in sales volume of our mid- and high-end products, as a percentage of our total product sales.

- *Branded products*. Our gross profit margin for branded products decreased from 63.4% in 2023 to 60.4% in 2024, primarily due to our strategic expansion into new markets for our branded products.

- *ODM products.* Our gross profit margin for ODM products increased from 44.4% in 2023 to 50.7% in 2024, primarily due to the increase in average selling prices of our ODM products as we launched more advanced ODM products with higher pricing in 2024.

- *Accessories*. Our gross profit margin for accessories decreased from 63.8% in 2023 to 60.9% in 2024, primarily due to the increase in the sales volume of accessories sold through offline channels, which have a lower gross profit margin than online channels.

***Other Net Income***

Our other net income decreased by 55.2% from RMB12.9 million in 2023 to RMB5.8 million in 2024, primarily due to a decrease of RMB6.2 million in net foreign exchange gain, as a result of the fluctuation in exchange rate of Renminbi against Euro.

***Selling and Marketing Expenses***

Our selling and marketing expenses increased by 78.9% from RMB97.2 million in 2023 to RMB173.8 million in 2024, primarily due to (1) an increase of RMB40.8 million in advertisement and promotion expenses, as a result of significantly increased advertising expenses driven by our expansion into overseas market, (2) an increase of RMB28.4 million in sales service, after-sales service and consultation service expenses, as a result of the increase in sales commission to E-commerce marketplace platforms which is scaled with our revenue growth generated from online sales, and (3) an increase of RMB4.3 million in staff cost, as a result of the increase of the number of the share-based payment for our sales and marketing employees.

***Administrative Expenses***

Our administrative expenses decreased by 7.4% from RMB43.0 million in 2023 to RMB39.8 million in 2024, primarily due to a decrease of RMB6.1 million in professional service expenses as the one-off costs incurred in 2023, including primarily the A-share listing expense, were not incurred in 2024, partially offset by an increase in financing costs surcharge of RMB2.5 million, as a result of the increase of the bank settlement fees in line with the increase in our sales volume through E-commerce marketplaces.

***Research and Development Expenses***

Our research and development expenses increased by 14.3% from RMB19.3 million in 2023 to RMB22.1 million in 2024, primarily due to an increase of RMB1.6 million in staff costs, as a result of the increases in share-based payment and average compensation level for our R&D personnel.



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***Impairment Losses Recognized on Trade Receivables and Other Receivables, Net***

Our net impairment losses recognized on trade receivables and other receivables decreased from RMB2.8 million in 2023 and RMB1.9 million in 2024, primarily due to our proactive efforts to collect aged receivables.

***Finance Costs***

Our finance costs increased remained relatively stable at RMB0.1 million in 2023 and RMB0.2 million in 2024.

***Income Tax***

Our income tax expense increased by 86.7% from RMB6.8 million in 2023 to RMB12.7 million in 2024, primarily due to the increase in our profit before taxation.

***Profit for the Period***

As a result of the above, our profit for the period increased by 15.9% from RMB60.8 million in 2023 to RMB70.5 million in 2024. Our net profit margin decreased from 16.1% in 2023 to 13.0% in 2024.



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## DISCUSSION OF MAJOR STATEMENTS OF FINANCIAL POSITION ITEMS

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

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 50,853 | 53,244 | 60,833 |
| Right-of-use asset | 24,506 | 24,629 | 22,351 |
| Intangible assets | 1,592 | 2,059 | 2,321 |
| Deferred tax assets | 5,060 | 5,420 | 6,060 |
| Other non-current assets | 3,109 | 5,202 | 870 |
| **Total non-current assets** | **85,120** | **90,554** | **92,435** |
| **Current assets** | | | |
| Inventories | 119,960 | 202,162 | 281,668 |
| Trade receivables | 63,722 | 105,761 | 140,905 |
| Prepayments, deposits and other receivables | 7,114 | 30,783 | 39,093 |
| Income tax recoverable | 242 | – | – |
| Financial assets measured at fair value through profit or loss ("FVTPL") | 10,362 | – | – |
| Restricted deposits | 157 | 1,248 | 4,394 |
| Cash and cash equivalents | 254,150 | 253,568 | 360,537 |
| **Total current assets** | **455,707** | **593,522** | **826,597** |
| **Total assets** | **540,827** | **684,076** | **919,032** |
| **Current liabilities** | | | |
| Trade and bills payables | 49,837 | 114,781 | 115,400 |
| Other payables, accruals and provision | 22,085 | 24,042 | 44,555 |
| Contract liabilities | 6,208 | 3,666 | 6,428 |
| Lease liabilities | 709 | 1,847 | 5,665 |
| Redemption liabilities | – | – | 456,950 |
| Income tax payable | 308 | 5,912 | 5,846 |
| **Total current liabilities** | **79,147** | **150,248** | **634,844** |
| **Net current assets** | **376,560** | **443,274** | **191,753** |
| **Total assets less current liabilities** | **461,680** | **533,828** | **284,188** |
| **Non-current liabilities** | | | |
| Lease liabilities | 4,131 | 3,990 | 12,342 |
| Deferred income | 1,455 | 1,414 | 2,496 |
| Deferred tax liabilities | 1,302 | 965 | 1,539 |
| **Total non-current liabilities** | **6,888** | **6,369** | **16,377** |
| **Total liabilities** | **86,035** | **156,617** | **651,221** |
| **Net assets** | **454,792** | **527,459** | **267,811** |



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| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | |
| **Capital and reserves** | | | |
| Share capital | 57,000 | 57,000 | 62,523 |
| Reserves | 397,792 | 470,459 | 205,288 |
| **Total Equity** | **454,792** | **527,459** | **267,811** |

**Property, Plant and Equipment**

Our property, plant and equipment primarily consisted of plant and buildings, machinery and equipment, electronic equipment and other equipment, construction in progress, and plant improvements. We had property, plant and equipment of RMB50.9 million, RMB53.2 million and RMB60.8 million as of December 31, 2023, 2024 and 2025, respectively. The following table sets forth the components of our property, plant and equipment as of the dates indicated.

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | |
| Electronic equipment and other equipment | 17,042 | 19,160 | 25,432 |
| Plant and buildings | 18,745 | 18,058 | 17,230 |
| Machinery and equipment | 13,822 | 12,787 | 13,693 |
| Construction in progress | 1,129 | 3,211 | 4,476 |
| Plant improvements | 115 | 28 | 2 |
| **Total** | **50,853** | **53,244** | **60,833** |

Our property, plant and equipment increased by 4.5% from RMB50.9 million as of December 31, 2023 to RMB53.2 million as of December 31, 2024, primarily due to the increase of RMB2.1 million in electronic equipment and other equipment as a result of purchase of molds and office equipment for manufacturing uses.

Our property, plant and equipment increased by 14.3% from RMB53.2 million as of December 31, 2024 to RMB60.8 million as of December 31, 2025, primarily due to the increase of RMB6.3 million in electronic equipment and other equipment, as a result of purchase of molds such as high-unit-price injection molding machines and other equipment.



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**Right-of-use Assets**

Our right-of-use assets primarily consisted of leased office and land use rights. We had right-of-use assets of RMB24.5 million, RMB24.6 million and RMB22.4 million as of December 31, 2023, 2024 and 2025, respectively. The following table sets forth the components of our right-of-use assets as of the dates indicated.

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | |
| Leased office | 4,775 | 5,844 | 18,278 |
| Land use rights | 19,731 | 18,785 | 4,073 |
| **Total** | **24,506** | **24,629** | **22,351** |

Our right-of-use assets remained relatively stable at RMB24.5 million and RMB24.6 million as of December 31, 2023 and 2024, respectively. Our right-of-use assets decreased from RMB24.6 million as of December 31, 2024 to RMB22.4 million as of December 31, 2025, primarily due to the decrease of RMB14.7 million in land use rights as a result of the return of one land use right in relation to our decision to abandon the acquisition of the land use right to a land parcel, as prerequisite conditions required for delivery of such land parcel to us could not be satisfied, partially offset by the increase of RMB12.4 million in leased office, as a result of the additional leases of new office premises and warehouses to support our expanding business scale and operation needs.

**Inventories**

Our inventories consisted primarily of finished goods, work in progress and raw materials. We recorded inventories of RMB120.0 million, RMB202.2 million and RMB281.7 million as of December 31, 2023, 2024 and 2025, respectively. We evaluate write-down of inventories by performing impairment testing when there are indications of impairment, and recognize a write-down to net realizable value ("NRV") when the NRV is lower than the carrying cost. The following table sets forth the components of our inventories as of the dates indicated.

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | |
| Finished goods | 80,897 | 143,068 | 219,705 |
| Work in progress | 20,453 | 26,720 | 44,519 |
| Raw materials | 23,098 | 38,329 | 26,311 |
| Less: write-down of inventories | (4,488) | (5,955) | (8,867) |
| **Total** | **119,960** | **202,162** | **281,668** |

Our inventories increased from RMB120.0 million as of December 31, 2023 to RMB202.2 million as of December 31, 2024, primarily due to an increase of RMB62.2 million in finished goods, as a result of the increase in our product models and our product stocking for sales.



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Our inventories further increased to RMB281.7 million as of December 31, 2025, primarily due to an increase of RMB76.6 million in finished goods, as a result of the increase of our branded product stocking for sales, partially offset by a decrease of RMB12.0 million in raw materials primarily due to the increased sales volume of our products and the corresponding consumption of raw materials for production.

The following table sets forth an aging analysis of our inventories (before write-down) as of the dates indicated:

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | |
| Within one year | 102,059 | 170,509 | 234,695 |
| One to two years | 14,797 | 25,287 | 36,114 |
| Two to three years | 6,198 | 10,031 | 14,410 |
| Over three years | 1,394 | 2,290 | 5,316 |
| **Total** | **124,448** | **208,117** | **290,535** |

Our inventory turnover days remained relatively stable at 248 days and 258 days in 2023 and 2024, respectively. Our inventory turnover days increased from 258 days in 2024 to 293 days in 2025 due to the stockpiling of our products in preparation for increasing demand for our products. The following table sets forth the number of our inventory turnover days for the periods indicated.

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| Inventory turnover days[(1)] | 248 | 258 | 293 |

(1) Inventory turnover days was calculated based on the average inventory balance for the relevant period, divided by the cost of sales and services for the same period, and multiplied by the number of days in that period.

We arrange material procurement and manufacturing schedule based on different types of products and customers. For our long term customers with stable annual purchase volume, including some of our third-party merchants for branded products and some ODM customers, we typically maintain an inventory level based on their typical annual purchase volume. For other third-party merchants for branded products and other ODM customers, we typically commence manufacturing upon receiving their purchase orders. For our branded products to be sold to end consumers through online sales, we typically prepare the inventory three to six months in advance, based on the historical sales performance and our sales projection, and we will ship the finished goods to our warehouses for timely delivery to end consumers upon receiving their purchase orders. Accordingly, we recorded relatively high inventory turnover days.

As of February 28, 2026, approximately RMB24.7 million, or 8.8%, of our inventories as of December 31, 2025 had been delivered or consumed.



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Inventories are stated at the lower of cost and net realizable value, which is determined based on estimated selling prices in the ordinary course of business, less estimated costs of completion and costs necessary to make the sales. In assessing impairment provisions for inventories, we have considered that: (1) the majority of our inventories have an aging of less than one year and a high subsequent utilization rate, (2) inventories aged over two years primarily consist of finished goods held as repair spares and raw materials for maintenance purposes, which have a longer usage cycle and for which adequate provisions have historically been made, and (3) during the Track Record Period, we maintained a gross profit margin of over 53%, and both raw materials and finished goods have relatively long product life cycles and sustained market value. Accordingly, as of December 31, 2023, 2024 and 2025, our write-down of inventories were RMB4.5 million, RMB6.0 million and RMB8.9 million, respectively, representing 3.6%, 2.9% and 3.1% of the respective carrying amounts of inventories, respectively. We believe that adequate impairment provisions have been made for inventories during the Track Record Period.

**Trade Receivables**

Our trade receivables primarily comprised outstanding amounts receivable from our customers. The payment cycle for our ODM sales is typically one to six months and for our branded product sales is one week to six months. We maintain strict control over our outstanding trade receivables and oversee our trade receivables to minimize credit risk. Our senior management regularly review the overdue balances and conducts periodic reconciliations with the sales staff. The following table sets forth the components of our trade receivables as of the dates indicated.

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | |
| Amounts due from third parties | 68,091 | 111,880 | 149,491 |
| Less: loss allowances | (4,369) | (6,119) | (8,586) |
| **Total** | **63,722** | **105,761** | **140,905** |

Our trade receivables increased from RMB63.7 million as of December 31, 2023 to RMB105.8 million as of December 31, 2024, primarily due to the increase in the sales volume and our decision to lengthen the credit terms granted to our customers given challenging macroeconomic conditions in the European and North American markets. Our trade receivables increased from RMB105.8 million as of December 31, 2024 to RMB140.9 million as of December 31, 2025, generally in line with the credit periods we granted to our customers.

The credit losses for trade receivables are based on assumptions about the expected credit loss ("ECL") rates. As of December 31, 2023, 2024 and 2025, we recorded loss allowance for impairment of trade receivables of RMB4.4 million, RMB6.1 million and RMB8.6 million, respectively. We use judgment in making these assumptions and selecting the inputs to the impairment calculation, which are based on our past collection history, existing market conditions as well as forward looking estimates at the end of each reporting period. We measure loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As our historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between our different customer bases. Expected loss rates are based on actual loss experience over the past three years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current



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conditions and our view of economic conditions over the expected lives of the receivables. For details of our impairment analysis for trade receivables, including our credit risk exposure on trade receivables using a provision matrix, see Note 26(a) to the Accountants' Report in Appendix I to this document.

The following table sets forth an aging analysis of our trade receivables, based on the invoice date and net of loss allowance, as of the dates indicated.

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | |
| Within one year | 60,770 | 102,248 | 130,032 |
| One to two years | 2,952 | 3,451 | 8,632 |
| Two to three years | – | 63 | 2,241 |
| **Total** | **63,722** | **105,761** | **140,905** |

Under our online sales model, the E-commerce marketplaces typically take three to 14 days to settle the relevant transaction amount with us. Under the offline sales of branded products and ODM model, we typically grant a credit period of 30 to 90 days to our B2B customers, offline third party merchants, and ODM customers. Our trade receivables turnover days increased from 41 days in 2023 to 57 days in 2024, primarily due to the increase in sales through offline third-party merchants, in both absolute amount and as percentage of our total revenue. Our trade receivables turnover days remained relatively stable at 57 days in 2024 and 55 days in 2025. The following table sets forth the number of our trade receivables turnover days for the periods indicated.

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| Trade receivables turnover days[(1)] | 41 | 57 | 55 |

(1) Trade receivables turnover days were calculated based on the average of opening and closing balance of trade receivables for the relevant period, divided by the revenue for the same period, and multiplied by the number of days in that period.

As of February 28, 2026, approximately RMB35.6 million, or 25.3%, of our trade receivables as of December 31, 2025 had been settled.

We do not anticipate any material recoverability issues in respect of our trade receivables, primarily for the following reasons:

(1) We continuously and prudently assess the credit quality of our customers, taking into account their business background, financial condition, historical transaction experience, and other relevant factors, and taking appropriate proactive follow-up actions to ensure timely payment;

(2) Throughout the Track Record Period, we have not experienced any material losses in respect of trade receivables, as the majority of such receivables arise from customers with strong credit profiles, and there has been no history of material default on payment obligations by these customers;



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(3) As of December 31, 2025, over 90% of our trade receivables were aged within one year;

(4) For key customers with receivables aged over one year, specific repayment plans have been established, and repayments are progressing in accordance with the agreed schedules; and

(5) As of February 28, 2026, approximately RMB35.6 million, or 25.3%, of our trade receivables as of December 31, 2025 had been settled.

We have conducted a comprehensive assessment of the recoverability of our trade receivables, including the review of customer profiles, evaluation of the likelihood of collection, and analysis of subsequent settlement activities. Specifically, for trade receivables identified as credit impaired, we have made individual assessment with full provisions provided. As of December 31, 2023, 2024 and 2025, the aggregate amount of individually assessed provisions for trade receivables was RMB3.0 million, RMB4.3 million, and RMB4.4 million, respectively. For all other trade receivables not subject to individual assessment, there are no ongoing or potential disputes with the respective customers. Loss allowances for these receivables are measured at an amount equal to the lifetime expected credit losses ("ECLs") in accordance with IFRS Accounting Standards.

We perform an impairment analysis at the end of each reporting period using a provision matrix to measure ECLs for trade receivables and to assess our credit risk exposure. Under the simplified approach permitted by IFRS Accounting Standards, ECLs are determined using a provision matrix analysis based on days past due, applied to groupings of customer segments with similar loss patterns. The provision matrix is initially derived from our historical observed default rates and is subsequently calibrated to reflect forward-looking information, including current and forecasted macroeconomic conditions. At each reporting date, we update the historical default rates and reassess changes in forward-looking estimates. As of December 31, 2023, 2024 and 2025, the impairment losses of trade receivables recorded based on the ECL model amounted to RMB1.4 million, RMB1.8 million, and RMB4.2 million, respectively.

Based on the foregoing, our management believes that there is no material risk of non-recoverability in respect of the trade receivables. Adequate and appropriate loss allowances have been made, taking into account our comprehensive credit risk management framework, historical experience with customers, and their financial positions. We have fully provided for expected credit losses in accordance with applicable accounting standards to reflect the uncertainties associated with outstanding balances, and will continue to maintain sufficient provisions to account for any potential future write-offs.



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**Prepayments, Deposits and Other Receivables**

Our prepayments, deposits and other receivables primarily consisted of (1) deductible input value-added tax, (2) prepayments in connection with the proposed [**REDACTED**] of the Company's [**REDACTED**], (3) prepayments for inventories and service, (4) deposits, in connection with our office rentals, and (5) advances to staff. The following table sets forth the components of our prepayments, deposits and other receivables as of the dates indicated.

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | |
| Deductible input value-added tax | 2,758 | 9,676 | 14,448 |
| Prepayments in connection with the proposed [**REDACTED**] of the Company's [**REDACTED**][(1)] | [**REDACTED**] | [**REDACTED**] | [**REDACTED**] |
| Prepayments for inventories and service | 3,360 | 14,050 | 8,606 |
| Deposits | 297 | 1,028 | 3,403 |
| Advances to staff | 208 | 1,493 | 2,916 |
| Others[(2)] | 708 | 295 | 1,403 |
| Less: loss allowance | (217) | (334) | (598) |
| **Total** | **7,114** | **30,783** | **39,093** |

(1) The balance at December 31, 2024 and 2025 relates to the [**REDACTED**], and was expected to be transferred to the capital reserve account within equity upon the [**REDACTED**].

(2) Included primarily interest receivables and staff borrowings.

Our prepayments, deposits and other receivables increased from RMB7.1 million as of December 31, 2023 to RMB30.8 million as of December 31, 2024, primarily due to an increase of RMB10.7 million in prepayments for inventories and services, as a result of our equipment purchase and preference for prepayment by newly on-boarded suppliers. Our prepayments, deposits and other receivables further increased to RMB39.1 million as of December 31, 2025, primarily due to an increase of RMB4.8 million in deductible input value-added tax.

As of February 28, 2026, approximately RMB4.0 million, or 10.2%, of our prepayments, deposits and other receivables as of December 31, 2025 had been settled.

**Financial Assets at Fair Value through Profit or Loss**

Our financial assets measured at fair value through profit or loss ("FVTPL") primarily consisted of wealth management products issued by reputable financial institutions in the PRC. Our financial assets at FVTPL decreased from RMB10.4 million as of December 31, 2023 to nil as of December 31, 2024, primarily due to redemption of our wealth management products. Our financial assets at FVTPL remained at nil as of December 31, 2025. The fair value of wealth management products is determined by calculating based on the discounted cash flow method. The main level 3 inputs used by us are the expected rates of return.



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***Investment Management Policy***

We believe we can make better use of our surplus cash by making appropriate investments in low-risk investment products including structured deposits, time deposits, large-denomination certificates of deposit, and low-risk bonds, which generate income without interfering with our business operation or capital expenditures. We have established policies prohibiting high-risk investments. Our investment decisions with respect to financial products are made on a case-by-case basis and after due and careful consideration of a number of factors, including, but not limited to, the market conditions, the economic developments, the anticipated investment conditions, the investment cost, the duration of the investment and the expected benefit and potential loss of the investment. We have established a set of internal control measures, including segregation of duties, multi-level approval processes and periodic monitoring of investment performance, which allow us to achieve reasonable returns on our investment while mitigating our exposure to high investment risks. These policies and measures were formulated by our senior management. Our management team possesses extensive experience in treasury management and financial risk control, with key personnel having backgrounds in corporate finance and banking. The Board is actively involved in overseeing investment activities. Any investment in financial products is subject to the Board's approval in accordance with our internal policies. The Board also receives regular reports on investment performance and compliance with risk management guidelines.

We follow the principle of safeguarding capital security while balancing liquidity and moderate returns in our investment and wealth management activities. We believe that our internal policies regarding financial products and the related risk management mechanism are adequate. We may continue to purchase financial products that meet the above criteria as part of our treasury management where we believe it is prudent to do so after the completion of the [**REDACTED**]. We will comply with relevant size test requirements under Chapter 14 of the Listing Rules and disclose the details of our investments and other notifiable transactions to the extent necessary and as appropriate after the [**REDACTED**].

**Cash and Cash Equivalents**

Our cash and cash equivalents remained relatively stable at RMB254.2 million as of December 31, 2023 and RMB253.6 million as of December 31, 2024, and increased to RMB360.5 million as of December 31, 2025, primarily due to our profit growth and investment gains. During the Track Record Period, most of our bank balances were denominated in Renminbi, U.S. dollars and Euro. See "—Key Factors Affecting Our Results Of Operations—Fluctuation in Foreign Exchange Rates" for details.



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**Trade and Bills Payables**

Our trade and bills payables comprised primarily outstanding amounts payable to our material and service suppliers. Our trade and bills payables increased from RMB49.8 million as of December 31, 2023 to RMB114.8 million as of December 31, 2024, primarily due to both the growing purchases of raw materials and an increasing proportion of raw material payments made through bank acceptance bills. Our trade and bills payables remained relatively stable at RMB114.8 million and RMB115.4 million as of December 31, 2024 and 2025, respectively. The following table sets forth the components of our trade and bills payables as of the dates indicated.

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | |
| Trade payables | 46,625 | 91,699 | 81,275 |
| Bills payable | 3,212 | 23,082 | 34,125 |
| **Total** | **49,837** | **114,781** | **115,400** |

The following table sets forth an aging analysis of our trade and bills payables, based on the invoice dates, as of the dates indicated.

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | |
| Within one year | 49,679 | 114,461 | 114,788 |
| Over one year | 158 | 320 | 612 |
| **Total** | **49,837** | **114,781** | **115,400** |

Our trade and bills payables turnover days increase significantly from 72 days in 2023 to 132 days in 2024, and further to 140 days in 2025, primarily driven by the following factors.

- *Higher procurement needs to support branded product strategy.* To ensure timely supply for the rapid growth of our branded business, particularly in DTC and offline channels, we significantly increased procurement of raw materials and finished goods.

- *Enhanced bargaining power and deliberate cash flow optimization.* With larger procurement volumes and strengthened relationships with key suppliers, we successfully negotiated more favourable payment terms. This allowed us to leverage supplier credit and improve operating cash flow without compromising supplier relationships. For instance, our then suppliers typically granted us a credit term of 30 to 90 days in 2023 or before, while our current suppliers typically granted us a credit term of 30 to 180 days.

- *Change in procurement model and market characteristics.* Since 2023, we shifted towards branded products and cross-border E-commerce, where suppliers generally accept longer credit terms compared to traditional ODM model.



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| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| Trade and bills payables turnover days[(1)] . . . . . | 72 | 132 | 140 |

(1) Trade and bills payables turnover days were calculated based on the average of opening and closing balance of trade and bills payables for the relevant period, divided by the cost of sales for the same period, multiplied by the number of days in that period.

As of February 28, 2026, approximately RMB78.8 million, or 68.2%, of our trade and bills payables as of December 31, 2025 had been settled.

**Other Payables, Accruals and Provision**

Other payables and accruals consisted primarily of (1) payables for staff related costs, (2) payables for other taxes, (3) warranty provision, and (4) refund liabilities, which was estimated based on our historical return rate, the industry standards, current market conditions and our contract terms and conditions. Our other payables and accruals increase from RMB22.1 million as of December 31, 2023 to RMB24.0 million as of December 31, 2024, primarily due to the increase of RMB4.5 million in other costs, partially offset by a decrease in refund liabilities of RMB1.9 million, mainly because we lowered the estimated return rate on the basis of a decreased actual product return rate in 2024, which was attributable to our continuous product quality enhancements and improvements in customer service processes. Our other payables and accruals further increased to RMB44.6 million as of December 31, 2025, primarily due to (1) an increase of RMB13.5 million in financial liabilities measured at amortized cost, (2) an increase of RMB6.8 million in payables for other taxes, (3) an increase of RMB5.3 million in warranty provision, mainly as a result of the expansion of our business scale, and (4) an increase of RMB0.8 million in refund liabilities, in line with the increase in the sales volume of our products.

As of February 28, 2026, approximately RMB18.0 million, or 40.4%, of our other payables, accruals and provision as of December 31, 2025 had been settled.

**Contract Liabilities**

Our contract liabilities decreased from RMB6.2 million as of December 31, 2023 to RMB3.7 million as of December 31, 2024, primarily due to our improved shipping efficiency, changes in customer prepayment practices, and adjustments to our sales strategies. Our contract liabilities increased from RMB3.7 million as of December 31, 2024 to RMB6.4 million as of December 31, 2025, generally in line with the growth of our sales volumes.

As of February 28, 2026, approximately RMB3.4 million, or 53.5% of our contract liabilities as of December 31, 2025 had been recognized as revenue.

**Income Tax Payable**

Our income tax payable increased from RMB0.3 million as of December 31, 2023 to RMB5.9 million as of December 31, 2024, primarily due to our profit increase. Our income tax payables remained relatively stable at RMB5.8 million as of December 31, 2025.



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## LIQUIDITY AND CAPITAL RESOURCES

### Sources of Liquidity and Working Capital

Our primary use of cash is to fund our working capital requirements and payment for the purchase of plant and equipment and other recurring expenses. During the Track Record Period, we financed our capital expenditures and working capital requirements primarily through a combination of cash generated from our operating activities and external financing.

Going forward, we believe that our liquidity requirements will be satisfied with a combination of cash generated from our operating activities and net [**REDACTED**] from the [**REDACTED**] and other funds raised from the capital markets from time to time. Any significant decrease in the demand or prices of our robotic pool cleaners, any significant increase in impairment of our trade receivables, and any significant increase in other costs and expenses, may adversely impact our liquidity. As of December 31, 2023, 2024 and 2025 and February 28, 2026, we had cash and cash equivalents of RMB254.2 million, RMB253.6 million, RMB360.5 million and RMB314.4 million, respectively. As of the Latest Practicable Date, we had unutilized banking facilities of RMB375.9 million, which were all committed and unconditional. Taking into account the net [**REDACTED**] from the [**REDACTED**] and the financial resources available to us, our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document.

### Cash Flows

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

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | |
| Net cash generated from operating activities | 40,308 | 6,501 | 34,825 |
| Net cash generated from/(used in) investing activities | 88,044 | (3,661) | 1,360 |
| Net cash (used in)/generated from financing activities | (587) | (3,967) | 71,327 |
| Net increase/(decrease) in cash and cash equivalents | 127,765 | (1,127) | 107,512 |
| Cash and cash equivalents at beginning of the period | 124,714 | 254,150 | 253,568 |
| Effect of foreign exchange rate changes | 1,671 | 545 | (543) |
| Cash and cash equivalents at end of the period | 254,150 | 253,568 | 360,537 |

#### *Net Cash Generated from Operating Activities*

Net cash generated from operating activities was RMB34.8 million in 2025, primarily due to our profit before tax of RMB116.5 million, as adjusted by (1) certain non-cash and non-operating items, primarily including depreciation of RMB12.6 million and equity-settled share-based payment expenses of RMB11.1 million which was primarily due to the expansion of our share incentive plan for our staff in 2025, with the grant decision being one-off in nature but the related expenses to be recognized over the vesting period in subsequent years; and (2) changes in working capital that positively affected the cash flow from operating activities, primarily including increase in other payables, accruals and provision of RMB23.9 million; partially offset by (3) changes in working capital that negatively affected the cash flow from operating activities, primarily including (i) the increase in inventories of RMB79.5 million, primarily as a result of the increase of our branded product stocking for sales, (ii) the increase in trade receivables of RMB37.6 million, and the increase in prepayments, which was generally in line with the increase in the sales volume, and (iii) deposits and other receivables of RMB4.4 million.



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Net cash generated from operating activities was RMB6.5 million in 2024, primarily due to our profit before tax of RMB83.2 million, as adjusted by (1) certain non-cash and non-operating items, primarily including depreciation of RMB9.7 million; and (2) changes in working capital that positively affected the cash flow from operating activities, primarily including the increase in trade and bills payables of RMB64.9 million, as a result of an increase in procurement of raw materials; partially offset by (3) changes in working capital that negatively affected the cash flow from operating activities, primarily including an increase of RMB82.2 million in inventories, as a result of the increase in our product models and product stocking for sales, and the increase in prepayments, deposits and other receivables of RMB19.2 million, as a result of our equipment purchase and preference for prepayment by newly on-boarded suppliers.

Net cash generated from operating activities was RMB40.3 million in 2023, primarily due to our profit before tax of RMB67.6 million, minus income tax paid of RMB20.8 million, as adjusted by (1) certain non-cash and non-operating items, primarily including depreciation of RMB7.8 million and equity-settled share-based payment expenses of RMB4.6 million; and (2) changes in working capital that positively affected the cash flow from operating activities, primarily including the increase in trade payables of RMB36.0 million, as a result of an increase in procurement of raw materials; partially offset by (3) changes in working capital that negatively affected the cash flow from operating activities, primarily including the increase in trade receivables of RMB46.2 million, as a result of lengthened payment cycle for sales to Europe and North America, and the increase in inventories of RMB21.5 million, as a result of our business growth and branded product stocking for sales through online E-commerce marketplaces.

***Net Cash (Used in)/Generated from Investing Activities***

Net cash generated from investing activities was RMB1.4 million in 2025, primarily due to (1) the proceeds from redemption of financial assets measured at FVTPL of RMB88.1 million, and (2) the proceeds from disposal of property, plant and equipment and right-of-use assets of RMB17.1 million, partially offset by (i) the payment for purchase of financial assets measured at FVTPL of RMB87.5 million, and (ii) the payments for purchase for property, plant and equipment, intangible assets and land use rights of RMB16.3 million.

Net cash used in investing activities was RMB3.7 million in 2024, primarily due to (1) the payment for purchase of financial assets at FVTPL of RMB210.0 million, and (2) the payments for purchase for property, plant and equipment, intangible assets and land use rights of RMB14.2 million, partially offset by the proceeds from redemption of financial assets at FVTPL of RMB220.6 million.

Net cash generated from investing activities was RMB88.0 million in 2023, primarily due to the proceeds from redemption of financial assets measured at FVTPL of RMB106.5 million, partially offset by the payments for purchase for property, plant and equipment, intangible assets and land use rights of RMB18.5 million.

***Net Cash Generated from/(Used in) Financing Activities***

Net cash generated from financing activities was RMB71.3 million in 2025, primarily due to net proceeds from capital contribution of RMB141.0 million, partially offset by dividends paid to our shareholders of RMB62.0 million.

Net cash used in financing activities was RMB4.0 million in 2024, primarily representing our prepayments in connection with the [**REDACTED**].

Net cash used in financing activities was RMB0.6 million in 2023, primarily representing our rental payments.



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**Current Assets and Current Liabilities**

The following table sets forth our current assets and liabilities as of the dates indicated.

| | As of December 31, | | | As of February 28, |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 |
| | *(RMB in thousands)* | | | *(Unaudited)* |
| **Current assets** | | | | |
| Inventories | 119,960 | 202,162 | 281,668 | 298,160 |
| Trade receivables | 63,722 | 105,761 | 140,905 | 155,550 |
| Prepayments, deposits and other receivables | 7,114 | 30,783 | 39,093 | 52,895 |
| Financial assets measured at FVTPL | 10,362 | – | – | – |
| Restricted deposits | 157 | 1,248 | 4,394 | 4,780 |
| Cash and cash equivalents | 254,150 | 253,568 | 360,537 | 314,391 |
| **Total current assets** | **455,707** | **593,522** | **826,597** | **825,776** |
| **Current liabilities** | | | | |
| Trade and bills payables | 49,837 | 114,781 | 115,400 | 130,454 |
| Other payables, accruals and provision | 22,085 | 24,042 | 44,555 | 51,761 |
| Contract liabilities | 6,208 | 3,666 | 6,428 | 6,627 |
| Lease liabilities | 709 | 1,847 | 5,665 | 5,570 |
| Redemption liabilities | – | – | 456,950 | 460,520 |
| Income tax payable | 308 | 5,912 | 5,846 | 5,249 |
| **Total current liabilities** | **79,147** | **150,248** | **634,844** | **660,181** |
| **Net current assets** | **376,560** | **443,274** | **191,753** | **165,595** |
| **Total assets less current liabilities** | **461,680** | **533,828** | **284,188** | **256,670** |

We had net current assets of RMB376.6 million, RMB443.3 million, RMB191.8 million and RMB165.6 million as of December 31, 2023, 2024, 2025 and February 28, 2026, respectively. Our net current assets position as of each of these dates was primarily attributable to our cash and cash equivalents and inventories, partially offset by our trade and bills payables.

Our net current assets decreased from RMB191.8 million as of December 31, 2025 to RMB165.6 million as of February 28, 2026, primarily due to (1) a decrease of RMB46.1 million in cash and cash equivalent, (2) an increase of trade and bills payables of RMB15.1 million, partially offset by (1) an increase of RMB16.5 million in inventories, (2) an increase of RMB14.6 million in trade receivables, and (3) an increase of RMB13.8 million in prepayments, deposits and other receivables.

Our net current assets decreased from RMB443.3 million as of December 31, 2024 to RMB191.8 million as of December 31, 2025, primarily due to the recognition of redemption liabilities of RMB457.0 million, partially offset by (1) an increase of RMB79.5 million in inventories, (2) an increase of RMB35.1 million in trade receivables, (3) an increase of RMB8.3 million in prepayments, deposits and other receivables, and (4) an increase of RMB107.0 million in cash and cash equivalent.



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Our net current assets increased from RMB376.6 million as of December 31, 2023 to RMB443.3 million as of December 31, 2024, primarily due to (1) an increase of RMB82.2 million in inventories, as a result of the increase in our product models and our product stocking for sales, and (2) an increase of RMB42.0 million in trade receivables, generally in line with our business and revenue growth, partially offset by an increase of RMB64.9 million in trade and bills payable, as a result of our increasing demand for raw materials in line with our business growth.

## CAPITAL EXPENDITURES AND COMMITMENTS

Our capital expenditures during the Track Record Period primarily related to purchase of property, plant and equipment, intangible assets and land use rights, and amounted to RMB18.5 million, RMB14.2 million and RMB16.3 million in 2023, 2024 and 2025, respectively. We funded our capital expenditure requirements during the Track Record Period mainly from a combination of cash generated from our operating activities and external financing.

We plan to fund our planned capital expenditure by using the cash flow generated from our operations and the net [**REDACTED**] received from the [**REDACTED**]. See "Future Plans and Use of [**REDACTED**]" for the portion of capital expenditures to be funded by the [**REDACTED**] from the [**REDACTED**].

### Capital Commitments

We did not have any capital commitments as of December 31, 2023, 2024 and 2025, respectively.

## INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated.

| | As of December 31, | | | As of February 28, |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 |
| | *(RMB in thousands)* | | | *(Unaudited)* |
| **Current indebtedness** | | | | |
| Lease liabilities | 709 | 1,847 | 5,665 | 5,570 |
| Redemption liabilities | – | – | 456,950 | 460,520 |
| **Subtotal** | 709 | 1,847 | 468,280 | 466,090 |
| **Non-current indebtedness** | | | | |
| Lease liabilities | 4,131 | 3,990 | 12,342 | 12,116 |
| **Subtotal** | 4,131 | 3,990 | 12,342 | 12,116 |
| **Total** | **4,840** | **5,837** | **480,622** | **478,206** |

### Lease Liabilities

Our lease liabilities are mainly in relation to leased properties. As of December 31, 2023, 2024 and 2025 and February 28, 2026, our lease liabilities amounted to RMB4.8 million, RMB5.8 million, RMB18.0 million and RMB17.7 million, respectively. Our non-current portion of lease liabilities remained relatively stable at RMB4.1 million and RMB4.0 million as of December 31, 2023 and 2024, respectively, but increased significantly to RMB12.3 million as of December 31, 2025 and then remained relatively stable at RMB12.1 million as of February 28, 2026, primarily due to the newly leased properties overseas



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mainly used for our warehousing facility. Due to the same reason, our current portion of lease liabilities remained relatively stable at RMB0.7 million and RMB1.8 million as of December 31, 2023 and 2024, respectively, but increased significantly to RMB5.7 million as of December 31, 2025 and then remained relatively stable at RMB5.6 million as of February 28, 2026.

**Redemption Liabilities**

We recorded redemption liabilities of nil, nil, RMB457.0 million and RMB460.5 million as of December 31, 2023, 2024, 2025, and February 28, 2026, respectively. Our redemption liabilities to investors during the Track Record Period was primarily attributable to the redemption rights of the [**REDACTED**] Investors included in our financing arrangements, which were recorded as financial liabilities. Upon the [**REDACTED**], the redemption rights will be automatically terminated, and the redemption liabilities will be reclassified from liabilities to equity. See "History, Development and Corporate Structure—[**REDACTED**] Investments—Special Rights of the [**REDACTED**] Investors."

Save as disclosed above, we did not have any outstanding loan capital issued or agreed to be issued, debt securities, mortgages, charges, debentures, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, hire purchase commitments or other contingent liabilities as of February 28, 2026. Our Directors confirm that we had not guaranteed the indebtedness of any independent third parties as of the Latest Practicable Date. Our Directors further confirm that there has not been any material change in our indebtedness since February 28, 2026.

Our Directors confirm that as of the Latest Practicable Date, we did not have any outstanding debt, and there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that our Group did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

**CONTINGENT LIABILITIES**

As of the Latest Practicable Date, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group.

[**REDACTED**]

We expect to incur a total of approximately [**REDACTED**] ([**REDACTED**]) of [**REDACTED**] in connection with the [**REDACTED**], representing approximately [**REDACTED**]% of the [**REDACTED**] from the [**REDACTED**] (assuming an [**REDACTED**] of [**REDACTED**], being the [**REDACTED**] of the indicative [**REDACTED**] between [**REDACTED**] and [**REDACTED**], and assuming that the [**REDACTED**] is not exercised), including (1) [**REDACTED**] fees and [**REDACTED**], SFC transaction levy, Stock Exchange trading fees and AFRC transaction levy for all [**REDACTED**] of approximately [**REDACTED**] ([**REDACTED**]), and (2) non-[**REDACTED**] expenses of approximately [**REDACTED**] ([**REDACTED**]), which consist of (i) fees and expenses of legal advisors and accountants of approximately [**REDACTED**] ([**REDACTED**]), and (ii) other fees and expenses of approximately [**REDACTED**] ([**REDACTED**]). Approximately [**REDACTED**] is expected to be charged to our profit or loss, and approximately [**REDACTED**] is expected to be deducted from equity. The [**REDACTED**] above are the best estimate as of the Latest Practicable Date and for reference only. The actual amount may differ from this estimate.



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## KEY FINANCIAL RATIOS

| | For the year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| Gross profit margin[(1)] | 57.5% | 58.0% | 62.9% |
| Net profit margin[(2)] | 16.1% | 13.0% | 12.4% |
| Adjusted net profit margin (non-IFRS measure)[(3)] | 19.3% | 14.3% | 15.3% |
| Revenue growth rate[(4)] | 19.0% | 43.8% | 49.4% |
| Gross profit growth rate[(5)] | 28.0% | 45.1% | 62.1% |

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

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

(3) The calculation of adjusted net profit margin (non-IFRS measure) is based on adjusted net profit (non-IFRS measure) divided by revenue for the respective period and multiplied by 100.0%.

(4) The calculation of revenue growth rate is based on revenue for the period divided by revenue for the previous period minus one and multiplied by 100.0%.

(5) The calculation of gross profit growth rate is based on gross profit for the period divided by gross profit for the previous period minus one and multiplied by 100.0%.

### Analysis of Key Financial Ratios

See "—Period to Period Comparison of Results of Operations" for a discussion of the factors affecting our gross profit margin, net profit margin and adjusted net profit margin (non-IFRS measure), revenue growth rate and gross profit growth rate during the Track Record Period.

## RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time during our ordinary course of business and on terms of transactions with other entities that are not related parties. During the Track Record Period, we entered into a number of related party transactions. For details of our related party transactions, see Note 27 to the Accountants' Report in Appendix I to this document. Our Directors are of the view that each of the related party transactions was conducted in the ordinary and usual course of business and on normal commercial terms between the relevant parties and does not distort our Track Record Period results or make our historical results not reflective of future performance. We expect to settle the non-trade related balance with related parties prior to the [**REDACTED**].

## OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

## QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of our business. Our exposure to these risks and the financial risk management policies and practices used by us to manage these risks are described in details in Note 26 to the Accountants' Report in Appendix I to this document.



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**Credit Risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. Our credit risk is primarily attributable to trade receivables and other receivables. Our exposure to credit risk arising from cash and cash equivalents, financial assets measured at FVTPL is limited because the counterparties are banks and financial institutions with high credit standing, for which we considers to represent low credit risk.

We have established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within a period of 0-180 days from the date of billing. Normally, we do not obtain collateral from customers.

We measure loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and our view of economic conditions over the expected lives of the receivables. See note 26(a) to the Accountants' Report in Appendix I to this document.

**Liquidity Risk**

Our policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. See note 26(b) to the Accountants' Report in Appendix I to this document.

**Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Our lease liabilities at fixed rates, cash at bank at variable rates expose the Group to fair value interest rate risk and cash flow interest rate risk, respectively. Overall, the Group's exposure to interest rate risk is not significant.

**Currency Risk**

We are exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily US$, EUR and RMB. See note 26(d) to the Accountants' Report in Appendix I to this document for our exposure to currency risk and the sensitivity analysis.

**DIVIDENDS**

During the Track Record Period, we declared dividends of RMB62.0 million in 2025. PRC laws require that dividends be paid only out of net profits calculated according to PRC GAAP. PRC laws also require enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Although the calculation of our distributable profits is in accordance with



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the PRC GAAP or the IFRS Accounting Standards, whichever is lower, we do not expect such difference between distributable profits calculated under the PRC GAAP and the IFRS Accounting Standards to be material or have any substantive impact on any dividend to be declared.

We have adopted a dividend policy of declaring and paying dividends, without a predetermined dividend payout ratio. The declaration, payment and amount of dividends will be subject to the discretion of the Board in accordance with our Articles of Association, pursuant to which an annual profit distribution proposal shall be proposed and approved by the Board and then be submitted to the Shareholders' general meeting for consideration. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. We may distribute profits by cash, Shares or a combination of cash and Shares to Shareholders after we have covered our losses and appropriated our surplus reserves. In the event that a general meeting violates our Articles of Association by distributing profits to Shareholders, the Shareholders shall refund the profits distributed in breach of the foregoing regulations to us. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be determined by our Shareholders.



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## DISTRIBUTABLE RESERVES

As of December 31, 2025, our Company had distributable reserves of RMB247.7 million. According to the PRC Company Law, a PRC incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous year's accumulated losses, if any, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds reached 50% of its registered capital. We may pay dividends out of after-tax profits after making up for accumulated losses and contributing to statutory reserve funds as mentioned above.

## DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there are no circumstances which, had we been required to comply with Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

## COVID-19 OUTBREAK AND EFFECTS ON OUR BUSINESS

Since the COVID-19 outbreak, a series of precautionary and control measures have been implemented worldwide to contain the virus. We adopted several precautionary measures to maintain a safe and hygienic working environment, such as adopting COVID-19 disinfecting techniques for our offices, distributing masks for employees, adopting flexible working schedules and locations, and implementing internal reporting system. We did not experience any suspension of operation during the COVID-19 pandemic. Considering all above and our solid performance during the Track Record Period, our Directors are of the view that the COVID-19 pandemic did not have any material adverse effect on our business, results of operations and financial condition.

## NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, as of the date of this document, there has been no material adverse change in our financial and trading positions or prospects since December 31, 2025, being the end date on which our latest audited consolidated financial statements were prepared, and that there is no event since December 31, 2025 which would materially affect the information in the Accountants' Report set out in Appendix I to this document.

## UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

See Appendix II to this document for details.



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## FUTURE PLANS

For further disclosure of our business objectives and strategies, see "Business—Growth Strategies."

## USE OF [REDACTED]

We estimate that the net [**REDACTED**] of the [**REDACTED**], after deducting the estimated [**REDACTED**] and other fees and expenses payable by us in connection with the [**REDACTED**], will be approximately [**REDACTED**], assuming an [**REDACTED**] of [**REDACTED**] per Share (being the [**REDACTED**] of the indicative range of the [**REDACTED**] of [**REDACTED**] to [**REDACTED**] per Share), without the exercise of the [**REDACTED**].

We currently intend to use the net [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts as set out below:

- Approximately [**REDACTED**]% of the net [**REDACTED**], or [**REDACTED**], will be used to further expand our production capacity and enhance production efficiency by (1) establishing our new production base and adjacent warehouses; (2) purchasing production equipment and intelligent production related hardware and software; and (3) recruiting and training production personnel. More specifically:

  (1) approximately [**REDACTED**]% of the net [**REDACTED**], or [**REDACTED**], will be used to establish our new production base and adjacent warehouses;

    - approximately [**REDACTED**]%, or [**REDACTED**], to be used for the construction of relevant buildings to establish our production base in Tianjin, China, including primarily the workshops, warehouse, guardroom and connecting corridors, and necessary project expenses incurred during the construction process, such as design, supervision, survey, feasibility and environmental assessment expenses. We have obtained the Investment Project Filing Certificate for our new production base. We plan to initiate the application for the property ownership certificate upon finalization of the site. We are not aware of any existing or potential legal impediments in connection with the planned construction. We currently expect to complete the construction of this production base in approximately two years and commence operation by 2027, and increase our annual production capacity of robotic pool cleaners by more than 600,000 units to reach more than 1.2 million units for our total annual production capacity. We also plan to further extend our production base to achieve total annual production capacity of more than 2.0 million units with total site area of more than 60,000 square meters for our production base in the future;

    - approximately [**REDACTED**]%, or [**REDACTED**], to be used to expand our warehousing capabilities and construct multi-level warehouses in Tianjin, China. Our limited self-owned warehouse space within our existing plant has been already operating at tight capacity. With order volume rising, our existing warehouse capacity is insufficient to meet our expanding production needs. This expansion is necessary to address the constrains of our current warehouse and to support our future business growth;



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- approximately [**REDACTED**]%, or [**REDACTED**], to be used to obtain land use rights in connection with establishing our new production base and adjacent warehouses, the total site area of which is estimated to be approximately 31,000 square meters;

(2) approximately [**REDACTED**]% of the net [**REDACTED**], or [**REDACTED**], will be used to purchase production equipment and intelligent production related hardware and software;

- approximately [**REDACTED**]%, or [**REDACTED**], to be used to purchase hardware equipment required for the injection molding workshop, assembly workshops and the multi-level warehouses, including primarily assembly lines, automated machines, robotic palletizing machines and customized molds;

- approximately [**REDACTED**]%, or [**REDACTED**], to be used to purchase software to enhance intelligent manufacturing, including primarily computerized management information system, computerized monitoring system, network communication system, warehouse management system and supplier sourcing management system, and upgrade existing software, such as our manufacturing execution system and product lifecycle management system; and

(3) approximately [**REDACTED**]% of the net [**REDACTED**], or [**REDACTED**], will be used to recruit and train production personnel, including primarily workshop management personnel and workers, quality inspection personnel and warehousing personnel.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or [**REDACTED**], will be used to expand our global online and offline sales and augment our market share. More specifically:

(1) approximately [**REDACTED**]% of the net [**REDACTED**], or [**REDACTED**], will be used to expand and optimize our offline sales by improving pre-sales and after-sales services and expanding the global sales team;

- approximately [**REDACTED**]%, or [**REDACTED**], to be used for establishing sales and after-sales centers in France and the United States, as our regional centers for Europe and North America, respectively, to enhance our capability in curating sales strategies and after-sales services tailored to local markets and increase consumer stickiness;

- approximately [**REDACTED**]%, or [**REDACTED**], to be used for (i) expanding our global sales team, (ii) further developing specialized offline sales, such as through pool equipment specialty retail chain stores, and (iii) hosting brand promotion events to reach broader consumer base;

- approximately [**REDACTED**]%, or [**REDACTED**], to be used for (i) expanding application of our products in commercial and residential pools in China, and (ii) further penetrating markets in Southeast Asia, Oceania, South America and Africa to discover new growth factors by analyzing pain points and development trends of such local markets and enhancing offline promotion in these local markets;



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(2) approximately [**REDACTED**]% of the net [**REDACTED**], or [**REDACTED**], will be used to expand our online sales channels by enhancing our marketing capability and covering more end consumers;

- approximately [**REDACTED**]%, or [**REDACTED**], to be used for strengthening operation on existing online E-commerce marketplaces, such as Amazon, by increasing placement of customized advertisements and enhancing cooperation under the Amazon Vendor Central and Amazon Seller Central models, so as to cover more end consumers;

- approximately [**REDACTED**]%, or [**REDACTED**], to be used for (i) further develop and promote our E-commerce independent websites on Shopify for our self-operated sales channels, (ii) expanding the investment in social media platform promotion, such as advertising on Youtube and Facebook, and (iii) enhancing cooperation with key opinion leaders to expand end consumer coverage of our products;

- approximately [**REDACTED**]%, or [**REDACTED**], to be used for expanding our cooperation with more online E-commerce marketplaces, such as Temu and Shein, as well as online platforms operated by supermarkets, such as Walmart and Costco, to expand end consumer coverage of our products;

- Approximately [**REDACTED**]% of the net [**REDACTED**], or [**REDACTED**], will be used to elevate our R&D capabilities and enrich our product portfolio with expanded application scenarios. More specifically:

(1) approximately [**REDACTED**]% of the net [**REDACTED**], or [**REDACTED**], will be used to improve the AI and intelligence level of our products and enrich application scenarios of our core technologies;

- approximately [**REDACTED**]%, or [**REDACTED**], to be used for the R&D of the hardware and software to be incorporated in our products, including primarily the high-precision laser range measuring modules, multi-sensor motion control modules, AI navigation algorithm and software architecture for accessing multiple IoT platforms with enhanced sensing and scalability;

- approximately [**REDACTED**]%, or [**REDACTED**], to be used for recruiting and retaining talents. We plan to recruit talents that specialize in AI algorithm, machine vision and IoT technologies, and provide them with competitive compensation packages. In addition, we plan to incentivize our existing R&D talents by similarly providing competitive compensation package to them;

- approximately [**REDACTED**]%, or [**REDACTED**], to be used for developing comprehensive smart outdoor living solutions and expanding the application scenarios of our core technologies in other underwater and back yard use cases, such as robotic pool cleaners for full surface cleaning, intelligent robotic lawn mover, and intelligent snow removal robots;



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(2) approximately [**REDACTED**]% of the net [**REDACTED**], or [**REDACTED**], will be used to further strengthen the competitive advantages of our cordless products and improve product functionalities;

- approximately [**REDACTED**]%, or [**REDACTED**], to be used to (i) optimize and upgrade the power supply capabilities of our cordless models, including primarily *WYBOT A1*, *WYBOT C2*, *WYBOT S2* and *WYBOT M2* models, (ii) enhance the waterproof feature of lithium-ion batteries with improved protective seals and coatings, and (iii) invest in the new-generation of lithium-ion battery management system, solar charging system, and motor control system;

- approximately [**REDACTED**]%, or [**REDACTED**], to be used for further reducing the weight and enhancing the structural design of our products, and new material studies, to further improve the overall product functionality of our products with reduced energy consumption;

- Approximately [**REDACTED**]% of the net [**REDACTED**], or [**REDACTED**], for working capital and other general corporate purposes.

The above allocation of the [**REDACTED**] will be adjusted on a pro rata basis in the event that the [**REDACTED**] is fixed below or above the [**REDACTED**] of the indicative [**REDACTED**]. Any additional [**REDACTED**] received from the exercise of the [**REDACTED**] will also be allocated to the above purposes on a pro rata basis. In the event that the [**REDACTED**] is exercised in full, we will receive net [**REDACTED**] of [**REDACTED**] (after deducting the estimated [**REDACTED**] and other fees and expenses payable by us in connection with the [**REDACTED**] and assuming an [**REDACTED**] of [**REDACTED**] per Share, being the [**REDACTED**] of our indicative [**REDACTED**]).

To the extent that the net [**REDACTED**] are not immediately used in accordance with the specified plans, we intend to deposit such [**REDACTED**] into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions).



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[**REDACTED**]



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[**REDACTED**]



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[**REDACTED**]



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[**REDACTED**]



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[**REDACTED**]



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[**REDACTED**]



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[**REDACTED**]



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[**REDACTED**]



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[REDACTED]



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[REDACTED]



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[REDACTED]



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[REDACTED]



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[REDACTED]



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[REDACTED]



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[REDACTED]



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[REDACTED]



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[REDACTED]



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[REDACTED]



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[REDACTED]



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[REDACTED]



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[REDACTED]



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[REDACTED]



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*The following is the text of a report set out on pages I-1 to I-[●], received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.*



**ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF WYBOTICS CO.,LTD (天津望圓智能科技股份有限公司) AND CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED**

**Introduction**

We report on the historical financial information of WYBOTICS Co.,LTD (天津望圓智能科技股份有限公司) (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-[●], which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2023, 2024 and 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended December 31, 2023, 2024 and 2025 (the "Track Record Period"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "Document") in connection with the [**REDACTED**] of [**REDACTED**] of the Company on the [**REDACTED**] of The Stock Exchange of Hong Kong Limited.

**Directors' responsibility for the Historical Financial Information**

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

**Reporting accountants' responsibility**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.



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Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at December 31, 2023, 2024 and 2025, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

**Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

***Dividends***

We refer to Note 25(d) to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

**KPMG**
*Certified Public Accountants*

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

[Date]



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## HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").



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## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*(Expressed in Renminbi ("RMB"))*

| | Note | Year ended December 31, 2023 | 2024 | 2025 |
|---|---|---|---|---|
| | | *RMB'000* | *RMB'000* | *RMB'000* |
| Revenue | *4* | 377,950 | 543,535 | 812,202 |
| Cost of sales | | (160,735) | (228,272) | (301,079) |
| **Gross profit** | | 217,215 | 315,263 | 511,123 |
| Other net income | *5* | 12,873 | 5,767 | 10,610 |
| Selling and marketing expenses | | (97,186) | (173,820) | (302,519) |
| Administrative expenses | | (43,033) | (39,844) | (62,718) |
| Research and development expenses | | (19,343) | (22,106) | (30,421) |
| Impairment losses recognised on trade receivables and other receivables, net | | (2,776) | (1,869) | (2,700) |
| **Profit from operations** | | 67,750 | 83,391 | 123,375 |
| Finance costs | *6(a)* | (124) | (231) | (370) |
| Changes in carrying amount of redemption liabilities | *23* | – | – | (6,488) |
| **Profit before taxation** | *6* | 67,626 | 83,160 | 116,517 |
| Income tax | *7(a)* | (6,777) | (12,650) | (16,106) |
| **Profit for the year** | | 60,849 | 70,510 | 100,411 |
| **Other comprehensive income for the year (after tax):** | | | | |
| Item that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translation of financial statements of overseas subsidiaries | | (3,887) | 1,760 | 287 |
| **Total comprehensive income for the year** | | 56,962 | 72,270 | 100,698 |
| **Earnings per share (RMB)** | | | | |
| **Basic and Diluted** | *10* | 1.07 | 1.24 | 1.81 |

The accompanying notes form part of the Historical Financial Information.



Patent Owner Zodiac Pool Systems LLC
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## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

*(Expressed in RMB)*

| | Note | At December 31, 2023 | 2024 | 2025 |
|---|---|---|---|---|
| | | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current assets** | | | | |
| Property, plant and equipment | *11* | 50,853 | 53,244 | 60,833 |
| Right-of-use assets | *12* | 24,506 | 24,629 | 22,351 |
| Intangible assets | | 1,592 | 2,059 | 2,321 |
| Deferred tax assets | *24(b)* | 5,060 | 5,420 | 6,060 |
| Other non-current assets | *13* | 3,109 | 5,202 | 870 |
| | | 85,120 | 90,554 | 92,435 |
| **Current assets** | | | | |
| Inventories | *14* | 119,960 | 202,162 | 281,668 |
| Trade receivables | *15* | 63,722 | 105,761 | 140,905 |
| Prepayments, deposits and other receivables | *16* | 7,114 | 30,783 | 39,093 |
| Income tax recoverable | *24(a)* | 242 | – | – |
| Financial assets measured at fair value through profit or loss ("FVTPL") | *26(e)* | 10,362 | – | – |
| Restricted deposits | *17* | 157 | 1,248 | 4,394 |
| Cash and cash equivalents | *17* | 254,150 | 253,568 | 360,537 |
| | | 455,707 | 593,522 | 826,597 |
| **Current liabilities** | | | | |
| Trade and bills payables | *18* | 49,837 | 114,781 | 115,400 |
| Other payables, accruals and provision | *19* | 22,085 | 24,042 | 44,555 |
| Contract liabilities | *20* | 6,208 | 3,666 | 6,428 |
| Lease liabilities | *22* | 709 | 1,847 | 5,665 |
| Redemption liabilities | *23* | – | – | 456,950 |
| Income tax payable | *24(a)* | 308 | 5,912 | 5,846 |
| | | 79,147 | 150,248 | 634,844 |
| **Net current assets** | | 376,560 | 443,274 | 191,753 |
| **Total assets less current liabilities** | | 461,680 | 533,828 | 284,188 |
| **Non-current liabilities** | | | | |
| Lease liabilities | *22* | 4,131 | 3,990 | 12,342 |
| Deferred income | | 1,455 | 1,414 | 2,496 |
| Deferred tax liabilities | *24(b)* | 1,302 | 965 | 1,539 |
| | | 6,888 | 6,369 | 16,377 |
| **NET ASSETS** | | 454,792 | 527,459 | 267,811 |
| **CAPITAL AND RESERVES** | | | | |
| Share capital | *25(b)* | 57,000 | 57,000 | 62,523 |
| Reserves | | 397,792 | 470,459 | 205,288 |
| **TOTAL EQUITY** | | 454,792 | 527,459 | 267,811 |

The accompanying notes form part of the Historical Financial Information.



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## STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

*(Expressed in RMB)*

| | Note | At December 31, 2023 | 2024 | 2025 |
|---|---|---|---|---|
| | | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current assets** | | | | |
| Property, plant and equipment | *11* | 50,167 | 52,287 | 60,288 |
| Right-of-use assets | *12* | 4,741 | 4,374 | 9,602 |
| Intangible assets | | 1,592 | 2,059 | 2,321 |
| Other non-current assets | *13* | 3,109 | 5,202 | 347 |
| Investments in subsidiaries | *1* | 32,625 | 32,625 | 32,625 |
| | | 92,234 | 96,547 | 105,183 |
| **Current assets** | | | | |
| Inventories | *14* | 84,179 | 137,222 | 137,103 |
| Trade receivables | *15* | 133,334 | 252,169 | 354,054 |
| Prepayments, deposits and other receivables | *16* | 8,882 | 25,132 | 37,857 |
| Income tax recoverable | | 242 | – | – |
| Financial assets measured at FVTPL | *26(e)* | 10,362 | – | – |
| Restricted deposits | *17* | 4 | 383 | 580 |
| Cash and cash equivalents | *17* | 223,935 | 189,428 | 252,488 |
| | | 460,938 | 604,334 | 782,082 |
| **Current liabilities** | | | | |
| Trade and bills payables | *18* | 48,724 | 109,810 | 108,948 |
| Other payables, accruals and provision | *19* | 18,439 | 19,185 | 23,273 |
| Contract liabilities | *20* | 6,208 | 3,666 | 6,235 |
| Lease liabilities | | 253 | 206 | 1,875 |
| Redemption liabilities | *23* | – | – | 456,950 |
| Income tax payable | | – | 5,436 | 3,732 |
| | | 73,624 | 138,303 | 601,013 |
| **Net current assets** | | 387,314 | 466,031 | 181,069 |
| **Total assets less current liabilities** | | 479,548 | 562,578 | 286,252 |
| **Non-current liabilities** | | | | |
| Lease liabilities | | 206 | – | 3,642 |
| Deferred income | | 1,455 | 1,417 | 2,496 |
| Deferred tax liabilities | | 1,302 | 965 | 1,539 |
| | | 2,963 | 2,382 | 7,677 |
| **NET ASSETS** | | 476,585 | 560,196 | 278,575 |
| **CAPITAL AND RESERVES** | *25* | | | |
| Share capital | | 57,000 | 57,000 | 62,523 |
| Reserves | | 419,585 | 503,196 | 216,052 |
| **TOTAL EQUITY** | | 476,585 | 560,196 | 278,575 |

The accompanying notes form part of the Historical Financial Information.



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## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

*(Expressed in RMB)*

| | Share capital | Capital reserve | Statutory reserves | Other reserve | Exchange reserve | Retained earnings | Total |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | *(Note 25(b))* | *(Note 25(c)(i))* | *(Note 25(c)(ii))* | *(Note 25(c)(iii))* | *(Note 25(c)(iv))* | | |
| **Balance at January 1, 2023** | 57,000 | 232,501 | 10,487 | 3,424 | 95 | 89,694 | 393,201 |
| **Changes in equity for 2023:** | | | | | | | |
| Profit for the year | – | – | – | – | – | 60,849 | 60,849 |
| Other comprehensive income | – | – | – | – | (3,887) | – | (3,887) |
| Total comprehensive income | – | – | – | – | (3,887) | 60,849 | 56,962 |
| Equity-settled share-based transactions *(Note 21)* | – | 4,629 | – | – | – | – | 4,629 |
| Appropriation to reserves | – | – | 7,792 | – | – | (7,792) | – |
| **Balance at December 31, 2023 and January 1, 2024** | 57,000 | 237,130 | 18,279 | 3,424 | (3,792) | 142,751 | 454,792 |
| **Changes in equity for 2024:** | | | | | | | |
| Profit for the year | – | – | – | – | – | 70,510 | 70,510 |
| Other comprehensive income | – | – | – | – | 1,760 | – | 1,760 |
| Total comprehensive income | – | – | – | – | 1,760 | 70,510 | 72,270 |
| Equity-settled share-based transactions *(Note 21)* | – | 397 | – | – | – | – | 397 |
| Appropriation to reserves | – | – | 8,321 | – | – | (8,321) | – |
| **Balance at December 31, 2024 and January 1, 2025** | 57,000 | 237,527 | 26,600 | 3,424 | (2,032) | 204,940 | 527,459 |
| **Changes in equity for 2025:** | | | | | | | |
| Profit for the year | – | – | – | – | – | 100,411 | 100,411 |
| Other comprehensive income | – | – | – | – | 287 | – | 287 |
| Total comprehensive income | – | – | – | – | 287 | 100,411 | 100,698 |
| Equity-settled share-based transactions *(Note 21)* | – | 11,083 | – | – | – | – | 11,083 |
| Appropriation to reserves | – | – | 4,661 | – | – | (4,661) | – |
| Dividend approved in respect of the previous years *(Note 25(d))* | – | – | – | – | – | (62,000) | (62,000) |
| Capital contributions | 5,523 | 135,510 | – | – | – | – | 141,033 |
| Recognition of redemption liabilities *(Note 23)* | – | – | – | (450,462) | – | – | (450,462) |
| **Balance at December 31, 2025** | 62,523 | 384,120 | 31,261 | (447,038) | (1,745) | 238,690 | 267,811 |

The accompanying notes form part of the Historical Financial Information.



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## CONSOLIDATED STATEMENTS OF CASH FLOWS

*(Expressed in RMB)*

| | Note | Year ended December 31, 2023 | 2024 | 2025 |
|---|---|---|---|---|
| | | *RMB'000* | *RMB'000* | *RMB'000* |
| **Operating activities** | | | | |
| Profit before taxation | | 67,626 | 83,160 | 116,517 |
| Adjustments for: | | | | |
| Depreciation | *6(c)* | 7,814 | 9,669 | 12,630 |
| Amortisation | *6(c)* | 338 | 480 | 567 |
| Impairment losses recognised on trade receivables | *6(c)* | 2,751 | 1,752 | 2,436 |
| Impairment losses recognised on prepayments, deposits and other receivables | *6(c)* | 25 | 117 | 264 |
| Finance costs | *6(a)* | 124 | 231 | 370 |
| Loss/(gain) on disposal of property, plant and equipment and right-of-use assets | *5* | 56 | 56 | (2,349) |
| Changes in fair value of financial assets measured at FVTPL | *5* | (934) | (189) | (594) |
| Equity-settled share-based payment expenses | *6(b)* | 4,629 | 397 | 11,083 |
| Changes in the carrying amount of redemption liabilities | *23* | – | – | 6,488 |
| Changes in working capital: | | | | |
| Increase in inventories | | (21,524) | (82,202) | (79,506) |
| Increase in trade receivables | | (46,154) | (43,789) | (37,611) |
| Decrease/(increase) in prepayments, deposits and other receivables | | 6,727 | (19,210) | (4,405) |
| Increase in trade and bills payables | | 35,964 | 64,944 | 619 |
| Increase in restricted deposits | | (150) | (1,091) | (3,146) |
| Increase/(decrease) in contract liabilities | | 3,608 | (2,542) | 2,762 |
| (Decrease)/increase in deferred income | | (38) | (41) | 1,082 |
| Increase in other payables, accruals and provision | | 230 | 2,260 | 23,856 |
| **Cash generated from operations** | | 61,092 | 14,002 | 51,063 |
| **Income tax paid** | | (20,784) | (7,501) | (16,238) |
| **Net cash generated from operating activities** | | 40,308 | 6,501 | 34,825 |

The accompanying notes form part of the Historical Financial Information.



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| | Note | Year ended December 31, 2023 | 2024 | 2025 |
|---|---|---|---|---|
| | | *RMB'000* | *RMB'000* | *RMB'000* |
| **Investing activities** | | | | |
| Payments for purchase of property, plant and equipment, intangible assets and land use rights | | (18,485) | (14,214) | (16,284) |
| Proceeds from disposal of property, plant and equipment and right-of-use assets | | 31 | 2 | 17,050 |
| Payment for purchase of financial assets measured at FVTPL | | – | (210,000) | (87,500) |
| Proceeds from redemption of financial assets measured at FVTPL | | 106,498 | 220,551 | 88,094 |
| **Net cash generated/(used in) from investing activities** | | 88,044 | (3,661) | 1,360 |
| **Financing activities** | | | | |
| Net proceeds from capital contribution | *25(b)* | – | – | 141,033 |
| Proceeds from bank loans | *17(b)* | – | – | 20,000 |
| Repayment of bank loans | *17(b)* | – | – | (20,000) |
| Interest on bank loans paid | *17(b)* | – | – | (77) |
| Dividends paid to the Company's shareholders | *25(d)* | – | – | (62,000) |
| Capital element of lease rentals paid | *17(b)* | (463) | (1,387) | (2,986) |
| Interest element of lease rentals paid | *17(b)* | (124) | (231) | (293) |
| Prepayments in connection with the proposed [**REDACTED**] of the Company's [**REDACTED**] | | [**REDACTED**] | [**REDACTED**] | [**REDACTED**] |
| **Net cash (used in)/generated from financing activities** | | (587) | (3,967) | 71,327 |
| **Net increase/(decrease) in cash and cash equivalents** | | 127,765 | (1,127) | 107,512 |
| **Cash and cash equivalents at January 1** | | 124,714 | 254,150 | 253,568 |
| **Effect of foreign exchange rate changes** | | 1,671 | 545 | (543) |
| **Cash and cash equivalents at December 31** | *17(a)* | 254,150 | 253,568 | 360,537 |

The accompanying notes form part of the Historical Financial Information.



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## NOTES TO THE HISTORICAL FINANCIAL INFORMATION

*(Expressed in RMB)*

### 1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

WYBOTICS Co.,LTD (天津望圓智能科技股份有限公司, the "Company") was established in the People's Republic of China (the "PRC") on December 23, 2005 as a limited liability company under the laws of the PRC and was converted into a joint stock limited liability company on December 31, 2021.

The Company and its subsidiaries (together, the "Group") are principally engaged in research, design, manufacture and marketing of robotic pool cleaners. As at the date of this report, the Company has direct or indirect interests in the following principal subsidiaries, all of which are private companies:

| Company name | Place of establishment and business and date of establishment | Particulars of paid-up capital | Held by the Company | Principal activity |
|---|---|---|---|---|
| WYBOTICS EUROPE *(Note (i))* . . . . . | France September 8, 2022 | Euro ("EUR") 500,000 | 100% | Wholesale, retail, import and export and after-sales services of swimming pool robots and products related to swimming pools, sports and wellness-enhancing recreational activities |
| Wybotics Inc. *(Note (i))* . . | The United States of America (the "USA") September 12, 2022 | United States Dollar ("US$") Nil | 100% | Marketing and after sale service |
| WYBOTICS HONGKONG COMPANY LIMITED *(Note (ii))* . . . . . | Hong Kong September 28, 2022 | Hong Kong Dollar ("HK$") 10,330,000 | 100% | Sales, research and development and road transportation of swimming pool cleaning robots |
| Dulwich Electronic Commerce Inc. *(Note (i))* . . . . . | The United States of America (the "USA") February 28, 2024 | United States Dollar ("US$") Nil | 100% | Research and development and sale of swimming pool robots |

*Notes:*

(i) No audited financial statements for the years ended December 31, 2023, 2024 and 2025 of these entities have been issued.

(ii) The statutory financial statements of this entity for the period from September 28, 2022 (date of incorporation) to December 31, 2023 were audited by WOCP CPA Limited, Certified Public Accountants (Practising) and the statutory financial statements of this entity for the year ended December 31, 2024 were audited by ASIA PACIFIC BUSINESS CPA LIMITED, Certified Public Accountants. The financial statements of this entity were prepared in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountants and in compliance with the Hong Kong Companies Ordinance. No audited financial statements have been issued for this entity for the year ended December 31, 2025.

(iii) The statutory financial statements of the Company for the years ended December 31, 2023 and 2024 were audited by Tianjin Henghui United Certified Public Accountants. The financial statements of the Company were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC. No audited financial statements have been issued for the year ended December 31, 2025.

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



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The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB"). Further details of the material accounting policy information adopted are set out in Note 2.

The IASB has issued a number of new and revised accounting standards. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards throughout the Track Record Period, except for any new or revised standards that are not yet effective for the accounting period beginning on January 1, 2025. The new and revised accounting standards issued but not yet effective for the accounting year beginning on January 1, 2025 are set out in Note 31.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

## 2 MATERIAL ACCOUNTING POLICY INFORMATION

### (a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that the financial assets measured at FVTPL are stated at their fair value as set out in Note 2(d).

### (b) Use of estimates and judgments

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

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

Judgments made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

### (c) Subsidiaries

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

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

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

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



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**(d) Investments in debt and equity securities**

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

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVTPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 26(e). These investments are subsequently accounted for as follows, depending on their classification.

***(i) Non-equity investments***

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

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(s)(ii)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

– fair value through other comprehensive income ("FVOCI")—recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in other comprehensive income. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– FVTPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

***(ii) Equity investments***

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

**(e) Property, plant and equipment**

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

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

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

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



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The estimated useful lives are as follows:

| | |
|---|---|
| – Plant and buildings | 30 years |
| – Machinery and equipment | 10 years |
| – Electronic equipment and other equipment | 5-8 years |
| – Plant improvements | 2-3 years |

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

**(f) Intangible assets**

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

Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 2(h)(ii)).

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

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

| | |
|---|---|
| – Patents and trademarks | 10-20 years |
| – Software and others | 3 years |

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

**(g) Leased assets**

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

***As a lessee***

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

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

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



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

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

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

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

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

**(h) Credit losses and impairment of assets**

***(i) Credit losses from financial instruments***

The Group recognises a loss allowance for expected credit losses ("ECL"s) on financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables).

*Measurement of ECLs*

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

The expected cash shortfalls of fixed-rate financial assets, trade receivables, deposits and other receivables are discounted using the effective interest rate determined at initial recognition or an approximation thereof.

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

ECLs are measured on either of the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

– lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

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

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.



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

*Significant increases in credit risk*

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

*Credit-impaired financial assets*

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

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

– significant financial difficulties of the debtor;

– a breach of contract, such as a default;

– the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

– it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

*Write-off policy*

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

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

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

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

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



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

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

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

**(i) Inventories**

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

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

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

**(j) Contract liabilities**

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

**(k) Trade and other receivables**

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

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

**(l) Cash and cash equivalents**

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

**(m) Trade and other payables**

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

**(n) Interest-bearing borrowings**

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



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**(o) Employee benefits**

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

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

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

***(ii) Share-based payments***

The grant-date fair value of equity-settled share-based payments granted to employees is measured at the fair value of the shares granted at the grant dates. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date.

***(iii) Termination benefits***

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

**(p) Redemption liabilities**

A contract that contains an obligation for the Company to purchase its own equity instruments for cash or another financial asset gives rise to a financial liability for the redemption amount, even if the Company's obligation to purchase is conditional on the counterparty exercising its right to redeem. The redemption liability is measured at the highest redemption amount (on a present value basis) the Company could be required to pay from time to time. Any change in the carrying amount of the redemption liability arising from the remeasurement of the redemption amount is recognised in profit or loss. The then carrying amount of the redemption liability is reclassified to equity upon a termination of the counterparty' redemption right.

The redemption liability is classified as current as the Company does not have an unconditional right to defer payments beyond 12 months from the reporting date.

**(q) Income tax**

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

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

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- temporary differences related to investment in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.



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

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

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

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

**(r) Provisions and contingent liabilities**

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

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

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

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

**(s) Revenue and other income**

Income is classified by the Group as revenue when it arises from the sale of goods in the ordinary course of the Group's business.

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

***(i) Revenue from contracts with customers***

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

– *Sale of goods*

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

The Group typically offers customers of robotic pool cleaner that are not made-to-order rights of return for a period of 30 days upon customer acceptance. Such rights of return give rise to variable consideration. The Group uses an expected value approach to estimate variable consideration based on the Group's current and future performance expectations and all information that is reasonably available. This estimated amount is included in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. At the time of sale of robotic pool cleaner, the Group recognises revenue after taking into account adjustment



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to transaction price arising from returns as mentioned above. A refund liability is recognised for the expected returns, and is included in other payables, accruals and provision (see Note 19). A right to recover returned goods (included in Prepayments, deposits and other receivables, see Note 16) and corresponding adjustment to cost of sales are also recognised for the right to recover products from customers. This right to recover returned goods is measured at the former carrying amount of the inventory less any expected costs to recover goods (including potential decreases in the value of the returned goods).

If the products are a partial fulfilment of a contract covering other goods then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods promised under the contract on a relative stand-alone selling price basis.

The Group offers warranties for its products for 12 to 24 months from the date of sale. A related provision is recognised in accordance with the policy set out in Note 2(r).

The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months of less. The Group's sales contracts had an original expected duration of one year or less, the Group has not disclosed the information related to the aggregated amount of the transaction price allocated to the remaining performance obligations in accordance with paragraph 121 of IFRS 15. The Group has recognised the incremental costs of obtaining sale contracts as an expense as incurred in accordance with paragraph 94 of IFRS 15 as the amortisation period of the assets that the Group otherwise would have recognised is within one year.

***(ii) Other income***

– *Interest income*

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

– *Government grants*

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

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

Grants that compensate the Group for the cost of an asset are recognised as deferred income and subsequently recognised in profit or loss on a systematic basis over the useful life of the asset.

**(t) Translation of foreign currencies**

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

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



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

Foreign currency differences are recognised in other comprehensive income and accumulated in the exchange reserve.

**(u) Borrowing costs**

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

**(v) Related parties**

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

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

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

**(w) Segment reporting**

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

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



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## 3 ACCOUNTING JUDGMENT AND ESTIMATES

Note 26(e) contain information about the assumptions and their risk factors relating to fair value of financial instruments. Other significant sources of estimation uncertainty and accounting judgments are as follows:

**(i) Net realisable value of inventories**

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on current market conditions and historical experience of distributing and selling products of a similar nature. They could change significantly as a result of changes in market conditions. Management reassess the estimations at each end of the reporting period.

**(ii) Expected credit losses for receivables**

The credit losses for trade and other receivables are based on assumptions about the expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, which are based on the Group's past collection history and existing market conditions. For details of the key assumptions and inputs used, see Note 26(a). Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional loss allowances in future periods.

**(iii) Warranty provisions**

As explained in Note 19, the Group makes provisions under the warranties it gives on sale of its products taking into account the Group's recent claim experience. As the Group is continually upgrading its product designs and launching new models it is possible that the recent claim experience is not indicative of future claims that it will receive in respect of past sales. Any increase or decrease in the provision would affect profit or loss in future years.

## 4 REVENUE AND SEGMENT REPORTING

**(a) Revenue**

The Group is principally engaged in the research, design, manufacture and marketing of robotic pool cleaners. All of the revenue of the Group is recognised at a point in time. Further details regarding the Group's principal activities are disclosed in Note 4(b).

***(i) Disaggregation of revenue***

Disaggregation of revenue from contracts with customers within the scope of IFRS 15 by major products is as follows:

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Sales under ODM (Original Design Manufacturer) model | 117,551 | 133,516 | 127,088 |
| Sales of branded products | 253,765 | 393,332 | 677,948 |
| Sales of accessories | 6,634 | 16,687 | 7,166 |
| | 377,950 | 543,535 | 812,202 |

During the Track Record Period, there were no customers which individually contributed more than 10% of total revenue of the Group. Details of concentrations of credit risk of the Group are set out in Note 26(a).



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**(b) Segment reporting**

The Group manages its businesses by products. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- ODM: this segment includes primarily the manufacture and sale of original design robotic pool cleaner.
- Branded products: this segment includes primarily the manufacture and sale of original brand robotic pool cleaner.
- Accessories: this segment includes the sale of accessories of robotic pool cleaner.

***(i) Segment results, assets and liabilities***

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments during normal operations. The measure used for reporting segment result is gross profit. No inter-segment sales have occurred for the respective years. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The Group's other operating income and expenses, such as other net income and selling and administrative expenses, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses is presented.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance during the Track Record Period is set out below.

| | Year ended December 31, 2023 | | | |
|---|---|---|---|---|
| | **ODM** | **Branded products** | **Accessories** | **Total** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Revenue from external customers . . | 117,551 | 253,765 | 6,634 | 377,950 |
| Reportable segment gross profit . . . | 52,194 | 160,787 | 4,234 | 217,215 |

| | Year ended December 31, 2024 | | | |
|---|---|---|---|---|
| | **ODM** | **Branded products** | **Accessories** | **Total** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Revenue from external customers . . | 133,516 | 393,332 | 16,687 | 543,535 |
| Reportable segment gross profit . . . | 67,724 | 237,383 | 10,156 | 315,263 |

| | Year ended December 31, 2025 | | | |
|---|---|---|---|---|
| | **ODM** | **Branded products** | **Accessories** | **Total** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Revenue from external customers . . | 127,088 | 677,948 | 7,166 | 812,202 |
| Reportable segment gross profit . . . | 63,462 | 442,282 | 5,379 | 511,123 |



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***(ii) Geographic information***

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, right-of-use assets, intangible assets and other non-current assets ("specified non-current assets"). For offline sales, the geographical location of customers is based on the location at which the goods were delivered, for online sales, geographic markets are identified by the country or region of the platform where the sales took place. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of right-of-use assets and property, plant and equipment, and the location of the operation to which they are allocated, in the case of intangible assets.

*Revenues from external customers*

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| The PRC (place of domicile) | 38,624 | 19,865 | 56,215 |
| The USA | 177,267 | 227,216 | 330,995 |
| France | 49,856 | 50,999 | 102,095 |
| Spain | 16,635 | 55,878 | 70,001 |
| Germany | 29,322 | 47,794 | 85,955 |
| Other countries | 66,246 | 141,783 | 166,941 |
| | 377,950 | 543,535 | 812,202 |

*Specified non-current assets*

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| The PRC | 75,217 | 78,670 | 72,685 |
| France | 4,843 | 6,464 | 5,160 |
| The USA | – | – | 8,530 |
| | 80,060 | 85,134 | 86,375 |

## 5 OTHER NET INCOME

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Government grants | 2,226 | 2,556 | 1,511 |
| Interest income | 3,137 | 3,390 | 1,877 |
| Net foreign exchange gain/(loss) | 6,172 | (33) | 4,841 |
| Changes in fair value of financial assets measured at FVTPL | 934 | 189 | 594 |
| (Loss)/gain on disposal of property, plant and equipment and right-of-use assets | (56) | (56) | 2,349 |
| Others | 460 | (279) | (562) |
| | 12,873 | 5,767 | 10,610 |



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## 6 PROFIT BEFORE TAXATION

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

### *(a) Finance costs*

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Interest expenses on bank loans | – | – | 77 |
| Interest expenses on lease liabilities | 124 | 231 | 293 |
| | 124 | 231 | 370 |

### *(b) Staff costs*

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Salaries, wages and other benefits | 54,344 | 66,656 | 96,392 |
| Contributions to defined contribution retirement plan | 3,820 | 4,451 | 5,932 |
| Equity-settled share-based payment expenses *(Note 21)* | 4,629 | 397 | 11,083 |
| | 62,793 | 71,504 | 113,407 |

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

Overseas subsidiaries of the Group are subject to the statutory enterprise contribution retirement scheme under the laws of the respective jurisdictions.

Contributions to the plan vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution. The Group has no further obligation for payment of other retirement benefits beyond the above contributions.

### *(c) Other items*

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Amortisation of intangible assets | 338 | 480 | 567 |
| Depreciation charge | | | |
| – property, plant and equipment | 6,338 | 7,409 | 9,380 |
| – right-of-use assets | 1,476 | 2,260 | 3,250 |
| Impairment losses recognised | | | |
| – trade receivables | 2,751 | 1,752 | 2,436 |
| – prepayments, deposits and other receivables | 25 | 117 | 264 |
| Professional service costs in connection with the proposed initial listing of the Company's A shares | 7,393 | – | – |



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| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Professional service costs in connection with the proposed [**REDACTED**] of the Company's [**REDACTED**] | [**REDACTED**] | [**REDACTED**] | [**REDACTED**] |
| Auditors' remuneration | | | |
| – audit services | – | 45 | 54 |
| Cost of inventories *(Note (i))* | 160,734 | 228,227 | 300,830 |

*Note:*

(i) Cost of inventories includes RMB19,121,000, RMB21,266,000 and RMB26,582,000 for the years ended December 31, 2023, 2024 and 2025 respectively relating to staff costs and depreciation expenses, which amounts are also included in the respective amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

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

***(a)*** Taxation in the consolidated statements of profit or loss and other comprehensive income represent:

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Current tax** ***(Note 24(a))*** | | | |
| Provision for the year | 11,593 | 13,347 | 16,172 |
| **Deferred tax** ***(Note 24(b))*** | | | |
| Reversal of temporary differences | (4,816) | (697) | (66) |
| | 6,777 | 12,650 | 16,106 |

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

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Profit before taxation | 67,626 | 83,160 | 116,517 |
| Tax at the PRC corporate income tax rate of 25% *(Note (i))* | 16,906 | 20,790 | 29,129 |
| Tax effects of: | | | |
| – preferential tax rate *(Note (ii))* | (7,136) | (6,497) | (6,910) |
| – additional deduction on research and development expenses *(Note (ii))* | (4,289) | (5,155) | (6,601) |
| – different tax rates of foreign jurisdictions *(Note (iii))* | (93) | 1,394 | (1,503) |
| – non-deductible expenses | 1,203 | 175 | 3,891 |
| – tax-exempt income | (149) | (341) | (891) |
| – tax losses and deductible temporary difference not recognised | 335 | 2,284 | 6 |
| – Tax effect of utilisation of unused tax losses not recognised in prior years | – | – | (1,015) |
| Tax expense | 6,777 | 12,650 | 16,106 |



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*Notes:*

(i) The Company and the subsidiaries of the Group established in the PRC (excluding Hong Kong SAR) are subject to the PRC Corporate Income Tax rate of 25% during the Track Record Period.

(ii) Under the PRC Income Tax Laws, an enterprise which qualifies as a High and New Technology Enterprise ("HNTE") is entitled to a preferential tax rate of 15% provided it continues to meet HNTE qualification standards on an annual basis. The Company qualifies as an HNTE and is entitled for a preferential tax rate of 15% from 2022 to 2027.

In addition to the preferential PRC Corporate Income Tax rate, the Company is also entitled to an additional tax-deductible allowance calculated at 100% of the qualified research and development costs incurred during the Track Record Period.

(iii) Wybotics Inc. is subject to U.S. corporate income tax on its taxable income at 21% federal corporate income tax rate and other relevant states tax rate at a maximum of 9.5% during the Track Record Period.

WYBOTICS EUROPE is subject to corporate income tax of France on its taxable income at a rate of up to 25% during the Track Record Period.

WYBOTICS HONGKONG COMPANY LIMITED is under the two-tiered profits tax rate regime, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5% during the Track Record Period.

(iv) The Group does not expect to have any material Pillar Two tax exposure (including current tax) arising in these tax jurisdictions during the years ended December 31, 2024 and 2025.

## 8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of emoluments of directors and supervisors of the Company during the Track Record Period are as follows:

| | Year ended December 31, 2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Directors' and Supervisors' fee | Salaries, allowances and benefits in kind | Discretionary bonuses | Retirement scheme contributions | Subtotal | Share-based payments *(note (iv))* | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Executive directors** | | | | | | | |
| Ms. Fu Guilan (Chairman) | – | 559 | 100 | – | 659 | 410 | 1,069 |
| Mr. Yu Qian | – | 533 | 80 | 43 | 656 | 6 | 662 |
| Mr. Li Hui | – | 363 | 77 | 46 | 486 | 257 | 743 |
| Mr. Cen Pu | – | 341 | 30 | 38 | 409 | 257 | 666 |
| **Non-executive directors** | | | | | | | |
| Mr. Yu Jincheng | – | – | – | – | – | – | – |
| Mr. Wang Jian | – | – | – | – | – | – | – |
| **Independent non-executive directors** | | | | | | | |
| Mr. Fan Shuncheng | 100 | – | – | – | 100 | – | 100 |
| Mr. Wang Lianen | 100 | – | – | – | 100 | – | 100 |
| Ms. Duan Yong | 100 | – | – | – | 100 | – | 100 |
| **Supervisors** | | | | | | | |
| Mr. Zhang Juntao | – | – | – | – | – | – | – |
| Ms. Liu Yingxue | – | 147 | 9 | 19 | 175 | – | 175 |
| Mr. Shi Chao | – | 117 | 8 | 13 | 138 | – | 138 |
| | 300 | 2,060 | 304 | 159 | 2,823 | 930 | 3,753 |



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| | Year ended December 31, 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Directors' and Supervisors' fee | Salaries, allowances and benefits in kind | Discretionary bonuses | Retirement scheme contributions | Subtotal | Share-based payments *(note (iv))* | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Executive directors** | | | | | | | |
| Ms. Fu Guilan (Chairman) | – | 600 | – | – | 600 | 421 | 1,021 |
| Mr. Yu Qian | – | 547 | 20 | 47 | 614 | 5 | 619 |
| Mr. Li Hui | – | 365 | 39 | 48 | 452 | 282 | 734 |
| Mr. Cen Pu | – | 338 | 39 | 32 | 409 | 282 | 691 |
| **Non-executive directors** | | | | | | | |
| Mr. Yu Jincheng | – | – | – | – | – | – | – |
| Mr. Wang Jian | – | – | – | – | – | – | – |
| **Independent non-executive directors** | | | | | | | |
| Mr. Fan Shuncheng | 100 | – | – | – | 100 | – | 100 |
| Mr. Wang Lianen | 100 | – | – | – | 100 | – | 100 |
| Ms. Duan Yong | 100 | – | – | – | 100 | – | 100 |
| **Supervisors** | | | | | | | |
| Mr. Zhang Juntao | – | – | – | – | – | – | – |
| Ms. Liu Yingxue | – | 150 | 17 | 19 | 186 | – | 186 |
| Mr. Shi Chao | – | 124 | 10 | 13 | 147 | – | 147 |
| | 300 | 2,124 | 125 | 159 | 2,708 | 990 | 3,698 |

| | Year ended December 31, 2025 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Directors' and Supervisors' fee | Salaries, allowances and benefits in kind | Discretionary bonuses | Retirement scheme contributions | Subtotal | Share-based payments *(note (iv))* | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Executive directors** | | | | | | | |
| Ms. Fu Guilan (Chairman) | – | 600 | 20 | – | 620 | – | 620 |
| Mr. Yu Qian | – | 550 | 80 | 48 | 678 | 14 | 692 |
| Mr. Li Hui | – | 354 | 109 | 32 | 495 | 1,018 | 1,513 |
| Mr. Cen Pu | – | 411 | 109 | 48 | 568 | 636 | 1,204 |
| **Non-executive directors** | | | | | | | |
| Mr. Yu Jincheng *(Note (ii))* | – | – | – | – | – | – | – |
| Mr. Wang Jian *(Note (ii))* | – | – | – | – | – | – | – |
| Mr. Xiong Weibing *(Note (ii))* | – | – | – | – | – | – | – |
| Mr. Wang Shouwen *(Note (iii))* | – | – | – | – | – | – | – |
| Mr. Cai Guoqing *(Note (iii))* | – | – | – | – | – | – | – |
| **Independent non-executive directors** | | | | | | | |
| Mr. Fan Shuncheng *(Note (ii))* | 25 | – | – | – | 25 | – | 25 |
| Mr. Wang Lianen | 100 | – | – | – | 100 | – | 100 |
| Ms. Duan Yong | 100 | – | – | – | 100 | – | 100 |
| Ms. Xu Jiayuan *(Note (ii))* | 85 | – | – | – | 85 | – | 85 |



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| | Year ended December 31, 2025 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Directors' and Supervisors' fee | Salaries, allowances and benefits in kind | Discretionary bonuses | Retirement scheme contributions | Subtotal | Share-based payments *(note (iv))* | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Supervisors** | | | | | | | |
| Mr. Zhang Juntao | – | – | – | – | – | – | – |
| Ms. Liu Yingxue *(Note (ii))* | – | 66 | 26 | 6 | 98 | 11 | 109 |
| Mr. Shi Chao *(Note (ii))* | – | 42 | 8 | 4 | 54 | – | 54 |
| Ms. Wang Chunxiang *(Note (ii))* | – | 81 | 9 | 12 | 102 | – | 102 |
| Mr. Su Li (Note *(ii))* | – | 97 | 9 | 13 | 119 | – | 119 |
| | 310 | 2,201 | 370 | 163 | 3,044 | 1,679 | 4,723 |

*Notes:*

(i) During the Track Record Period, no emoluments were paid by the Group to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director or supervisor waived or agreed to waive any remuneration during the Track Record Period.

(ii) Wang Jian, Yu Jincheng, Fan Shuncheng, Liu Yingxue and Shi Chao resigned on April 16, 2025. Xiong Weibing, Xu Jiayuan, Wang Chunxiang and Su Li were appointed as non-executive director, independent non-executive director, supervisor and supervisor of the Company, respectively, on April 16, 2025.

(iii) Wang Shouwen and Cai Guoqing were appointed as non-executive directors of the Company on September 19, 2025.

(iv) These represent the estimated value of restricted share granted to middle and senior management personnel. The value of these share is measured according to the Group' accounting policies for share-based payments as set out in note 2(o)(ii).

## 9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, 2, 1 and 1 are directors for the years ended December 31, 2023, 2024 and 2025, respectively, whose emoluments are disclosed in Note 8.

The aggregate of the emoluments in respect of the remaining individuals during the Track Record Period are as followings:

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Salaries, allowances and benefits in kind | 2,002 | 2,739 | 3,339 |
| Discretionary bonuses | 294 | 244 | 550 |
| Share-based payments | 1,029 | 1,227 | 3,696 |
| Retirement scheme contributions | 143 | 149 | 210 |
| | 3,468 | 4,359 | 7,795 |



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The number of the individuals who are not directors and who are amongst the five highest paid individuals of the Group are within the following bands:

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *Number of individuals* | *Number of individuals* | *Number of individuals* |
| Nil – HK$1,000,000 | 1 | 2 | – |
| HK$1,000,001 – HK$1,500,000 | 2 | 2 | – |
| HK$1,500,001 – HK$2,000,000 | – | – | 2 |
| HK$2,000,001 – HK$3,000,000 | – | – | 2 |

## 10 EARNINGS PER SHARE

### (a) Basic earnings per share

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

***(i) Profit for the year attributable to ordinary equity shareholders of the Company***

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Profit for the year attributable to all equity shareholders of the Company | 60,849 | 70,510 | 100,411 |
| Allocation of profit for the year attributable to ordinary shares with redemption right *(Note 23)* | – | – | (3,525) |
| Profit for the year attributable to ordinary equity shareholders of the Company | 60,849 | 70,510 | 96,886 |

***(ii) Weighted average number of ordinary shares***

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *'000* | *'000* | *'000* |
| Issued ordinary shares at January 1 | 57,000 | 57,000 | 57,000 |
| Effect of ordinary shares issued *(Note 25(b))* | – | – | 1,672 |
| Effect of ordinary shares with redemption right *(Note 23)* | – | – | (5,111) |
| Weighted average number of ordinary shares at December 31 | 57,000 | 57,000 | 53,561 |

### (b) Diluted earnings per share

Ordinary shares with redemption right (Note 23) were not included in the calculation of diluted earnings per share as their inclusion would have been anti-dilutive. Accordingly, diluted earnings per share for each year during the years ended 31 December 2023, 2024 and 2025 are were the same as basic earnings per share for the respective years.



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## 11 PROPERTY, PLANT AND EQUIPMENT

**Reconciliation of carrying amount**

**The Group**

| | Plant and buildings | Machinery and equipment | Electronic equipment and other equipment | Construction in progress | Plant improvements | Total |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Cost:** | | | | | | |
| At January 1, 2023 | 25,798 | 17,999 | 15,195 | 351 | 1,104 | 60,447 |
| Additions | – | 873 | 2,440 | 8,565 | – | 11,878 |
| Transfer in/(out) | – | 308 | 7,479 | (7,787) | – | – |
| Disposals | – | (56) | (445) | – | – | (501) |
| Exchange adjustment | – | 5 | 8 | – | – | 13 |
| At December 31, 2023 and January 1, 2024 | 25,798 | 19,129 | 24,677 | 1,129 | 1,104 | 71,837 |
| Additions | – | 461 | 6 | 9,422 | – | 9,889 |
| Transfer in/(out) | 132 | 437 | 6,771 | (7,340) | – | – |
| Disposals | – | (105) | (54) | – | – | (159) |
| Exchange adjustments | – | (21) | (16) | – | – | (37) |
| At December 31, 2024 and January 1, 2025 | 25,930 | 19,901 | 31,384 | 3,211 | 1,104 | 81,530 |
| Additions | – | – | 29 | 17,381 | – | 17,410 |
| Transfer in/(out) | 1 | 3,507 | 12,608 | (16,116) | – | – |
| Disposals | (6) | (640) | (221) | – | – | (867) |
| Exchange adjustments | – | 60 | 35 | – | – | 95 |
| At December 31, 2025 | 25,925 | 22,828 | 43,835 | 4,476 | 1,104 | 98,168 |
| **Accumulated depreciation:** | | | | | | |
| At January 1, 2023 | (6,236) | (3,554) | (4,614) | – | (662) | (15,066) |
| Charge for the year | (817) | (1,773) | (3,421) | – | (327) | (6,338) |
| Written back on disposals | – | 20 | 401 | – | – | 421 |
| Exchange adjustment | – | – | (1) | – | – | (1) |
| At December 31, 2023 and January 1, 2024 | (7,053) | (5,307) | (7,635) | – | (989) | (20,984) |
| Charge for the year | (819) | (1,872) | (4,631) | – | (87) | (7,409) |
| Written back on disposals | – | 63 | 38 | – | – | 101 |
| Exchange adjustment | – | 2 | 4 | – | – | 6 |
| At December 31, 2024 and January 1, 2025 | (7,872) | (7,114) | (12,224) | – | (1,076) | (28,286) |
| Charge for the year | (823) | (2,153) | (6,378) | – | (26) | (9,380) |
| Written back on disposals | – | 139 | 210 | – | – | 349 |
| Exchange adjustment | – | (7) | (11) | – | – | (18) |
| At December 31, 2025 | (8,695) | (9,135) | (18,403) | – | (1,102) | (37,335) |
| **Net book value:** | | | | | | |
| At December 31, 2023 | 18,745 | 13,822 | 17,042 | 1,129 | 115 | 50,853 |
| At December 31, 2024 | 18,058 | 12,787 | 19,160 | 3,211 | 28 | 53,244 |
| At December 31, 2025 | 17,230 | 13,693 | 25,432 | 4,476 | 2 | 60,833 |



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**The Company**

| | Plant and buildings | Machinery and equipment | Electronic equipment and other equipment | Construction in progress | Plant improvements | Total |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Cost:** | | | | | | |
| At January 1, 2023 | 25,798 | 17,999 | 14,987 | 351 | 1,104 | 60,239 |
| Additions | – | 682 | 2,069 | 8,565 | – | 11,316 |
| Transfer in/(out) | – | 308 | 7,479 | (7,787) | – | – |
| Disposals | – | (56) | (445) | – | – | (501) |
| At December 31, 2023 and January 1, 2024 | 25,798 | 18,933 | 24,090 | 1,129 | 1,104 | 71,054 |
| Additions | – | – | – | 9,422 | – | 9,422 |
| Transfer in/(out) | 132 | 437 | 6,771 | (7,340) | – | – |
| Disposals | – | (105) | (54) | – | – | (159) |
| At December 31, 2024 and January 1, 2025 | 25,930 | 19,265 | 30,807 | 3,211 | 1,104 | 80,317 |
| Additions | – | – | – | 17,375 | – | 17,375 |
| Transfer in/(out) | 1 | 3,507 | 12,608 | (16,116) | – | – |
| Disposals | (6) | (231) | (221) | – | – | (458) |
| At December 31, 2025 | 25,925 | 22,541 | 43,194 | 4,470 | 1,104 | 97,234 |
| **Accumulated depreciation:** | | | | | | |
| At January 1, 2023 | (6,236) | (3,554) | (4,603) | – | (662) | (15,055) |
| Charge for the year | (817) | (1,759) | (3,350) | – | (327) | (6,253) |
| Written back on disposals | – | 20 | 401 | – | – | 421 |
| At December 31, 2023 and January 1, 2024 | (7,053) | (5,293) | (7,552) | – | (989) | (20,887) |
| Charge for the year | (819) | (1,808) | (4,530) | – | (87) | (7,244) |
| Written back on disposals | – | 63 | 38 | – | – | 101 |
| At December 31, 2024 and January 1, 2025 | (7,872) | (7,038) | (12,044) | – | (1,076) | (28,030) |
| Charge for the year | (823) | (2,114) | (6,269) | – | (26) | (9,232) |
| Written back on disposals | – | 106 | 210 | – | – | 316 |
| At December 31, 2025 | (8,695) | (9,046) | (18,103) | – | (1,102) | (36,946) |
| **Net book value:** | | | | | | |
| At December 31, 2023 | 18,745 | 13,640 | 16,538 | 1,129 | 115 | 50,167 |
| At December 31, 2024 | 18,058 | 12,227 | 18,763 | 3,211 | 28 | 52,287 |
| At December 31, 2025 | 17,230 | 13,495 | 25,091 | 4,470 | 2 | 60,288 |

**12 RIGHT-OF-USE ASSETS**

**The Group**

| | Leased office | Land use rights | Total |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Cost:** | | | |
| At January 1, 2023 | 310 | 22,289 | 22,599 |
| Additions | 5,185 | – | 5,185 |
| Early termination of lease term | (310) | – | (310) |



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| | Leased office | Land use rights | Total |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| At December 31, 2023 and January 1, 2024 | 5,185 | 22,289 | 27,474 |
| Additions | 2,540 | – | 2,540 |
| Exchange adjustment | (199) | – | (199) |
| At December 31, 2024 and January 1, 2025 | 7,526 | 22,289 | 29,815 |
| Additions | 14,646 | – | 14,646 |
| Disposals | – | (16,686) | (16,686) |
| Exchange adjustment | 662 | – | 662 |
| At December 31, 2025 | 22,834 | 5,603 | 28,437 |
| **Accumulated depreciation:** | | | |
| At January 1, 2023 | (13) | (1,612) | (1,625) |
| Charge for the year | (530) | (946) | (1,476) |
| Written back on early termination | 142 | – | 142 |
| Exchange adjustment | (9) | – | (9) |
| At December 31, 2023 and January 1, 2024 | (410) | (2,558) | (2,968) |
| Charge for the year | (1,314) | (946) | (2,260) |
| Exchange adjustment | 42 | – | 42 |
| At December 31, 2024 and January 1, 2025 | (1,682) | (3,504) | (5,186) |
| Charge for the year | (2,721) | (529) | (3,250) |
| Written back on disposals | – | 2,503 | 2,503 |
| Exchange adjustment | (153) | – | (153) |
| At December 31, 2025 | (4,556) | (1,530) | (6,086) |
| **Net book value:** | | | |
| At December 31, 2023 | 4,775 | 19,731 | 24,506 |
| At December 31, 2024 | 5,844 | 18,785 | 24,629 |
| At December 31, 2025 | 18,278 | 4,073 | 22,351 |

The additions to right-of-use assets are primarily related to the capitalised lease payments payable under new tenancy agreements.

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

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Depreciation | 1,476 | 2,260 | 3,250 |
| Interest on lease liabilities | 124 | 231 | 293 |
| Expense relating to short-term leases and leases of low-value assets | 2,383 | 3,132 | 4,341 |

Details of total cash outflow for leases and maturity analysis of lease liabilities are set out in Notes 17(c) and 22.



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**The Company**

| | Leased office | Land use rights | Total |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Cost:** | | | |
| At January 1, 2023 | 310 | 5,603 | 5,913 |
| Additions | 509 | – | 509 |
| Early termination of lease term | (310) | – | (310) |
| At December 31, 2023, December 31, 2024 and January 1, 2025 | 509 | 5,603 | 6,112 |
| Additions | 5,988 | – | 5,988 |
| At 31 December 2025 | 6,497 | 5,603 | 12,100 |
| **Accumulated depreciation:** | | | |
| At January 1, 2023 | (13) | (1,195) | (1,208) |
| Charge for the year | (193) | (112) | (305) |
| Written back on early termination | 142 | – | 142 |
| At December 31, 2023 and January 1, 2024 | (64) | (1,307) | (1,371) |
| Charge for the year | (255) | (112) | (367) |
| At December 31, 2024 and January 1, 2025 | (319) | (1,419) | (1,738) |
| Charge for the year | (648) | (112) | (760) |
| At December 31, 2025 | (967) | (1,531) | (2,498) |
| **Net book value:** | | | |
| At December 31, 2023 | 445 | 4,296 | 4,741 |
| At December 31, 2024 | 190 | 4,184 | 4,374 |
| At December 31, 2025 | 5,530 | 4,072 | 9,602 |

## 13 OTHER NON-CURRENT ASSETS

**The Group**

| | At December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Prepayments for property, plant and equipment | 2,255 | 4,990 | 748 |
| Prepayments for intangible assets | 854 | 212 | 122 |
| | 3,109 | 5,202 | 870 |

**The Company**

| | At December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Prepayments for property, plant and equipment | 2,255 | 4,990 | 225 |
| Prepayments for intangible assets | 854 | 212 | 122 |
| | 3,109 | 5,202 | 347 |



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## 14 INVENTORIES

**The Group**

| | At December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Finished goods | 80,897 | 143,068 | 219,705 |
| Work in progress | 20,453 | 26,720 | 44,519 |
| Raw materials | 23,098 | 38,329 | 26,311 |
| | 124,448 | 208,117 | 290,535 |
| Less: write down of inventories | (4,488) | (5,955) | (8,867) |
| | 119,960 | 202,162 | 281,668 |

**The Company**

| | At December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Finished goods | 44,247 | 77,571 | 73,542 |
| Work in progress | 20,213 | 25,552 | 41,981 |
| Raw materials | 22,946 | 38,123 | 26,088 |
| | 87,406 | 141,246 | 141,611 |
| Less: write down of inventories | (3,227) | (4,024) | (4,508) |
| | 84,179 | 137,222 | 137,103 |

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

**The Group**

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Carrying amount of inventories sold | 158,462 | 226,699 | 297,918 |
| Recognition of write-down of inventories | 2,272 | 1,528 | 2,912 |
| | 160,734 | 228,227 | 300,830 |

## 15 TRADE RECEIVABLES

**The Group**

| | At December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Amounts due from third parties | 68,091 | 111,880 | 149,491 |
| Less: loss allowance *(Note 26(a))* | (4,369) | (6,119) | (8,586) |
| | 63,722 | 105,761 | 140,905 |



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**The Company**

| | At December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Amounts due from subsidiaries | 72,627 | 161,802 | 253,431 |
| Amounts due from third parties | 64,917 | 96,330 | 108,697 |
| | 137,544 | 258,132 | 362,128 |
| Less: loss allowance | (4,210) | (5,963) | (8,074) |
| | 133,334 | 252,169 | 354,054 |

All of the trade receivables, net of loss allowance, are expected to be recovered within one year.

***Aging analysis***

The aging analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

**The Group**

| | At December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Within 1 year | 60,770 | 102,247 | 130,032 |
| 1 to 2 years | 2,952 | 3,451 | 8,632 |
| 2 to 3 years | – | 63 | 2,241 |
| | 63,722 | 105,761 | 140,905 |

**The Company**

| | At December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Within 1 year | 130,382 | 248,655 | 343,181 |
| 1 to 2 years | 2,952 | 3,451 | 8,632 |
| 2 to 3 years | – | 63 | 2,241 |
| | 133,334 | 252,169 | 354,054 |

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 26(a).



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## 16 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

**The Group**

| | At December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Prepayments for inventories and services | 3,360 | 14,050 | 8,606 |
| Prepayments in connection with the proposed [**REDACTED**] of the Company's [**REDACTED**] *(Note)* | [**REDACTED**] | [**REDACTED**] | [**REDACTED**] |
| Deductible input value-added tax | 2,758 | 9,676 | 14,448 |
| Deposits | 297 | 1,028 | 3,403 |
| Advances to staff | 208 | 1,493 | 2,916 |
| Others | 708 | 295 | 1,403 |
| | 7,331 | 31,117 | 39,691 |
| Less: loss allowance | (217) | (334) | (598) |
| | 7,114 | 30,783 | 39,093 |

**The Company**

| | At December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Amounts due from subsidiaries | 3,431 | 4,687 | 6,929 |
| Prepayments for inventories and services | 2,953 | 5,237 | 5,684 |
| Prepayments in connection with the proposed [**REDACTED**] of the Company's [**REDACTED**] *(Note)* | [**REDACTED**] | [**REDACTED**] | [**REDACTED**] |
| Deductible input value-added tax | 2,285 | 9,433 | 13,936 |
| Deposits | 137 | 182 | 375 |
| Advances to staff | 122 | 916 | 2,191 |
| Others | 158 | 378 | 204 |
| | 9,086 | 25,408 | 38,234 |
| Less: loss allowance | (204) | (276) | (377) |
| | 8,882 | 25,132 | 37,857 |

Apart from prepayments in connection with the proposed [**REDACTED**] of the Company's [**REDACTED**], which is expected to be debited to equity upon [**REDACTED**], all of the other prepayments, deposits and other receivables are expected to be recovered or recognised as expense within one year.

*Note:* The balance relates to the proposed [**REDACTED**] of the Company's [**REDACTED**] on the [**REDACTED**], and was expected to be transferred to the capital reserve account within equity upon the [**REDACTED**] of the Company's [**REDACTED**] on [**REDACTED**].



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## 17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

### (a) Cash and cash equivalents comprise:

**The Group**

| | At December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Cash at bank and on hand | 254,307 | 254,816 | 364,931 |
| Less: restricted deposits | (157) | (1,248) | (4,394) |
| Cash and cash equivalents | 254,150 | 253,568 | 360,537 |

**The Company**

| | At December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Cash at bank and on hand | 223,939 | 189,811 | 253,068 |
| Less: restricted deposits | (4) | (383) | (580) |
| Cash and cash equivalents | 223,935 | 189,428 | 252,488 |

### (b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's Consolidated statements of cash flows as cash flows from financing activities.

| | Redemption liabilities | Lease liabilities | Bank loans | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **At January 1, 2023** | – | 288 | – | 288 |
| **Changes from financing cash flows:** | | | | |
| Capital element of lease rentals paid | – | (463) | – | (463) |
| Interest element of lease rentals paid | – | (124) | – | (124) |
| **Total changes from financing cash flows** | – | (587) | – | (587) |
| **Other changes:** | | | | |
| Increase in lease liabilities from entering into new leases during the year | – | 5,185 | – | 5,185 |
| Interest expenses *(Note 6(a))* | – | 124 | – | 124 |
| Decrease in lease liabilities from termination of leases | – | (161) | – | (161) |
| Exchange adjustments | – | (9) | – | (9) |
| **Total other changes** | – | 5,139 | – | 5,139 |
| **At December 31, 2023** | – | 4,840 | – | 4,840 |
| **At January 1, 2024** | – | 4,840 | – | 4,840 |
| **Changes from financing cash flows:** | | | | |
| Capital element of lease rentals paid | – | (1,387) | – | (1,387) |
| Interest element of lease rentals paid | – | (231) | – | (231) |
| **Total changes from financing cash flows** | – | (1,618) | – | (1,618) |



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| | Redemption liabilities | Lease liabilities | Bank loans | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Other changes:** | | | | |
| Increase in lease liabilities from entering into new leases during the year | – | 2,540 | – | 2,540 |
| Interest expenses *(Note 6(a))* | – | 231 | – | 231 |
| Exchange adjustments | – | (156) | – | (156) |
| **Total other changes** | – | 2,615 | – | 2,615 |
| **At December 31, 2024** | – | 5,837 | – | 5,837 |
| **At January 1, 2025** | – | 5,837 | – | 5,837 |
| **Changes from financing cash flows:** | | | | |
| Proceeds from bank loans | – | – | 20,000 | 20,000 |
| Repayment of bank loans | – | – | (20,000) | (20,000) |
| Capital element of lease rentals paid | – | (2,986) | – | (2,986) |
| Interest element of lease rentals paid | – | (293) | – | (293) |
| Interest paid | – | – | (77) | (77) |
| **Total changes from financing cash flows** | – | (3,279) | (77) | (3,356) |
| **Other changes:** | | | | |
| Increase in lease liabilities from entering into new leases during the year | – | 14,646 | – | 14,646 |
| Interest expenses *(Note 6(a))* | – | 293 | 77 | 370 |
| Changes in carrying amount of redemption liabilities | 6,488 | – | – | 6,488 |
| Recognition of redemption liabilities | 450,462 | – | – | 450,462 |
| Exchange adjustments | – | 510 | – | 510 |
| **Total other changes** | 456,950 | 15,449 | 77 | 478,313 |
| **At December 31, 2025** | 456,950 | 18,007 | – | 474,957 |

**(c) Total cash outflow for leases**

Amounts included in the consolidated statements of cash flows for leases represent lease rental paid and comprise the following:

| | Year ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Within operating cash flows | 2,383 | 3,132 | 4,341 |
| Within financing cash flows | 587 | 1,618 | 3,279 |
| | 2,970 | 4,750 | 7,620 |

## 18 TRADE AND BILLS PAYABLES

**The Group**

| | At December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade payables | 46,625 | 91,699 | 81,275 |
| Bills payable | 3,212 | 23,082 | 34,125 |
| | 49,837 | 114,781 | 115,400 |



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**The Company**

| | At December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade payables | 45,512 | 86,728 | 74,823 |
| Bills payable | 3,212 | 23,082 | 34,125 |
| | 48,724 | 109,810 | 108,948 |

All of the trade and bills payables are expected to be settled within one year or are repayable on demand.

As at the end of each reporting period, the aging analysis of trade payables and bill payables, based on the invoice date, is as follows:

**The Group**

| | At December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Within 1 year | 49,679 | 114,461 | 114,788 |
| Over 1 year | 158 | 320 | 612 |
| | 49,837 | 114,781 | 115,400 |

**The Company**

| | At December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Within 1 year | 48,566 | 109,490 | 108,336 |
| Over 1 year | 158 | 320 | 612 |
| | 48,724 | 109,810 | 108,948 |

## 19 OTHER PAYABLES, ACCRUALS AND PROVISION

**The Group**

| | At December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Payables for staff related costs | 8,127 | 6,711 | 8,388 |
| Payables for other taxes | 1,728 | 1,512 | 8,350 |
| Others | 1,756 | 6,263 | 11,288 |
| Financial liabilities measured at amortised cost | 11,611 | 14,486 | 28,026 |
| Warranty provision *(Note)* | 4,927 | 5,405 | 10,742 |
| Refund liabilities | 5,547 | 3,615 | 4,432 |
| Other provision | – | 536 | 1,355 |
| | 22,085 | 24,042 | 44,555 |



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**The Company**

| | At December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Payables for staff related costs | 8,048 | 6,330 | 6,536 |
| Payables for other taxes | 99 | 117 | 349 |
| Others | 823 | 4,261 | 6,952 |
| Financial liabilities measured at amortised cost | 8,970 | 10,708 | 13,837 |
| Warranty provision *(Note)* | 4,927 | 5,405 | 6,066 |
| Refund liabilities | 4,542 | 2,536 | 2,015 |
| Other provision | – | 536 | 1,355 |
| | 18,439 | 19,185 | 23,273 |

All of other payables, accruals and provision are expected to be settled within one year or are repayable on demand.

*Note:* Under the terms of the Group's sales agreements, the Group offers warranties for its robotic pool cleaners. Provision is therefore made for the best estimate of the expected settlement under these agreements in respect of sales made within the warranty periods prior to the end of the reporting period. The amount of provision takes into account the Group's recent claim experience and is only made where a warranty claim is probable.

## 20 CONTRACT LIABILITIES

Contract liabilities represent amounts received from customers in advance of sale of goods. Movements in contract liabilities are as follows:

**The Group**

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Balance at January 1 | 2,600 | 6,208 | 3,666 |
| Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year | (2,376) | (6,145) | (2,911) |
| Increase in contract liabilities as a result of receipts in advance | 5,984 | 3,603 | 5,673 |
| Balance at December 31 | 6,208 | 3,666 | 6,428 |

**The Company**

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Balance at January 1 | 2,600 | 6,208 | 3,666 |
| Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year | (2,376) | (6,145) | (2,911) |



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| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Increase in contract liabilities as a result of receipts in advance | 5,984 | 3,603 | 5,480 |
| Balance at December 31 | 6,208 | 3,666 | 6,235 |

## 21 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

To motivate middle and senior management personnel, the Group approved the adoption of the 2021 restricted share incentive plan with registered capital of RMB1,125,900 with subscription price at RMB13.43 per RMB1 registered capital in August 2021. These shares will become exercisable in two batches, 50% of which will be unlocked in 4 years after [**REDACTED**] and another 50% of which will be unlocked in 5 years after [**REDACTED**] on the condition that the employees remain in service. If employees leave the Group before the vesting date, the restricted shares will be forfeited. The forfeited shares will be repurchased by Ms. Fu Guilan.

The Company was converted to a joint stock company on December 31, 2021, 57,000,000 ordinary shares with par value of RMB1 each were issued and allotted to the shareholders of the Company on a pro rata basis. Accordingly, the restricted shares under this share incentive plan were converted into 1,831,410 restricted share of the Company. The exercise price changed from RMB13.43 per registered capital to RMB8.27 per share.

In April 2025, the Group approved the adoption of the 2025 restricted share incentive plan of 2,238,794 shares with subscription price at RMB8.98 per share. These shares will become exercisable in three batches, 1/3 of which will be unlocked in 1 year after [**REDACTED**], 1/3 of which will be unlocked in 2 years after [**REDACTED**], and another 1/3 of which will be unlocked in 3 years after [**REDACTED**].

Meanwhile, the Group approved to modify the unlocking period of the 2021 restricted share incentive plan to be the same with the 2025 restricted share incentive plan.

| | Year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | Weighted average exercise price | Number of restricted shares | Weighted average exercise price | Number of restricted shares | Weighted average exercise price | Number of restricted shares |
| | *RMB* | | *RMB* | | *RMB* | |
| Outstanding at the beginning of the year | 8.27 | 1,795,057 | 8.27 | 1,694,541 | 8.27 | 1,044,337 |
| Forfeited during the year | 8.27 | (100,516) | 8.27 | (650,204) | – | – |
| Granted during the year | – | – | – | – | 8.98 | 2,054,053 |
| Outstanding at the end of the year | 8.27 | 1,694,541 | 8.27 | 1,044,337 | 8.74 | 3,098,390 |

In April 2025 and August 2025, the grant date fair value of the restricted share was determined based on the fair value of underlying ordinary shares as at the grant date. The directors have used the income approach and applied the discounted cash flow to determine the fair value of the underlying ordinary shares. The discount rates used is 13% for restricted shares granted and the fair value of the restricted share is RMB24.99 per share unit.

The Group has recognised share-based payment expenses of RMB4,629,000, RMB397,000 and RMB11,083,000 for the years ended December 31, 2023, 2024 and 2025, respectively.



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## 22 LEASE LIABILITIES

**The Group**

| | At December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Within 1 year | 709 | 1,847 | 5,665 |
| After 1 year but within 2 years | 680 | 1,156 | 5,187 |
| After 2 years but within 5 years | 1,533 | 1,524 | 6,320 |
| After 5 years | 1,918 | 1,310 | 835 |
| | 4,131 | 3,990 | 12,342 |
| | 4,840 | 5,837 | 18,007 |

## 23 REDEMPTION LIABILITIES

**The Group and the Company**

The movements of the redemption liabilities during the Track Record Period are set out below:

| | *RMB'000* |
|---|---|
| At January 1, 2025 | – |
| Recognition of redemption liabilities | 450,462 |
| Changes in the carrying amount of redemption liabilities | 6,488 |
| As December 31, 2025 | 456,950 |

Pursuant to the shareholders' agreements entered into among the shareholders of the Company in September 2025, the shareholders invested in 2021 and 2025 ("Pre-[**REDACTED**] Investors"), were granted the rights to put back the Company's shares to the Company upon the occurrence of certain triggering events, including the failure to achieve a qualified [**REDACTED**] in a specified time frame, a change in the controlling shareholders of the Company, and any materially breach of the provisions of the investment agreement (including but not limited to breach of non-compete obligations) by the controlling shareholders. The redemption liability arising from the rights granted to the Pre-[**REDACTED**] Investors was recognised as a financial liability.

The redemption price of the shares shall be the higher of (i) the total investment amount paid by the investors plus an annual rate of return of 5% for the period from the date on which the investors pay the investment amount and up to the date on which the investors receive the full redemption price, less any cash compensation, dividends, distribution or any other form of cash payment received by the Investors; or (ii) an amount equal to the investor's shareholding ratio multiplied by the Group's audited consolidated net assets at the time of redemption.

## 24 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

**(a)** Current taxation in the consolidated statements of financial position represent:

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Balance at January 1 | 9,257 | 66 | 5,912 |
| Provision for the year | 11,593 | 13,347 | 16,172 |
| Income tax paid | (20,784) | (7,501) | (16,238) |
| Balance at December 31 | 66 | 5,912 | 5,846 |
| Balance represents | | | |
| – Income tax payable | 308 | 5,912 | 5,846 |
| – Income tax recoverable | (242) | – | – |



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**(b) Deferred tax assets and liabilities recognised**

***(i) Movements of each component of deferred tax assets and liabilities***

The deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the movements throughout the Track Record Period are as follows:

| | Net foreign exchange gain or loss | Warranty provisions | Loss allowance on trade and other receivables | Write-down of inventories | Deferred income | Lease liabilities | Unrealised gain or loss | Financial assets measured at FVTPL | Right-of-use assets | Accelerated tax allowance for depreciation expenses | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Deferred tax arising from:** | | | | | | | | | | | |
| At January 1, 2023 . . | – | 1,409 | 271 | 366 | 224 | – | – | (94) | – | (3,234) | (1,058) |
| (Charged)/credited profit or loss *(Note 7)* . . . . . | 109 | 152 | 414 | 365 | (6) | 726 | 4,540 | 49 | (724) | (809) | 4,816 |
| At December 31, 2023 and January 1, 2024 . . | 109 | 1,561 | 685 | 731 | 218 | 726 | 4,540 | (45) | (724) | (4,043) | 3,758 |
| Credited/(charged) to profit or loss *(Note 7)* . . . . . | 44 | 3 | 264 | 242 | (6) | 149 | 50 | 45 | (149) | 55 | 697 |
| At December 31, 2024 and January 1, 2025 . . | 153 | 1,564 | 949 | 973 | 212 | 875 | 4,590 | – | (873) | (3,988) | 4,455 |
| (Charged)/credited to profit or loss *(Note 7)* . . . . . | (105) | 1,563 | 338 | 613 | 162 | 3,385 | (1,257) | – | (3,351) | (1,282) | 66 |
| At December 31, 2025 . . . . . | 48 | 3,127 | 1,287 | 1,586 | 374 | 4,260 | 3,333 | – | (4,224) | (5,270) | 4,521 |



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*(ii) Reconciliation to the consolidated statements of financial position*

| | At December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Net deferred tax assets recognised in the consolidated statements of financial position | 5,060 | 5,420 | 6,060 |
| Net deferred tax liabilities recognised in the consolidated statements of financial position | (1,302) | (965) | (1,539) |
| | 3,758 | 4,455 | 4,521 |

*(c) Deferred tax assets not recognised*

In accordance with the accounting policy set out in Note 2(q), the Group has not recognised deferred tax assets in respect of cumulative tax losses RMB2,430,000, RMB13,706,000 and RMB11,892,000 as at December 31, 2023, 2024 and 2025, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdictions and entities.

**25 CAPITAL, RESERVES AND DIVIDENDS**

**(a) Movements in components of equity**

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity during the Track Record Period are set out below:

| | Share capital | Capital reserve | Statutory reserve | Other reserve | Retained earnings | Total |
|---|---|---|---|---|---|---|
| | *RMB'000 (Note 25(b))* | *RMB'000 (Note 25(c)(i))* | *RMB'000 (Note 25(c)(ii))* | *RMB'000 (Note 25(c)(iii))* | *RMB'000* | *RMB'000* |
| **Balance at January 1, 2023** | 57,000 | 232,501 | 10,487 | 3,424 | 90,627 | 394,039 |
| **Changes in equity for 2023:** | | | | | | |
| Profit and total comprehensive income for the year | – | – | – | – | 77,917 | 77,917 |
| Equity-settled share-based transactions | – | 4,629 | – | – | – | 4,629 |
| Appropriation to reserves | – | – | 7,792 | – | (7,792) | – |
| **Balance at December 31, 2023 and January 1, 2024** | 57,000 | 237,130 | 18,279 | 3,424 | 160,752 | 476,585 |
| **Changes in equity for 2024:** | | | | | | |
| Profit and total comprehensive income for the year | – | – | – | – | 83,214 | 83,214 |
| Equity-settled share-based transactions | – | 397 | – | – | – | 397 |
| Appropriation to reserves | – | – | 8,321 | – | (8,321) | – |
| **Balance at December 31, 2024 and January 1, 2025** | 57,000 | 237,527 | 26,600 | 3,424 | 235,645 | 560,196 |



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| | Share capital | Capital reserve | Statutory reserve | Other reserve | Retained earnings | Total |
|---|---|---|---|---|---|---|
| | *RMB'000 (Note 25(b))* | *RMB'000 (Note 25(c)(i))* | *RMB'000 (Note 25(c)(ii))* | *RMB'000 (Note 25(c)(iii))* | *RMB'000* | *RMB'000* |
| **Changes in equity for 2025:** | | | | | | |
| Profit and total comprehensive income for the year | – | – | – | – | 78,725 | 78,725 |
| Equity settled share-based transactions | – | 11,083 | – | – | – | 11,083 |
| Appropriation to reserves | – | – | 4,661 | – | (4,661) | – |
| Dividend approved in respect of the previous years | – | – | – | – | (62,000) | (62,000) |
| Capital contributions | 5,523 | 135,510 | – | – | – | 141,033 |
| Recognition of redemption liabilities | – | – | – | (450,462) | – | (450,462) |
| **Balance at December 31, 2025** | 62,523 | 384,120 | 31,261 | (447,038) | 247,709 | 278,575 |

**(b) Share capital**

| | Number of shares | Amount |
|---|---|---|
| | *'000* | *RMB'000* |
| At January 1, 2023, December 31, 2023, 2024 | 57,000 | 57,000 |
| Issuance of shares | 5,523 | 5,523 |
| At December 31, 2025 | 62,523 | 62,523 |

On December 31, 2021, the Company was converted into a joint stock limited liability company and issued 57,000,000 shares with a par value of RMB1 each. The holders of shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the company's residual assets.

On September 5, 2025, all shareholders of the Company approved the capital increase of the Company from RMB57,000,000 to RMB62,523,409, 5,523,409 shares were issued to several external investors in September 2025 at a consideration of RMB145,353,000. The consideration received, net of transaction cost amounting to RMB4,320,000, was credited to equity.

Pursuant to the shareholders' agreements entered into among the shareholders of the Company in September 2025, the Pre-[**REDACTED**] Investors (including the shareholders invested in 2021 and 2025), were granted the rights to put back the Company's shares to the Company, the redemption liability arising from the rights granted to the Pre-[**REDACTED**] Investors was recognised as a financial liability.

**(c) Nature and purpose of reserves**

***(i) Capital reserve***

The capital reserve comprises: (i) the differences between the net proceeds of issuance of ordinary shares and the share capital of the Company, (ii) the net assets converted in excess of the total amount of the par value of shares issued in relation to the conversion into a joint stock company and (iii) the portion of the grant date fair value of share-based payment that has been recognised in accordance with accounting policy adopted (see Note 2(o)(ii)).

***(ii) Statutory reserve***

In accordance with the relevant PRC laws and regulations, the Company is required to transfer 10% of its net profits each year to the statutory reserve until the reserve reaches 50% of the registered capital. The statuary reserve can be utilised in setting off accumulated losses or increase capital and is non-distributable other than in liquidation.



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***(iii) Other reserve***

Other reserve mainly represents the recognition of redemption liabilities.

***(iv) Exchange reserve***

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

**(d) Dividends**

Dividends payable to equity shareholders of the company attributable to the previous years, approved and paid during the year.

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Final dividend in respect of the previous financial years, approved and paid during the year, of RMB1.08 per share | – | – | 62,000 |

**(e) Capital management**

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

**26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS**

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

**(a) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents, financial assets measured at FVTPL is limited because the counterparties are banks and financial institutions with high credit standing, for which the Group considers to represent low credit risk.

***Trade receivables***

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are



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due within a period of 0-180 days from the date of billing. Normally, the Group does not obtain collateral from customers. At the end of December 31, 2023, 2024 and 2025, 57.0%, 47.7% and 51.4% of the total trade receivables was due from the Group's five largest customers respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

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

| | At December 31, 2023 | | |
|---|---|---|---|
| | Expected loss rate | Gross carrying amount | Loss allowance |
| | % | *RMB'000* | *RMB'000* |
| Not credit-impaired | | | |
| Within 1 year | 1.7% | 61,829 | 1,059 |
| 1 to 2 years | 10.0% | 3,280 | 328 |
| | | 65,109 | 1,387 |
| Credit-impaired | 100.0% | 2,982 | 2,982 |
| | | 68,091 | 4,369 |

| | At December 31, 2024 | | |
|---|---|---|---|
| | Expected loss rate | Gross carrying amount | Loss allowance |
| | % | *RMB'000* | *RMB'000* |
| Not credit-impaired | | | |
| Within 1 year | 1.3% | 103,617 | 1,370 |
| 1 to 2 years | 10.0% | 3,834 | 383 |
| 2 to 3 years | 30.0% | 90 | 27 |
| | | 107,541 | 1,780 |
| Credit-impaired | 100.0% | 4,339 | 4,339 |
| | | 111,880 | 6,119 |

| | At December 31, 2025 | | |
|---|---|---|---|
| | Expected loss rate | Gross carrying amount | Loss allowance |
| | % | *RMB'000* | *RMB'000* |
| Not credit-impaired | | | |
| Within 1 year | 1.4% | 131,929 | 1,897 |
| 1 to 2 years | 12.7% | 9,892 | 1,260 |
| 2 to 3 years | 32.5% | 3,320 | 1,079 |
| | | 145,141 | 4,236 |
| Credit-impaired | | 4,350 | 4,350 |
| | | 149,491 | 8,586 |



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Movements in the loss allowance account in respect of trade receivables during the Track Record Period is as follows:

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Balance at January 1 | 1,618 | 4,369 | 6,119 |
| Impairment losses recognised during the year | 2,751 | 1,752 | 2,436 |
| Exchange adjustment | – | (2) | 31 |
| Balance at December 31 | 4,369 | 6,119 | 8,586 |

**(b) Liquidity risk**

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

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

| | At December 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Contractual undiscounted cash flow | | | | | |
| | Within 1 year or on demand | Over 1 year but within 2 years | Over 2 years but within 5 years | More than 5 years | Total | Carrying amount |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade and bills payables | 49,837 | – | – | – | 49,837 | 49,837 |
| Other payables and accruals measured at amortised cost | 11,611 | – | – | – | 11,611 | 11,611 |
| Lease liabilities | 882 | 815 | 1,839 | 2,043 | 5,579 | 4,840 |
| | 62,330 | 815 | 1,839 | 2,043 | 67,027 | 66,288 |

| | At December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Contractual undiscounted cash flow | | | | | |
| | Within 1 year or on demand | Over 1 year but within 2 years | Over 2 years but within 5 years | More than 5 years | Total | Carrying amount |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade and bills payables | 114,781 | – | – | – | 114,781 | 114,781 |
| Other payables and accruals measured at amortised cost | 14,486 | – | – | – | 14,486 | 14,486 |
| Lease liabilities | 2,036 | 1,282 | 1,761 | 1,370 | 6,449 | 5,837 |
| | 131,303 | 1,282 | 1,761 | 1,370 | 135,716 | 135,104 |



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| | At December 31, 2025 | | | | | |
|---|---|---|---|---|---|---|
| | Contractual undiscounted cash flow | | | | | |
| | Within 1 year or on demand | Over 1 year but within 2 years | Over 2 years but within 5 years | More than 5 years | Total | Carrying amount |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade and bills payables | 115,400 | – | – | – | 115,400 | 115,400 |
| Other payables and accruals measured at amortised cost | 28,026 | – | – | – | 28,026 | 28,026 |
| Redemption liabilities | 456,950 | – | – | – | 456,950 | 456,950 |
| Lease liabilities | 6,191 | 5,549 | 6,542 | 856 | 19,138 | 18,007 |
| | 606,567 | 5,549 | 6,542 | 856 | 619,514 | 618,383 |

**(c) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's lease liabilities at fixed rates, cash at bank at variable rates expose the Group to fair value interest rate risk and cash flow interest rate risk, respectively. Overall, the Group's exposure to interest rate risk is not significant.

**(d) Currency risk**

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily US$, EUR and RMB. The Group manages this risk as follows:

***(i) Exposure to currency risk***

The following table details the Group's exposure at the end of each reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year-end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency is excluded.

| | Exposure to foreign currencies at December 31, 2023 | | |
|---|---|---|---|
| | US$ | EUR | RMB |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Cash and cash equivalents | 27,256 | 1,903 | 1,348 |
| Trade receivables | 138,685 | – | – |
| Prepayments, deposits and other receivables | 19,369 | 389 | 623 |
| Trade payables | (24,891) | (751) | (303) |
| Other payables, accruals and provision | (20,824) | – | (1,718) |
| Gross exposure arising from recognised assets and liabilities | 139,595 | 1,541 | (50) |



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| | Exposure to foreign currencies at December 31, 2024 | | |
|---|---|---|---|
| | US$ | EUR | RMB |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Cash and cash equivalents | 15,862 | 8,675 | 73 |
| Trade receivables | 252,596 | 6,199 | – |
| Prepayments, deposits and other receivables | 1,758 | 44 | 476 |
| Trade payables | (53,812) | (76) | (277) |
| Other payables, accruals and provision | (7,979) | (1,454) | (1,936) |
| Gross exposure arising from recognised assets and liabilities | 208,425 | 13,388 | (1,664) |

| | Exposure to foreign currencies at December 31, 2025 | | |
|---|---|---|---|
| | US$ | EUR | RMB |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Cash and cash equivalents | 11,276 | 10 | 73 |
| Trade receivables | 318,378 | 17,330 | – |
| Prepayments, deposits and other receivables | 23,148 | 26 | 15 |
| Trade payables | (81,296) | (157) | (1,076) |
| Other payables, accruals and provision | (13,277) | (1,434) | (2,320) |
| Gross exposure arising from recognised assets and liabilities | 258,229 | 15,775 | (3,308) |

***(ii) Sensitivity analysis***

The following table indicates the instantaneous change in the Group's profit after taxation (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of each reporting period had changed at that date, assuming all other risk variables remained constant.

| | Increase/ (decrease) in foreign exchange rates | As at December 31, | | |
|---|---|---|---|---|
| | | 2023 | 2024 | 2025 |
| | | *RMB'000* | *RMB'000* | *RMB'000* |
| US$ | 5% | 5,839 | 8,583 | 10,456 |
| | (5%) | (5,839) | (8,583) | (10,456) |
| EUR | 5% | 66 | 578 | 681 |
| | (5%) | (66) | (578) | (681) |
| RMB | 5% | (3) | (80) | (165) |
| | (5%) | 3 | 80 | 165 |

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' loss after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of each reporting period for presentation purposes.



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**(e) Fair value measurement**

***(i) Financial assets measured at fair value***

*Fair value hierarchy*

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

| | |
|---|---|
| Level 1 valuations: | Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date. |
| Level 2 valuations: | Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available. |
| Level 3 valuations: | Fair value measured using significant unobservable inputs. |

As at December 31, 2023, 2024 and 2025, the financial assets measured at FVTPL represents the wealth management products issued by reputable financial institutions in the PRC. The fair value measurement of wealth management products falls into Level 3 of the fair value hierarchy. During the Track Record Period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The fair value of wealth management products is determined using the discounted cash flow method and the significant unobservable input used is expected rate of return. The fair value measurement is positively correlated to the expected rate of return. For the years ended December 31, 2023, 2024 and 2025, it is estimated that with all other variable held constant, an increase in expected rate of return by one percentage point, the Group's profit before taxation would have been increased by RMB10,000, Nil and Nil, respectively.

The movements during the year in the balance of Level 3 fair value measurements are as follows:

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Wealth management products | | | |
| At January 1 | 115,926 | 10,362 | – |
| Additions in investments | – | 210,000 | 87,500 |
| Redemptions of investments | (106,498) | (220,551) | (88,094) |
| Changes in fair value | 934 | 189 | 594 |
| At December 31 | 10,362 | – | – |

***(ii) Fair value of financial assets and liabilities carried at other than fair value***

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at the end of each reporting period.



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## 27 MATERIAL RELATED PARTY TRANSACTIONS

**(a)** Names and relationships of the related parties that had material transactions with the Group during the Track Record Period:

| Names of related parties | Relationship |
|---|---|
| Tianjin Zhuhui Commerce and Trade Co., Ltd.* ("Tianjin Zhuhui") 天津市竹輝商貿有限責任公司 | Company controlled by the controlling shareholders |
| Tianjin Wangyuan Industry and Trade Co., Ltd.* ("Tianjin Wangyuan") 天津望園工貿有限責任公司 | Company controlled by the controlling shareholders |
| Ms. Fu Guilan 付桂蘭 | Director and one of the controlling shareholders of the Company |
| Mr. Yu Qian 余淺 | One of the controlling shareholders of the Company |

* The official names of these entities are in Chinese. The English translation is included for identification purpose only.

**(b)** Transactions with related parties during the Track Record Period:

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Pay on behalf | | | |
| Ms. Fu Guilan | 22 | – | – |
| Collection of payment on behalf | | | |
| Ms. Fu Guilan | – | 22 | – |
| Advance from | | | |
| Ms. Fu Guilan | – | 14 | – |
| Repayment of advance from | | | |
| Ms. Fu Guilan | 7 | – | 14 |

**(c) Balances with related parties**

| | At December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Non-trade in nature | | | |
| Other receivables due from Ms. Fu Guilan | 22 | – | – |
| Other payables due to Ms. Fu Guilan | – | 14 | – |

**(d) Key management personnel remuneration**

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

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Directors' and supervisors' fee | 300 | 300 | 310 |
| Salaries, allowances and benefits in kind | 3,071 | 3,196 | 4,692 |



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| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Discretionary bonuses | 495 | 306 | 1,009 |
| Retirement scheme contributions | 260 | 247 | 394 |
| Share-based payments | 1,414 | 1,724 | 4,132 |
| | 5,540 | 5,773 | 10,537 |

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

## 28 CONTINGENT LIABILITIES

The Group is currently involved in a pending patent infringement litigation in front of a French court (the "French Proceeding") and a complaint recently filed before a United States court (the "US Complaint") by certain third-party pool product companies within the same group (the "Plaintiff") in December 2022 and May 2025, respectively, for alleged infringement of certain patents held by the Plaintiff registered in Europe and the United States.

In the French Proceeding, the Plaintiff requested EUR2,544,000 as provisional damages to be confirmed once financial documents have been provided, EUR200,000 as contribution of its legal costs and so on. As advised by independent French litigation advisor, the Group is more likely than not to successfully defend against the French Proceeding, despite the apparent strength of Plaintiff Patent that did not encounter any major obstacles during the granting process. The oral hearing took place on April 9, 2026 and the Paris Judicial Court's decision on the merits of the case is expected to be known on July 1st, 2026.

In the US Complaint, the Plaintiff sought both monetary damages and injunctive relief, but not specified the amount of damages claimed in the U.S. Complaint or Amended U.S. Complaint. The amount of damages that the Plaintiff may request in that event has not yet been determined and will not be determined until a later stage of the proceeding. As advised by independent US litigation advisor, the Group is more likely than not to successfully defend against the U.S. Complaint.

Based on legal opinion, the Group consider the likelihood of economic outflow from those claims/allegations is not probable and a reliable estimate of economic outflow cannot be made, the contingent liabilities arising from those claim/allegations are not recognised.

## 29 ULTIMATE CONTROLLING PARTIES

At December 31, 2025, the directors of the Company consider the ultimate controlling parties to be Ms. Fu Guilan and Mr. Yu Qian.

## 30 SUBSEQUENT EVENTS

[There were no material subsequent events after December 31, 2025 up to the date of this report.]



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## 31 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR BEGINNING ON JANUARY 1, 2025

Up to the date of issue of the Historical Financial Information, the IASB has issued a number of new or amended standards, which are not yet effective for the accounting period beginning on January 1, 2025 and which have not been adopted in the Historical Financial Information. These developments include:

| | Effective for accounting period beginning on or after |
|---|---|
| Amendments to IFRS 9, *Financial instruments* and IFRS 7, *Financial instruments: disclosures—Contracts Referencing Nature-dependent Electricity* | January 1, 2026 |
| Annual improvements to IFRSs—Volume 11 | January 1, 2026 |
| Amendments to IAS 21, *The effects of changes in foreign exchange rates: Lack of exchangeability* | January 1, 2026 |
| IFRS 18, *Presentation and disclosure in financial statements* | January 1, 2027 |
| IFRS 19, *Subsidiaries without public accountability: disclosures* | January 1, 2027 |
| Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture* | ***To be determined*** |

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

**IFRS 18, *PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS***

IFRS 18 will replace IAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18. IFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

## SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to December 31, 2025.



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*The following information does not form part of the Accountants' Report received from KPMG, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this document, and is included herein for illustrative purposes only. The unaudited* [**REDACTED**] *financial information should be read in conjunction with "Financial Information" in this document and the Accountants' Report set out in Appendix I to this document.*

## A. UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited [**REDACTED**] statement of adjusted net tangible assets of the Group is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the [**REDACTED**] on the consolidated net tangible assets of the Group as at December 31, 2025, as if the [**REDACTED**] had taken place on December 31, 2025.

The unaudited [**REDACTED**] statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the [**REDACTED**] been completed as at December 31, 2025 or at any future date.

| | Consolidated net tangible assets of the Group as at December 31, 2025[(1)] | Estimated net [REDACTED] from the [REDACTED][(2)] | Estimated impact upon the reclassification of redemption liabilities[(3)] | Unaudited [REDACTED] adjusted net tangible assets of the Group | Unaudited [REDACTED] adjusted net tangible assets per Share[(4)] | |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB* | *HK$[(5)]* |
| Based on an [REDACTED] of [REDACTED] per [REDACTED] . . . . . | 265,490 | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| Based on an [REDACTED] of [REDACTED] per [REDACTED] . . . . . | 265,490 | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |

*Notes:*

(1) The consolidated net tangible assets of the Group as of December 31, 2025 is arrived at after deducting intangible assets of [**REDACTED**] from the consolidated total equity of the Group as of December 31, 2025 of [**REDACTED**], which is extracted from the Accountants' Report set out in Appendix I to this document.

(2) The estimated net [**REDACTED**] from the [**REDACTED**] are based on [**REDACTED**] to be [**REDACTED**] pursuant to the [**REDACTED**] and the indicative [**REDACTED**] of [**REDACTED**] per [**REDACTED**] and [**REDACTED**] per [**REDACTED**], being the low end and high end of the [**REDACTED**] respectively, after deduction of the estimated [**REDACTED**] fees and other related [**REDACTED**] paid or payable by the Group (excluding the [**REDACTED**] that have been charged to profit or loss during the Track Record Period), and do not take into account any [**REDACTED**] which may be [**REDACTED**] upon the exercise of the [**REDACTED**]. The estimated net [**REDACTED**] from the [**REDACTED**] are converted to RMB at the exchange rate of HK$1 to [**REDACTED**]. No representation is made that the HK$ amounts have been, could have been or may be converted into RMB, or vice versa, at that rate.



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(3) As at December 31 2025, the carrying amount of redemption liabilities (as set out in Note 23 of "Appendix I — Accountants' Report" to this document) was [**REDACTED**]. Upon the [**REDACTED**], the redemption rights will be automatically terminated, and the redemption liabilities will be reclassified from liabilities to equity, accordingly.

(4) The unaudited [**REDACTED**] adjusted net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that [**REDACTED**] Shares were in [**REDACTED**] immediately following the completion of the [**REDACTED**], but does not take into account any [**REDACTED**] which may be [**REDACTED**] upon the exercise of the [**REDACTED**].

(5) The unaudited [**REDACTED**] adjusted net tangible assets per Share amounts in RMB are converted into HK$ at a rate of RMB[1] to [**REDACTED**]. No representation is made that RMB amounts have been, could have been or may be converted to HK$, or vice versa, at that rate.

(6) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to December 31, 2025.



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[**REDACTED**]



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[**REDACTED**]



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[**REDACTED**]



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## 1. TAXATION OF SECURITIES HOLDERS

The income tax and capital gains tax applicable to holders of H Shares are determined in accordance with the laws and practices of the PRC and those of the jurisdiction where any holder of our H shares is considered a resident or is otherwise subject to taxation. The following summary of certain provisions of relevant taxes is based on the current laws and practices and may be subject to change. It does not constitute legal or tax advice. This discussion does not intend to address all possible tax implications arising from an [**REDACTED**] in H Shares, nor does it consider the specific circumstances of any individual [**REDACTED**], which may be subject to special rules in certain respects. Accordingly, you are advised to seek the advice of a tax advisor regarding the tax consequences of [**REDACTED**] in H shares. The discussion is based on the laws and relevant interpretations in effect as of the date of this document, which may be subject to change and may have retrospective effect.

This discussion only covers tax matters in the PRC and Hong Kong related to income tax, capital tax, stamp duty, and estate duty. Prospective [**REDACTED**] are advised to consult with their financial advisors to fully understand the tax implications of owning and disposing of H Shares in the PRC and Hong Kong, as well as any other relevant considerations.

### A. PRC Taxation

***Taxation on Dividend***

*Individual Investors*

In accordance with the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》), which was last revised on August 31, 2018, and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法實施條例》), most recently amended on December 18, 2018 (IIT Law), dividends distributed by enterprises in China are generally subject to a 20% individual income tax. For foreign individuals who are not tax residents of the PRC, dividend income received from a PRC enterprise is typically taxed at a flat rate of 20%, unless a specific exemption is granted by the State Council's tax authority or a lower rate applies under a relevant tax treaty.

At the same time, according to the Notice on Issues Related to the Differential Personal Income Tax Policy for Dividends and Bonuses of Listed Companies issued by the Ministry of Finance, the State Administration of Taxation, and the CSRC on September 7, 2015, for individuals who obtain listed company shares from the public issuance or transfer market, dividends received from shares held for more than one year are temporarily exempt from personal income tax; dividends received from shares held for a period of one month or less (including one month) are fully included in the taxable income; dividends received from shares held for a period of more than one month but up to one year (including one year) are included in the taxable income at 50%; the above-mentioned income is subject to personal income tax at a uniform rate of 20%.



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According to the Circular on Certain Issues Concerning the Policies of Individual Income Tax (《關於個人所得税若干政策問題的通知》), which was jointly promulgated by the Ministry of Finance and the State Administration of Taxation on May 13, 1994, overseas individuals are not required to pay individual income tax on dividends or bonuses received from foreign-invested enterprises. On February 3, 2013, the State Council approved and promulgated the Notice of the State Council Approving and Forwarding Certain Opinions of the Development and Reform Commission and Other Departments on Deepening the Reform of the Income Distribution System. On February 8, 2013, the General Office of the State Council promulgated the Notice of the General Office of the State Council on the Key Work Division for Deepening the Reform of the Income Distribution System. According to the above two documents, the Chinese government plans to cancel the tax exemption for dividends received by foreign individuals from foreign-invested enterprises, and the Ministry of Finance and the State Administration of Taxation are responsible for formulating and implementing the details of the plan. However, the Ministry of Finance and the State Administration of Taxation have not yet formulated relevant implementation regulations or rules.

According to the Notice on Several Issues of Personal Income Tax Collection and Administration after the Abolition of Guo Shui Fa [1993] No. 045 issued by the State Administration of Taxation on June 28, 2011, dividends paid by domestic non-foreign-invested enterprises issuing shares in Hong Kong to resident individuals in a foreign country in a tax treaty jurisdiction are generally subject to personal income tax at a rate of 10%. For H-share individual holders who are residents of a contracting state and receive dividends, if their country of residence has entered into a tax treaty with China that provides for a tax rate lower than 10%, the non-foreign-invested enterprise listed in Hong Kong may apply to the tax authorities on behalf of such holders for the right to enjoy the preferential tax treatment, and any excess withheld tax will be refunded once approved by the tax authorities. For individual H-share holders who are residents of a contracting state and receive dividends, if their country has a tax treaty with China that provides for a tax rate higher than 10% but lower than 20%, the non-foreign-invested enterprise shall withhold tax at the agreed tax rate under the tax treaty without the need for application. For individual H-share holders who are non-residents and receive dividends, if their country entered any tax treaty with China or otherwise the non-foreign-invested enterprise shall withhold tax at a rate of 20%.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) ("Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income"), executed on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of



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Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《國家税務總局關於<內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排>第五議定書》) ("Fifth Protocol"), issued by the STA and effective on December 6, 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

*Enterprise Investors*

According to the EIT Law, which was latest amended by the SCNPC and implemented on December 29, 2018, and the Implementation Rules for the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法實施條例) enacted on December 6, 2007 by the State Council and became effective on January 1, 2008, and latest amended on December 6, 2024 and came into force on January 20, 2025, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise.

The State Administration of Taxation issued the Notice on the Withholding of Corporate Income Tax on Dividends Distributed by PRC Resident Enterprises to Foreign Non-resident Corporate holders of H Shares (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》(國税函[2008]897號)) on 6 November 2008. It further clarified that PRC resident enterprises are required to withhold corporate income tax at the standard rate of 10% on any dividends distributed to foreign non-resident corporate holders of H Shares for the years 2008 and beyond. In addition, on July 24, 2009, the State Administration of Taxation issued the Reply on Corporate Income Tax Applicable to Dividends Acquired by Non-resident Enterprises in Relation to B Shares (Guo Shui Han [2009] No. 394) (《國家税務總局關於非居民企業取得B股等股票股息徵收企業所得税問題的批複》(國税函[2009]394號)), which was effective from the same date. It further provided that PRC resident enterprises listed on any overseas securities exchanges are required to withhold corporate income tax at the rate of 10% on dividends distributed to non-resident enterprises for the years 2008 and beyond. The withholding tax rate may be further adjusted according to tax treaties or agreements between the PRC and the relevant jurisdiction(s), if applicable.

According to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income signed on August 21, 2006, the Chinese government may levy a tax on dividends paid by Chinese companies to Hong Kong residents (including natural persons and legal entities), provided that the tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident holds directly 25% or more of the equity interest in a Chinese company, the tax shall not exceed 5% of the total amount of dividends payable by the Chinese company. The Fifth Protocol to the Arrangement between the Mainland



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and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, effective from December 6, 2019, stipulates that arrangements or transactions made primarily for the purpose of obtaining the above tax benefits shall not be applicable to the above provisions. The implementation of the dividend clause of the tax agreement also needs to comply with the provisions of Chinese tax laws and regulations such as the Notice on Issues Concerning the Implementation of the Dividend Clause of the Tax Agreement issued by the State Administration of Taxation.

Furthermore, the implementation of dividend provisions under tax treaties must comply with the provisions of relevant PRC tax legislations, including the Notice of the State Administration of Taxation on the Implementation of the Dividend Provisions under Tax Treaties (Guo Shui Han [2009] No. 81) (《國家税務總局關於執行税收協定股息條款有關問題的通知》(國税函[2009]81號)).

*Tax Treaties*

Non-PRC resident investors who are residents of countries that have signed agreements to avoid double taxation with the PRC are eligible for reduced withholding tax rates on dividends received from PRC enterprises. The PRC currently has entered into agreements or arrangements to avoid double taxation with various countries and regions, including but not limited to Hong Kong, Macau, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, and the United States.

Under the relevant income tax treaties or arrangements, non-PRC resident enterprises entitled to preferential tax rates shall apply to the PRC tax authorities for a refund of any withholding tax paid in excess of the treaty rate. Such refunds are subject to approval by the PRC tax authorities.

***Taxation on Share Transfer***

*Value-Added Tax and Local Surcharges*

Pursuant to the Notice on the Comprehensive Implementation of the Pilot Transition from Business Tax to Value-Added Tax (Cai Shui [2016] No. 36) (《關於全面推開營業税改徵增值税試點的通知》(財税[2016]36號), "Circular 36"), which was effective from 1 May 2016, entities and individuals engaged in the provision of sales services within the PRC are subject to VAT. Those who "engaged in the provision of sales services within the PRC" refers to either the sellers or the buyers of taxable services who are located within the PRC. Circular 36 further stipulates that, for general or foreign VAT taxpayers, the transfer of financial products (including the transfer of ownership of marketable securities) is subject to VAT at a rate of 6% on the taxable income (i.e., the difference between the sale price and the purchase price).



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However, individuals transferring financial products are exempt from VAT. Under these regulations, if the shareholder is a non-resident individual, the sale or disposal of H shares is exempt from VAT in the PRC. If the shareholder is a non-resident enterprise and the buyer of the H shares is an individual or entity located outside the PRC, the shareholder is not required to pay VAT. However, if the buyer of the H shares is an individual or entity located within the PRC, the shareholder is subject to VAT.

Given that there is no clear regulation explicitly defining whether a non-PRC resident enterprise is required to pay VAT on the sale of [**REDACTED**], the interpretation and application of the aforementioned rules remain uncertain. In addition, VAT taxpayers are also subject to urban maintenance and construction tax, education surcharges, and local education surcharges (collectively, the "Local Surcharges"), which are typically 12% of the VAT payable, if any.

*Income Tax*

Individual Investors

According to the Personal Income Tax Law and its implementing regulations, individuals shall be subject to 20% personal income tax on the gains from the sale of equity interests in PRC resident enterprises. According to the Notice on the Continued Temporary Exemption from Personal Income Tax on Gains from the Transfer of Listed Company's Shares promulgated by the Ministry of Finance and the State Administration of Taxation on March 30, 1998 (hereinafter referred to as "Notice No. 61"), starting from January 1, 1997, the gains from the transfer of listed company's shares by individuals continue to be temporarily exempt from personal income tax. According to the Announcement on the Catalogue of Personal Income Tax Preferential Policies Remaining in Force issued by the Ministry of Finance and the State Administration of Taxation on December 29, 2018, Notice No. 61 will remain valid.

According to the Notice on Issues Concerning the Levy of Personal Income Tax on Gains from the Transfer of Restricted Shares of Listed Companies issued by the Ministry of Finance, the State Administration of Taxation, and the CSRC on December 31, 2009, the gains from the transfer of listed company's shares publicly issued and acquired from trading market by individuals on the Shanghai Stock Exchange or Shenzhen Stock Exchange continue to be exempt from personal income tax, except for the restricted shares as defined in the Supplementary Notice on Issues Concerning the Levy of Personal Income Tax on Gains from the Transfer of Restricted Shares of Listed Companies jointly issued by the above-mentioned three authorities on November 10, 2010.

As of the latest practicable date, the above provisions do not explicitly stipulate the levy of personal income tax on the sale of shares of PRC resident enterprises listed on overseas stock exchanges (such as the Stock Exchange) by non-resident individuals.



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Corporate Investors

According to the Corporate Income Tax Law and its Implementation Regulations, for a non-resident enterprise who has not set up any organisation(s) or establishment(s) in the PRC, or who has set up organisation(s) or establishment(s) in the PRC but its income derived from the PRC has no actual connection with such organisation(s) or establishment(s), the non-resident enterprise is generally subject to a 10% corporate income tax on income derived from the PRC (including income from the sale of equity interests in PRC resident enterprises). The withholding tax applicable to non-resident enterprises shall be withheld at source, with the payer acting as the withholding agent. The tax is deducted by the withholding agent from the payment or due payment when made or payable. This tax may be reduced under applicable treaties or agreements for the avoidance of double taxation.

***Stamp Duty***

According to the Stamp Duty Law of the People's Republic of China (《中華人民共和國印花税法》), which was issued on 10 June 2021 and effective from 1 July 2022, stamp duty in the PRC only applies to documents that are signed or received within the PRC, and that are legally binding and protected by the laws of the PRC. Accordingly, the provisions on the imposition of stamp duty on the transfer of shares in companies listed in the PRC do not apply to non-PRC investors who purchase or sell H shares outside of the PRC.

***Estate Duty***

As at the Latest Practicable Date, no estate duty is levied within the PRC.

**B. Taxation in Hong Kong**

***Taxation on Dividend***

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

***Capital Gains Tax and Profit Tax***

In Hong Kong, the sale of H Shares does not incur capital gains tax. Nevertheless, for those conducting a trade, profession, or business in Hong Kong, any gains obtained from the sale of H Shares that stem from or are generated within Hong Kong through such economic activities will be subject to Hong Kong profits tax. Presently, this tax is levied at a maximum rate of 16.5% for corporate entities and 15% for unincorporated businesses.

Taxpayers in specific categories, including financial institutions, insurance companies, and securities dealers, typically have their gains from [**REDACTED**] presumed to be [**REDACTED**] rather than capital gains. However, they can avoid this classification if they can provide evidence that the investment securities were held with long-term investment



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intentions. Gains from H-Share transactions executed on the Hong Kong Stock Exchange are deemed to have their origin in Hong Kong. Consequently, individuals or businesses engaged in securities [**REDACTED**] or [**REDACTED**] in Hong Kong and realizing [**REDACTED**] from [**REDACTED**] on the [**REDACTED**] will be obligated to pay Hong Kong profits tax.

***Stamp Duty***

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of Hong Kong securities, including H Shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed stamp duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties of the transfer is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

***Estate Duty***

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong, pursuant to which no Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application of a grant of representation in respect of holders of H Shares whose deaths occur on or after February 11, 2006.

## 2. PRINCIPAL TAXATION OF THE COMPANY IN THE PRC

**Enterprise Income Tax**

Under the EIT Law, resident enterprises are subject to enterprise income tax (EIT) at a rate of 25% on their worldwide income, including income derived from both domestic and overseas sources. Foreign-invested enterprises (FIEs) operating in China are classified as resident enterprises and are therefore required to pay EIT at the standard rate of 25% on their global income.

In accordance with the EIT Law, high and new technology enterprises (HNTEs) benefit from a reduced EIT rate of 15%. As stipulated in the Administrative Measures for the Recognition of High and New Technology Enterprises (《高新技術企業認定管理辦法》), which was promulgated on April 14, 2008, and last amended on January 29, 2016, an HNTE certificate is valid for three years and may be renewed upon successful inspection and approval by the SAT and other relevant authorities.



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**Value-added Tax**

Pursuant to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值税暫行條例》) last amended by the State Council on November 19, 2017 and effective on the same date and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值税暫行條例實施細則》) last amended by the Ministry of Finance on October 28, 2011 and effective on November 1, 2011, all entities and individuals in the PRC engaging in the sale of goods, the provision of processing, repairs and maintenance services, and the importation of goods are required to pay value-added tax. Unless otherwise provided, the import tax rate for the sales of goods, services, and leasing services of tangible movables is 17%; the tax rate for the sales of transportation, postal, basic telecommunications, construction, immovables leasing services, sales of immovables, transfer of land use rights, and sales or imports of goods prescribed by law is 11%; the tax rate for the sales of services and intangible assets is 6%.

According to the Circular on the Adjustment to VAT Rates (《關於調整增值税税率的通知》) (Cai Shui [2018] No. 32), promulgated by the Ministry of Finance and the STA on April 4, 2018, and became effective on May 1, 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值税改革有關政策的公告》) (Ministry of Finance, State Taxation Administration and General Administration of Customs [2019] No. 39), promulgated by the Ministry of Finance, the STA and the General Administration of Customs on March 20, 2019 and became effective on April 1, 2019, the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

According to the Value-Added Tax Law of the People's Republic of China, which was adopted at the 13th Meeting of the Standing Committee of the 14th National People's Congress on December 25, 2024 and will come into effect on January 1, 2026, all entities and individuals (including privately or individually-owned business) that sell goods, services, intangible assets, immovables, and import goods in the PRC shall be taxpayers of value-added tax and shall pay value-added tax. Unless otherwise provided, the import tax rate for the sales of goods, processing, repair and maintenance services, and leasing services of tangible movables is 13%; the tax rate for the sales of transportation, postal, basic telecommunications, construction, immovables leasing services, sales of immovables, transfer of land use rights, and sales or imports of goods prescribed by law is 9%; the tax rate for the sales of services and intangible assets is 6%.



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## 3. FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi, which is still subject to foreign exchange control and is not freely exchangeable. The SAFE, under the authorization of the People's Bank of China (the "PBOC"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

On 29 January 1996, the State Council promulgated the Regulations of the PRC Foreign Exchange Administration (《中華人民共和國外匯管理條例》) (the "Foreign Exchange Regulations") which became effective on 1 April 1996 and was last amended on 5 August 2008. The latest Foreign Exchange Regulations clearly states that no restriction will be imposed on international current payments and transfers.

On 20 June 1996, the PBOC promulgated the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) (the "Settlement Regulations"), which became effective on 1 July 1996. The Settlement Regulations abolish the remaining restrictions on foreign exchange conversion for recurrent items, while retaining the existing restrictions on foreign exchange transactions for capital items.

According to the Announcement on Improving the Reform of the Renminbi (the PBOC Announcement [2005] No. 16) (《關於完善人民幣匯率形成機制改革的公告》(中國人民銀行公告[2005]第16號)), issued by the PBOC on 21 July 2005, with effect from the same date, the PRC began to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies. The Renminbi exchange rate was no longer pegged to the U.S. dollar. The PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

Starting from 4 January 2006, the PBOC introduced over-the-counter transactions into the interbank spot foreign exchange market for the purpose of improving the formation mechanism of the central parity of Renminbi exchange rates, and the practice of matching was kept at the same time. In addition to the above, the PBOC introduced the market-maker rule to provide liquidity to the foreign exchange market. On 1 July 2014, the PBOC further improved the formation mechanism of the RMB exchange rate by authorizing the China Foreign Exchange Trade System to make inquiries with the market makers before the interbank foreign exchange market opens every day for their offered quotations which are used as samples to calculate the central parity of the RMB against the USD on that day using the weighted average of the remaining market makers' offered quotations after excluding the highest and lowest quotations, and announce the central parity of the RMB against currencies such as the USD at 9:15 a.m. on each working day. On 11 August 2015, the PBOC issued a statement on the improvement of the central parity quotations of RMB against the USD by authorizing market makers to



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provide central parity quotations to the China Foreign Exchange Trading System with reference to the interbank foreign exchange market closing rate of the previous day, together with the supply and demand for foreign exchange as well as changes in major international currency exchange rates.

According to the relevant laws in the PRC, Chinese enterprises (including foreign-invested enterprises) that require foreign exchange for current item transactions may, without the approval of the SAFE, effect payment through their foreign exchange accounts at designated foreign exchange banks, on the strength of valid receipts and proof. Foreign-invested enterprises that require foreign exchange for the distribution of profits to their shareholders, and Chinese enterprises that are required by regulations to pay dividends to their shareholders in foreign exchange (such as the Company), may, on the strength of resolutions of the board of directors or shareholders on the distribution of profits, effect payment from their foreign exchange accounts or effect exchange and payment at designated banks.

On 23 October 2014, the State Council promulgated the Decisions on Matters Including Cancellation and Adjustment of Administrative Approval Items (Guo Fa [2014] No. 50) (《國務院關於取消和調整一批行政審批項目等事項的決定》(國發[2014]50號)), cancelling the approval requirement of the SAFE and its branches for the repatriation and settlement of proceeds raised through overseas listings.

On 26 December 2014, the SAFE issued the Notice on Issues Concerning Foreign Exchange Administration for Overseas Listings (Hui Fa [2014] No. 54) (《國家外匯管理局關於境外上市外匯管理有關問題的通知》(匯發[2014]54號)), pursuant to which, domestic companies must register their overseas listings with the local SAFE branch at their registered address within 15 business days of concluding the overseas listing issuance; the proceeds from overseas listings may be repatriated to the PRC or retained offshore, provided their intended use aligns with disclosures in prospectuses or other public filings.

On 13 February 2015, the SAFE issued the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (Hui Fa [2015] No. 13) (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》(匯發[2015]13號)), which became effective on 1 June 2015 and was amended on 30 December 2019. The Notice abolished the confirmation requirements for foreign exchange registration under both domestic direct investment and overseas direct investment, instead mandating that such registrations be directly examined and handled by banks. The SAFE and its branch offices shall implement indirect regulation of foreign exchange registration for direct investment through banks.

According to the Notice on Policies for Reforming and Regulating the Control over Foreign Exchange Settlement of Capital Accounts (Hui Fa [2016] No. 16) (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》(匯發[2016]16號)) which was promulgated by SAFE and became effective on 9 June 2016 and amended on 4 December 2023, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing)



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may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjust of SAFE in due time in accordance with international revenue and expenditure situations.

On 26 January 2017, the SAFE issued the Notice on Further Advancing Foreign Exchange Management Reform and Improving the Review of Authenticity and Compliance (Hui Fa [2017] No. 3) (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》(匯發[2017]3號)), which further expands the scope of domestic foreign exchange loan settlement, allowing domestic foreign exchange loans with the background of commodity trade and exports to be settled; allowing funds under domestic guarantee and foreign loans to be transferred back; allowing foreign exchange settlement via the foreign exchange accounts of foreign institutions in pilot free trade zones; implementing full-coverage administration of overseas lending in both local and foreign currencies, where a domestic institution engages in overseas lending, the combined balance of foreign exchange lending in local and foreign currencies shall not exceed a maximum of 30% of the owner's equity in the audited financial statements of the preceding year.

On 23 October 2019, the SAFE issued the Notice on Further Promoting the Facilitation of Cross-Border Trade and Investment (Hui Fa [2019] No. 28) (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》(匯發[2019]28號)), which was amended on 4 December 2023. The notice stipulates that based on the legal and regulatory framework for investment-based foreign-invested enterprises to carry out domestic equity investments with their registered capital, non-investment foreign-invested enterprises are also permitted to make domestic equity investments with their registered capital, provided that such investments do not violate the current Special Management Measures (Negative List) for the Access of Foreign Investment (《外商投資准入特別管理措施(負面清單)》) and the domestic projects in which they invest are authentic and compliant.

According to the Notice on Optimising Administration of Foreign Exchange to Support the Development of Foreign-related Business (Hui Fa [2020] No. 8) (國家外匯管理局關於優化外匯管理支持涉外業務發展的通知(匯發[2020]8號)) issued by SAFE and became effective on 10 April 2020, eligible enterprises are allowed to make domestic payments by using their capital, foreign credits and the income under capital accounts of overseas listing, without providing materials to the bank in advance for authenticity verification on an item-by-item basis, provided that their utilised capital shall be authentic and in line with provisions, and conform to the prevailing administrative regulations related to the use of income under capital accounts. The concerned bank shall manage and control the relevant business risks under the principle of prudent business development and conduct spot checks afterwards in accordance with the relevant requirements. Local foreign exchange authorities shall strengthen monitoring and analysis and interim and ex-post supervision.



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## PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the "**Constitution**") and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (2023 revision) (《中華人民共和國立法法(2023年修正)》) (the "Legislation Law"), the NPC and the Standing Committee of the NPC are empowered to exercise the legislative power of the State according to the Constitution. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The NPC may authorize the SCNPC to formulate relevant laws, and the SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations.

The ministries and commissions of the State Council, PBOC, the Audit Administration and institutions required by law as well as organs endowed with administrative functions directly under the State Council may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate rules.

The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations in terms of urban and rural development and management, ecological civilization construction, and historical culture protection based on the specific circumstances and actual requirements of such cities, which will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.



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The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and the cities divided into districts or autonomous prefectures may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the city divided into districts or autonomous prefecture within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The Standing Committee of the NPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, the Supreme People's Court of the PRC (the "**Supreme People's Court**") has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give interpretation of the administrative regulations and department rules which they have promulgated. At the regional level, the power to give interpretations of the local regulations as well as administrative rules is vested in the regional legislative and administrative organs which promulgate such regulations and rules.



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## PRC JUDICIAL SYSTEM

Under the Constitution and the PRC Law on the Organization of the People's Courts (2018 revision) (《中華人民共和國人民法院組織法(2018年修訂)》), the PRC judicial system is made up of the Supreme People's Court, the local people's courts and special people's courts.

The local people's courts are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The higher people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial organ in the PRC. It supervises the judicial administration of the people's courts at all levels.

The PRC Civil Procedure Law (2023 revision) (《中華人民共和國民事訴訟法(2023年修訂)》) (the "Civil Procedure Law"), which was adopted in 1991 and amended in 2007, 2012, 2017, 2021 and 2023, sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court where civil actions may be brought, provided that the judicial court is either the plaintiff's or the defendant's domicile, the place of execution or implementation of the contract or the place of the object of the action, provided that the provisions of this law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign national or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC.

If any party to a civil action refuse to comply with a judgment or ruling made by a people's court or an award made by an arbitration panel in the PRC, the other party may apply to the people's court for the enforcement of the same. There are time limits of two years imposed on the right to apply for such enforcement. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, enforce the judgment in accordance with the law.

A party seeking to enforce a judgment or ruling of a people's court against a party who is not personally or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to PRC enforcement procedures if the PRC has entered into or acceded to an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if



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the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security or against social and public interest.

## THE COMPANY LAW, OVERSEAS LISTING TRIAL MEASURES AND GUIDANCE FOR ARTICLES OF ASSOCIATION

A joint stock limited company which was incorporated in the PRC and seeking a [**REDACTED**] on the [**REDACTED**] is mainly subject to the following laws and regulations in the PRC:

- The PRC Company Law (《中華人民共和國公司法》) which was promulgated by the Standing Committee of the NPC on December 29, 1993, came into effect on July 1, 1994, revised on December 25, 1999, August 28, 2004, October 27, 2005 and December 28, 2013, October 26, 2018 respectively and the latest revision of which was issued on December 29, 2023 and took effective on July 1, 2024;

- The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "Overseas Listing Trial Measures") and five relevant guidelines which were promulgated by the CSRC on February 17, 2023 pursuant to Securities Law of the PRC, and were applicable to the direct and indirect overseas share subscription and listing of domestic companies;

- and The Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the "Guidance for Articles of Association") which was latest amended on March 28, 2025 by the CSRC. The related Guidance for Articles of Association are set out in the Articles of Association of the Company, the summary of which is set out in the section entitled "Appendix V—Summary of Articles of Association" in this document.

### General

A joint stock limited company refers to an enterprise legal person incorporated under the Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its debts for an amount equal to the total value of its assets.



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A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies.

**Incorporation**

A joint stock limited company may be incorporated by promotion or public subscription.

A joint stock limited company may be incorporated by a minimum of two but not more than 200 promoters, and at least half of the promoters must have residence within the PRC. The promoters must convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting may be convened only with the presence of promoters or subscribers representing at least half of the shares in the company. At the inaugural meeting, matters including the adoption of articles of association and the election of members of the board of directors and members of the board of supervisors of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors must apply to the registration authority for registration of the establishment of the joint stock limited company. A company is formally established, and has the status of a legal person, after the business license has been issued by the relevant registration authority. Joint stock limited companies established by the subscription method with offering and issuing shares to the public shall file the approval issued by the securities administration department of the State Council with the company registration authority for record.

A joint stock limited company's promoters shall be liable for: (i) the payment of all expenses and debts incurred in the incorporation process jointly and severally if the company cannot be incorporated; (ii) the refund of subscription monies to the subscribers, together with interest, at bank rates for a deposit of the same term jointly and severally if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company. According to the Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) promulgated by the State Council on April 22, 1993 (which is only applicable to the issuance and trading of shares in the PRC and their related activities), if a company is established by means of public subscription, the promoters of such company are required to sign on the document to ensure that the document does not contain any misrepresentation, serious misleading statements or material omissions, and assume joint and several responsibility for it.



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**Share Capital**

The promoters of a company can make capital contributions in cash or in kind, which can be valued in currency and transferable according to law such as intellectual property rights or land use rights based on their appraised value.

If capital contribution is made other than in cash, valuation and verification of the property contributed must be carried out and converted into shares.

A company may issue registered or bearer share. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered share and shall be registered under the name(s) of such promoter(s) or legal person(s) and shall not be registered under a different name or the name of a representative.

The Overseas Listing Trial Measures provides that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the Overseas Listing Trial Measures, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and authorize the domestic company to file with the CSRC on their behalf. The domestic unlisted shares mentioned in the preceding paragraph refer to the shares that have been issued by domestic enterprises but have not been listed or listed for trading on domestic exchanges. Domestic unlisted shares shall be centrally registered and deposited with domestic securities registration and settlement institutions. The registration and settlement arrangements of overseas listed shares shall be subject to the provisions of overseas listing places.

The share offering price may be equal to or greater than nominal value, but shall not be less than nominal value.

The transfer of shares by shareholders should be conducted via the legally established stock exchange or in accordance with other methods as stipulated by the State Council. Transfer of registered shares by a shareholder must be made by means of an endorsement or by other means stipulated by laws or administrative regulations. Bearer shares are transferred by delivery of the share certificates to the transferee.

Shares held by a promoter of a company shall not be transferred within one year after the date of the company's incorporation. Shares issued by a company prior to the public offering of its shares shall not be transferred within one year from the date of listing of the shares of the company on a stock exchange. Directors, supervisors and senior management of a company shall not transfer over 25% of the shares held by each of them in the company each year during



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their term of office and shall not transfer any share of the company held by each of them within one year after the date of the company's incorporation. There is no restriction under the Company Law as to the percentage of shareholding a single shareholder may hold in a company.

Transfers of shares may not be entered in the register of shareholders within 20 days before the date of a shareholders' meeting or within five days before the record date set for the purpose of distribution of dividends.

**Allotment and Issue of Shares**

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with Overseas Listing Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer shall file with the CSRC. If a domestic enterprise is indirectly listed overseas, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC.

**Registered Shares**

Under the Company Law, the shareholders may make capital contributions in cash, or alternatively may make capital contributions with such valuated non-monetary property as physical items, intellectual property rights, and land-use rights that may be valued in monetary term and may be transferred in accordance with the law. Pursuant to the Overseas Listing Trial Measures, domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the Company Law, when the company issues shares in registered form, it shall maintain a register of shareholders, stating the following matters:

- the name and domicile of each shareholder;
- the number of shares held by each shareholder;
- the serial numbers of shares held by each shareholder; and
- the date on which each shareholder acquired the shares.



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**Increase of Share Capital**

According to the Company Law, when the joint stock limited company issues new shares, resolutions shall be passed by a shareholders' general meeting, approving the class and number of the new shares, the issue price of the new shares, the commencement and end of the new share issuance and the class and amount of new shares to be issued to existing shareholders. When the company launches a public issuance of new shares with the approval of the securities regulatory authorities of the State Council, it shall publish the prospectus and financial and accounting reports, and prepare the share subscription form. After the new share issuance has been paid up, the change shall be registered with the company registration authorities and an announcement shall be made.

**Reduction of Share Capital**

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

- it shall prepare a balance sheet and a property list;
- the reduction of registered capital shall be approved by a shareholders' general meeting;
- it shall inform its creditors of the reduction in capital within 10 days and publish an announcement of the reduction in the newspaper within 30 days from the date of the resolution on the reduction;
- creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts;
- it shall apply to the relevant administration of registration for the registration of the reduction in registered capital.

**Repurchase of Shares**

According to the Company Law, a joint stock limited company may not purchase its shares other than for one of the following purposes: (i) to reduce its registered capital; (ii) to merge with another company that holds its shares; (iii) to grant its shares for carrying out an employee stock ownership plan or equity incentive plan; (iv) to purchase its shares from shareholders who request and are against the resolution regarding the merger or division with other companies at a shareholders' general meeting; (v) use of shares for conversion of convertible corporate bonds issued by a listed company; and (vi) the share buyback is necessary for a listed company to maintain its company value and protect its shareholders' equity.



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The purchase of shares on the grounds set out in (i) and (ii) above shall require approval by way of a resolution passed by the shareholders' general meeting. For a company's share buyback under any of the circumstances stipulated in (iii), (v) or (vi) above, a resolution of the company's board of directors shall be made by a two-third majority of directors attending the board meeting according to the provisions of the company's articles of association or as authorized by the shareholders' meeting.

Following the purchase of shares in accordance with (i), such shares shall be canceled within 10 days from the date of purchase. The shares shall be assigned or deregistered within six months if the share buyback is made under the circumstances stipulated in either (ii) or (iv). The shares held in total by a company after a share buyback under any of the circumstances stipulated in (iii), (v) or (vi) shall not exceed 10% of the company's total outstanding shares, and shall be assigned or deregistered within three years.

Listed companies making a share buyback shall perform their obligation of information disclosure according to the provisions of the Securities Law of the PRC. If the share buyback is made under any of the circumstances stipulated in (iii), (v) or (vi) hereof, centralized trading shall be adopted publicly.

**Transfer of Shares**

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. No modifications of registration in the share register caused by transfer of registered shares shall be carried out within 20 days prior to the convening of shareholder's general meeting or five days prior to the base date for determination of dividend distributions. However, where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail.

Under the Company law, shares issued prior to the [**REDACTED**] of shares shall not be transferred within one year from the date of the joint stock limited company's [**REDACTED**] on a [**REDACTED**]. Directors, supervisors and the senior management shall declare to the company their shareholdings in the company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the company annually during their tenure. They shall not transfer the shares they hold within one year from the date on which the company's shares are [**REDACTED**] and commenced [**REDACTED**] on a [**REDACTED**], nor within six months after their resignation from their positions with the company.



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**Shareholders**

Under the Company Law and the Guidance for Articles of Association, the rights of holders of ordinary shares of a joint stock limited company include:

- the right to attend or appoint a proxy to attend shareholders' general meetings and to vote thereat;
- the right to transfer shares in accordance with laws, administrative regulations and provisions of the articles of association;
- the right to inspect the company's articles of association, share register, counterfoil of company debentures, minutes of shareholder's general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports and to make proposals or enquires on the company's operations;
- the right to bring an action in the people's court to rescind resolutions passed by shareholder's general meetings and board of directors where the articles of association is violated by the above resolutions;
- the right to receive dividends and other types of interest distributed in proportion to the number of shares held;
- in the event of the termination or liquidation of the company, the right to participate in the distribution of residual properties of the company in proportion to the number of shares held; and
- other rights granted by laws, administrative regulations, other regulatory documents and the company's articles of association.

The obligations of a shareholder include the obligation to abide by the Company's articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the company's articles of association.

**Shareholders' General Meetings**

The shareholders' general meeting is the organ of authority of the company, which exercises its powers in accordance with the Company Law.



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Under the Company Law, the shareholders' general meeting exercises the following principal powers:

- to elect or remove the directors and supervisors (other than the representative of the employees of the company) and to decide on matters relating to the remuneration of directors and supervisors;
- to examine and approve reports of the board of directors;
- to examine and approve reports of the board of supervisors;
- to examine and approve the company's proposals for profit distribution plans and loss recovery plans;
- to decide on any increase or reduction of the company's registered capital;
- to decide on the issue of bonds by the company;
- to decide on issues such as merger, division, dissolution and liquidation of the company and change of the structure;
- to amend the company's articles of association; and
- other powers as provided for in the articles of association.

Shareholders' annual general meetings are required to be held once every year. Under the Company Law, an extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following:

- the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;
- the aggregate losses of the company which are not recovered reach one-third of the company's total paid-in share capital;
- when shareholders alone or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary general meeting;
- whenever the board of directors deems necessary;
- when the board of supervisors proposes; or
- other circumstances as provided for in the articles of associations.



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Under the Company Law, shareholders' general meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or does not perform his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

Where the board of directors is incapable of performing or not performing its duties of convening the shareholders' general meeting, the board of supervisors shall convene and preside over such meeting in a timely manner. In case the board of supervisors fails to convene and preside over such meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for 90 days consecutively may unilaterally convene and preside over such meeting.

Under the Company Law, notice of shareholders' general meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of extraordinary shareholder's general meetings shall be given to all shareholders 15 days prior to the meeting. Under the Guidance for Articles of Association, after the notice of the general meeting of shareholders is issued, the general meeting of shareholders shall not be postponed or cancelled without justifiable reasons, and the proposals listed in the notice of general meeting of shareholders shall not be cancelled. In the event of postponement or cancellation, the convener shall make an announcement and explain the reasons at least two working days before the original meeting date.

There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting. Pursuant to the Guidance for Articles of Association, the board of directors and the Secretary of the board of directors will cooperate with the general meeting of shareholders convened by the board of supervisors or shareholders. The board of directors will provide the register of shareholders on the date of equity registration. Moreover, when a general meeting of shareholders is held, all directors, supervisors and the secretary of the board of directors of the company shall attend the meeting, and managers and other senior management personnel shall attend the meeting as nonvoting delegates.

Pursuant to the Guidance for Articles of Association, shareholders who individually or jointly hold more than 1% of the company's shares may put forward interim proposals and submit them to the convener in writing 10 days before the general meeting of shareholders. The convener shall issue a supplementary notice of the general meeting of shareholders within two days after receiving the proposal and announce the contents of the interim proposal.

Under the Company Law, shareholders present at shareholders' general meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.



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Pursuant to the provisions of the articles of association or a resolution of the shareholders' general meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors or supervisors to be elected at the shareholders' general meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the Company Law and the Guidance for Articles of Association, resolutions of the shareholders' general meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' general meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) equity incentive plan; (iv) the company purchases or sells major assets within one year or the amount of guarantee exceeds 30% of the company's total audited assets in the latest period; (v) the merger, division, dissolution, liquidation or change in the form of the company; (vi) other matters stipulated by laws, administrative regulations or the Articles of Association, as well as other matters considered by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution.

Under the Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' general meeting. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

**Board**

Under the Company Law, a joint stock limited company shall have a board of directors, which shall has three or more members, it may include an employees' representative of the company. Where a limited liability company has 300 or more employees, the board of directors shall include the employees' representatives of the company unless the board of supervisors has been established and includes employees' representatives of the company according to law. The employees' representatives in the board of directors shall be democratically elected by the employees through the employees' representative congress, employees' congress or by other means. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum.



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Under the Company Law, the board of directors mainly exercises the following powers:

- to convene the shareholders' general meetings and report on its work to the shareholders' general meetings;
- to implement the resolutions passed in shareholders' general meetings;
- to decide on the company's business plans and investment proposals;
- deciding the appointment or dismissal of the manager of the company and the remuneration thereof, and, according to the nomination of the manager, deciding on hiring or dismissing deputy managers and financial director of the company as well as their remuneration;
- to formulate the company's profit distribution proposals and loss recovery proposals;
- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;
- to prepare plans for the merger, division, dissolution and change in the form of the company;
- to formulate the company's basic management system; and
- deciding the establishment of the internal management body of the company
- to exercise any other power under the articles of association.

**Board Meetings**

Under the Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors or the board of supervisors. The chairman shall convene and preside over such meeting within 10 days after receiving such proposal. Meetings of the board of directors shall be held only if half or more of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his behalf.



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If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempted from that liability.

**Chairman of the Board**

Under the Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.



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## SHARES

### Issuance of Shares

The shares of the company shall be in the form of share certificates.

The issuance of the company's shares shall adhere to the principles of openness, fairness and impartiality. Each share of the same class shall have equal rights.

For shares of the same class issued at the same time, the issuance conditions and prices per share shall be the same; any entity or individual subscribing for shares shall pay the same price for each share.

All the shares issued by the company are shares with par value, and the par value shall be denominated in Renminbi, with each share having a par value of RMB1.

### Increase, Reduction and Repurchase of Shares

***Increase of Registered Capital***

The company may increase its capital in the following ways:

(i) publicly issue shares;

(ii) privately issue shares;

(iii) allot or distribute new shares to existing shareholders;

(iv) convert capital reserve into share capital;

(v) other methods as prescribed by laws and administrative regulations, approved by the China Securities Regulatory Commission, the securities regulatory authorities of the [**REDACTED**] where the Company's shares are [**REDACTED**] and the [**REDACTED**].

***Reduction of Registered Capital***

The Company is permitted to decrease its registered capital. When reducing the registered capital, the Company must comply with the Company Law, other applicable regulations, the Hong Kong Listing Rules, the securities regulatory rules of the [**REDACTED**] where the Company's shares are [**REDACTED**], and these Articles of Association.



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**Repurchase of Shares**

Subject to compliance with all laws, regulations, securities regulatory rules of the place where the Company's shares are [**REDACTED**], the Hong Kong Listing Rules, and these Articles of Association, the Company may acquire its own shares under the following circumstances.:

(i) reducing the company's registered capital;

(ii) merging with another company that holds the company's shares;

(iii) using the shares for an employee shareholding plan or equity incentive;

(iv) when a shareholder, objecting to the company's resolution on merger or division adopted by the shareholders' meeting, requests the company to purchase their shares;

(v) using the shares to convert into the convertible corporate bonds issued by the company;

(vi) as necessary to safeguard the company's value and the rights and interests of shareholders;

(vii) other circumstances permitted under applicable laws, administrative regulations, departmental rules, normative documents, the relevant provisions of the securities regulatory authority of the [**REDACTED**] where the Company's shares are [**REDACTED**], and the Hong Kong Listing Rules.

Except for the above-mentioned circumstances, the company shall not engage in activities of buying or selling its own shares.

If the company repurchases its own shares for the reasons set out in items (i) and (ii) above, it shall be subject to the resolution of the shareholders' meeting. For the repurchase of the company's own shares under the circumstances specified in items (iii), (v) and (vi) above, it should be resolved by a board meeting attended by more than two-thirds of the directors.

After the company repurchases its own shares in accordance with the above-mentioned provisions, in the case of item (i), the repurchased shares shall be cancelled within 10 days from the date of acquisition; in the case of items (ii) and (iv), the repurchased shares shall be transferred or cancelled within 6 months; in the case of items (iii), (v) and (vi), the total number of the company's own shares held by the company shall not exceed 10% of the total number of issued shares of the company, and shall be transferred or cancelled within three years.



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**Transfer of Shares**

The company's shares may be transferred in accordance with the law.

The shares of the company held by the promoters shall not be transferred within one year from the date of the company's establishment. Shares issued by the Company before its [**REDACTED**] of shares shall not be transferred within 1 year from the date of [**REDACTED**] of the Company's shares on the [**REDACTED**].

Directors and senior management personnel of the Company shall declare to the Company the shares they hold and any changes in such shares. During their term of office, the number of shares transferred each year shall not exceed 25% of the total number of shares they hold in the Company; the shares they hold shall not be transferred within 1 year of the [**REDACTED**] of the Company's shares. Within six months after leaving the office, the above-mentioned personnel shall not transfer the shares they hold in the Company.

**SHAREHOLDERS AND SHAREHOLDERS' MEETING**

**Shareholders**

The Company establishes the register of members based on the certificates provided by the securities registration and clearing institution, and the register of members is conclusive evidence of the shareholders' ownership of the Company's shares.

Shareholders of the Company have the following rights:

(i) to receive dividends and other forms of profit distribution in accordance with the proportion of shares they hold;

(ii) to legally request, convene, chair, attend, or appoint a proxy to attend the general meeting and exercise the corresponding right to vote;

(iii) to supervise the Company's operations, make suggestions, or ask questions;

(iv) to transfer, donate, or pledge the shares they hold in accordance with the laws, administrative regulations, securities regulatory rules of the place where the Company's shares are [**REDACTED**], and these Articles of Association;

(v) to review this Articles of Association, the register of members, the records of Company Bonds, the records of general meeting, the resolutions of the Board of Directors, and the financial accounting report;

(vi) to participate in the distribution of the Company's remaining properties in the event of the Company's dissolution or liquidation, in accordance with the proportion of shares they hold;



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(vii) to request the Company to purchase their shares in the event that they object to the general meeting resolutions on the Company's merger or division; and

(viii) other rights stipulated by laws, administrative regulations, rules, securities regulatory rules of the place where the Company's shares are [**REDACTED**], or these Articles of Association.

Where Shareholders request to inspect or copy relevant Company materials shall submit written documentation to the company, certifying the types and quantities of shares held. Upon verification of the shareholder's identity, the company shall furnish the requested information in accordance with the shareholder's requirements.

If the content of the resolution of the Company's shareholders' meeting or the Board meeting violates laws or administrative regulations, the Shareholders have the right to request the people's court to clarify it invalid.

If the convening procedures or voting methods of the shareholders' meeting or the Board meeting violate laws, administrative regulations or the Articles of Association, or the content of the resolution violates the Articles of Association, the Shareholders have the right to request the people's court to revoke the resolution within 60 days from the date on which the resolution is made.

Shareholders of the Company undertake the following obligations:

(i) to comply with laws, administrative regulations, and these Articles of Association;

(ii) to pay the share subscription amount in accordance with the shares they subscribe for and the method of subscription;

(iii) except as otherwise provided by laws and regulations, not to withdraw share capital;

(iv) not to abuse shareholders' rights to prejudice the interests of the Company or other shareholders; not to abuse the independent status of a legal person or the limited liability of shareholders to prejudice the interests of the Company's creditors.

If a shareholder of the Company abuses his or her rights and causes loss to the Company or other shareholders, he or she shall be liable for compensation in accordance with the law; and

(v) other obligations stipulated by laws, administrative regulations, securities regulatory rules of the [**REDACTED**] where the Company's shares are [**REDACTED**], and these Articles of Association.



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**General Provisions on General Meeting**

The general meeting is the authority of the Company and shall exercise the following powers in accordance with the law:

(i) to determine the company's business strategies and investment plans;

(ii) to elect and replace directors, and to determine the remuneration of directors;

(iii) to review and approve the report of the Board of Directors;

(iv) to review and approve the company's annual financial budget plan and settlement plan;

(v) to review and approve the Company's profit distribution plan and loss compensation plan;

(vi) to resolve on the increase or decrease of the Company's registered capital;

(vii) to resolve on the issuance of corporate bonds;

(viii) to resolve on the Company's merger, division, dissolution, liquidation, or change of corporate form;

(ix) to amend this Articles of Association;

(x) to resolve the engagement or dismissal of the accounting firm undertaking the business of audit on the Company;

(xi) to review and approve the guarantee matters stipulated in Article 41 of these Articles of Association;

(xii) to review matters concerning the purchase or sale of major assets exceeding 30% of the Company's latest audited total assets within one year;

(xiii) to review and approve the transactions between the company and related parties (excluding guarantees provided by the company, receipt of cash donations, debt forgiveness, acceptance of guarantees or financial assistance, etc.), where the transaction amount exceeds RMB30 million and represents more than 5% of the absolute value of the company's most recently audited net assets;



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(xiv) to review matters concerning the acquisition of the company's shares as prescribed by applicable laws, administrative regulations, departmental rules, securities regulatory requirements of the [**REDACTED**] where the company's shares are [**REDACTED**], and the company's articles of association, which are required to be reviewed by the shareholders' meeting;

(xv) to review and approve changes in the use of funds raised;

(xvi) to review equity incentive plans and employee share ownership plans; and

(xvii) to examine other matters which shall be decided by the shareholders' meeting as required by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are [**REDACTED**] or the Articles of Association.

The following guarantee of the Company shall be submitted to the general meeting for review after being reviewed and approved by the Board of Directors:

(i) the single guarantee for an amount of more than 10% of the Company's net assets audited in the latest period;

(ii) any guarantee to be provided after the total amount of external guarantees provided by the Company and the subsidiaries it controls has exceeded 50% of the Company's net assets audited in the latest period;

(iii) any guarantee to be provided in favor of a party whose ratio of liabilities to assets exceeds 70%;

(iv) any guarantee to be provided after the total amount of external guarantees provided by the Company has exceeded 30% of the Company's total assets audited in the latest period;

(v) the total amount of guarantees within twelve consecutive months exceeds 50% of the company's latest audited net assets and the absolute amount exceeds RMB50 million;

(vi) the total amount of guarantees within twelve consecutive months has exceeded 30% of the Company's total assets audited in the latest period;

(vii) the guarantee to be provided in favor of Shareholders or actual controllers or the related parties thereof;

(viii) other guarantee matters stipulated by laws, administrative regulations, departmental rules, the laws and regulations of the place where the Company's shares are [**REDACTED**], and the Articles of Association.



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The general meeting is divided into the annual general meeting and the extraordinary general meeting. The annual general meeting shall be held once a year and shall be held within 6 months after the end of the previous financial year.

In the event of any of the following circumstances, the Company shall convene an extraordinary general meeting within 2 months from the date of occurrence thereof:

(i) the number of directors is less than the number stipulated by the Company Law or two-thirds of the number stipulated in these Articles of Association;

(ii) the Company's unrecovered losses reach one-third of the total paid-up capital;

(iii) at the request of shareholders who individually or collectively hold more than 10% of the Company's shares;

(iv) the Board of Directors deems it necessary;

(v) the Audit Committee proposes that such a meeting shall be held; and

(vi) other circumstances stipulated by laws, administrative regulations, departmental rules, the laws and regulations of the place where the Company's shares are [**REDACTED**], or these Articles of Association.

**Convening of Shareholders' Meetings**

The shareholders' meeting shall be convened by the Board of Director.

The independent Director has the right to propose to the Board of Directors to convene an extraordinary shareholders' meeting. Upon receiving such a proposal, the Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide a written response within ten days of receipt, indicating whether it agrees or disagrees to convene an extraordinary shareholders' meeting.

If the Board of Directors agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of the shareholders' meeting within five days after making the Board resolution. If the Board of Directors disagrees to convene an extraordinary shareholders' meeting, it shall state the reasons and make an announcement.



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The Audit Committee has the right to propose to the Board of Directors to convene an extraordinary general meeting and shall submit the proposal to the Board of Directors in writing. The Board of Directors shall, in accordance with the laws, administrative regulations, and these Articles of Association, provide a written response within 10 days after receiving the proposal, indicating whether it agrees or disagrees to convene an extraordinary general meeting. If the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice of the general meeting within 5 days after making the board resolution. Any changes to the original proposal in the notice shall be subject to the consent of the Audit Committee. If the Board of Directors disagrees to convene an extraordinary general meeting or fails to respond within 10 days after receiving the proposal, it shall be deemed that the Board of Directors is unable or fails to perform its duty to convene the general meeting. The Audit Committee may convene and preside over the meeting on its own.

A shareholder or shareholders holding more than 10% of the Company's shares shall have the right to request the Board of Directors to convene an extraordinary general meeting and shall submit the request to the Board of Directors in writing. The Board of Directors shall, in accordance with the laws, administrative regulations, and these Articles of Association, provide a written response within 10 days after receiving the request, indicating whether it agrees or disagrees to convene an extraordinary general meeting.

If the Board of Directors agrees to convene an extraordinary general meeting, it shall serve a notice for the general meeting within 5 days after making the board resolution. Any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the Board of Directors disagrees to convene an extraordinary general meeting or does not respond within 10 days after receiving the request, a shareholder or shareholders holding more than 10% of the Company's shares shall have the right to propose to the Audit Committee to convene an extraordinary general meeting and shall submit the request to the Audit Committee in writing.

If the Audit Committee agrees to convene an extraordinary general meeting, it shall serve a notice for the general meeting within 5 days after receiving the request. Any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the Audit Committee does not serve a notice for the general meeting within the prescribed period, it shall be deemed that the Audit Committee does not convene and preside over the general meeting. A shareholder or shareholders holding more than 10% of the Company's shares continuously for more than 90 days may convene and preside over the meeting on their own.



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If the Audit Committee or a shareholder decides to convene the general meeting on their own, they shall notify the Board of Directors in writing before serving the notice of the general meeting and file with the [**REDACTED**] in accordance with the securities regulatory rules of the place where the Company's shares are [**REDACTED**].

The Audit Committee or the convening shareholder shall submit relevant supporting materials in accordance with the requirements of the [**REDACTED**] where the Company's shares are [**REDACTED**] when serving the notice of the general meeting and the announcement of the general meeting resolution.

For the general meeting convened by the Audit Committee or shareholders on their own, the Board of Directors and the secretary to the Board shall cooperate.

The necessary expenses for the general meeting convened by the Audit Committee or shareholders on their own shall be borne by the Company.

**Proposals and Notices of Shareholders' Meetings**

The matters contained in a proposal shall be fall within the terms of reference of the shareholders' meeting and shall have explicit topics and specific matters for resolution, and shall be in compliance with the relevant provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are [**REDACTED**] and the Articles of Association.

For convening a general meeting of the Company, the Board of Directors, and a shareholder or shareholders holding more than 1% of the Company's shares have the right to propose it to the Company.

A shareholder or shareholders holding more than 1% of the Company's shares may submit a interim proposal in writing to the convener 10 days before the date of the general meeting.

The convener shall issue a supplementary notice of the general meeting within 2 days after receiving the proposal.

Except for the circumstances specified in the preceding paragraph, after the convener has issued the notice of the shareholders' meeting, it shall not modify the proposals already listed in the notice or add new proposals.

Any proposal that is not stated in the notice of the shareholders' meeting or does not comply with the Articles of Association shall not be voted and approved at the shareholders' meeting.

The convener shall notify each Shareholder in writing at least 21 days before the annual shareholders' meeting, and at least 15 days before the extraordinary shareholders' meeting.



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A notice of a shareholders' meeting shall include the following:

(i) the time, venue, format, convener, and duration of the meeting;

(ii) matters and proposals submitted to the meeting for consideration;

(iii) a prominent written statement that all shareholders are entitled to attend the shareholders' meeting and are entitled to appoint in writing a proxy to attend and vote at the meeting and that such a proxy need not be a Shareholder of the Company;

(iv) the name and telephone number of the regular contact person for the meeting;

(v) the record date of Shareholders entitled to attend the shareholders' meeting;

(vi) the time and procedure for voting online or through other means; and

(vii) matters stipulated by applicable laws, administrative regulations, securities regulatory rules of the stock exchange where the Company's shares are [**REDACTED**], as well as other provisions set forth in these Articles of Association.

Notices and supplementary notices of shareholders' meetings shall adequately and completely disclose the full contents of all proposals.

**Convening the General Meeting**

All shareholders or their proxies registered on the equity registration date shall be entitled to attend the general meeting and exercise their voting rights at the meeting in accordance with relevant laws, regulations, the laws and regulations of the place where the Company's shares are [**REDACTED**], the Listing Rules, and these Articles of Association.

Individual shareholders attending the meeting in person shall present their identity card or other valid documents or proof that can indicate their identity; proxies attending the meeting on behalf of others shall present their valid identity documents and the shareholders' proxy forms.

Corporate shareholders shall be represented by the legal representative or a proxy appointed by the legal representative to attend the meeting. The legal representative attending the meeting shall present his or her identity card and valid proof of his or her qualification as the legal representative; the proxy attending the meeting shall present his or her identity card and the power of attorney issued by the legal representative of the corporate shareholder (except for shareholders who are recognized clearing houses as defined from time to time by the relevant ordinances or laws and regulations of the place where the Company's shares are [**REDACTED**] and their proxies).



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Partnership shareholders shall be represented by their managing partner (including the proxy appointed by the managing partner) or an agent appointed by them. The managing partner (including the proxy appointed by the managing partner) attending the meeting shall present his or her identity card and valid proof of his or her qualification as the managing partner (including the proxy appointed by the managing partner); the agent attending the meeting shall present his or her identity card and the written power of attorney issued by the managing partner of the partnership shareholder.

The shareholders' meeting shall be convened by the Board of Directors and presided over by the chairman of the board. If the chairman of the board is unable to perform his/her duties or fails to perform his/her duties, the vice chairman of the board shall perform his/her duties. If the vice chairman of the board is unable to perform his or her duties or fails to perform his or her duties, a director shall be jointly elected by more than half of the directors to preside over the meeting.

For the general meeting convened by the Audit Committee on its own, it shall be presided over by the chairman of the Audit Committee. If the chairman of the Audit Committee is unable to perform his or her duties or fails to perform his or her duties, a Audit Committee member shall be jointly elected by more than half of the Audit Committee members to preside over the meeting.

For the general meeting convened by shareholders on their own, a representative shall be elected by the convener to preside over the meeting.

If the presiding officer of the general meeting violates these Articles of Association or the rules of procedure in such a way that the general meeting cannot continue, with the consent of more than half of the shareholders present at the general meeting who have voting rights, the general meeting may elect one person to act as the presiding officer to continue the meeting.

Minutes of the shareholders' meeting shall be prepared by the Board secretary.

**Voting and Resolutions of Shareholders' Meetings**

The resolutions of the shareholders' meeting are divided into ordinary resolutions and special resolutions.

An ordinary resolution at a shareholders' meeting shall be passed by more than half of the voting rights held by the Shareholders present at the shareholders' meeting.

A special resolution at a shareholders' meeting shall be passed by at least two-thirds of the voting rights held by the Shareholders present at the shareholders' meeting.



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The following matters shall be approved by the shareholders' meeting through ordinary resolutions:

(i) the work reports of the Board of Directors;

(ii) the profit distribution plan and loss compensation plan proposed by the Board of Directors;

(iii) the appointment and removal of members of the Board of Directors and their remuneration and payment methods;

(iv) the company's annual budget plan and settlement plan;

(v) the company's annual report;

(vi) approve resolutions regarding the engagement and dismissal of accounting firms by the company;

(vii) other matters not stipulated by laws, administrative regulations, the laws and regulations of the place where the Company's shares are [**REDACTED**], or these Articles of Association to be passed by a special resolution.

The following matters shall be passed by a special resolution of the general meeting:

(i) increase or decrease of the Company's registered capital;

(ii) division, spin-off, merger, dissolution, liquidation, and change of corporate form of the Company;

(iii) amendment to these Articles of Association;

(iv) purchase or sale of material assets or guarantee amounts exceeding 30% of the Company's total assets of its latest audited accounts within one year;

(v) share incentive schemes;

(vi) other matters stipulated by laws, administrative regulations, the laws and regulations of the place where the Company's shares are [**REDACTED**], the Listing Rules, or these Articles of Association, and other matters that the general meeting deems to have a significant impact on the Company and are required to be passed by a special resolution.

Shareholders shall exercise their voting rights in accordance with the number of shares they represent, with one vote per share.



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The shares held by the Company shall not have voting rights, and such shares shall not be counted into the total number of shares with voting rights present at the general meeting. In accordance with the applicable laws, administrative regulations, departmental rules, normative documents, the laws and regulations of the place where the Company's shares are [**REDACTED**], and the Listing Rules, if any shareholder is required to abstain voting on any individual resolution or is restricted to vote only in favor or only against, any vote made by the shareholder (or its proxy) in violation of the relevant regulations or restrictions shall not be counted in the voting results.

When the general meeting considers matters concerning connected transactions, connected shareholders shall not participate in the voting, and the number of shares with voting rights represented by them shall not be counted into the total number of valid votes; the announcement of the general meeting resolution shall fully disclose the voting status of non-connected shareholders.

## BOARD OF DIRECTORS

### Directors

The directors of the Company shall be natural persons. A person who falls under any of the following circumstances shall not be appointed as a director of the Company:

(i) lacking civil capacity or having restricted civil capacity;

(ii) having been sentenced to criminal penalty for bribery, embezzlement, misappropriation of property, or other acts that disrupt the socialist market economic order, or having been deprived of political rights due to a crime, and the term of enforcement has not exceeded 5 years, or having been granted a suspended sentence, and the term of the suspended sentence has not exceeded 2 years from the date of completion of the probation period;

(iii) having served as a director or manager of a company or enterprise that has undergone bankruptcy liquidation and being personally responsible for the bankruptcy of that company or enterprise, and not having exceeded 3 years from the date of completion of the bankruptcy liquidation;

(iv) having served as the legal representative of a company or enterprise whose business license was revoked or ordered to close due to illegal activities and being personally responsible, and not having exceeded 3 years from the date of revocation of the business license or closure order;

(v) individuals who have been classified by the People's Court as bad faith defendant due to the failure to repay a significant amount of debt that is outstanding by the due date;



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(vi) having been subject to market entry ban imposed by the CSRC for an unexpired term;

(vii) not in compliance with applicable laws, administrative regulations, the rules and regulations of the [**REDACTED**] where the company's shares are [**REDACTED**], or relevant securities regulatory provisions.

Directors shall fulfill the following fiduciary duties to the Company:

(i) shall not use their authority to give bribes or accept other illegal income, nor embezzle the property of the Company;

(ii) shall not misappropriate funds of the Company;

(iii) shall not open accounts in which the funds of the Company are deposited in his/her personal name or in the name of other individuals;

(iv) shall not contravene the provisions of this Charter. Without the prior approval of the shareholders' meeting or the Board of Directors, no company funds shall be lent to any third party, nor shall the company's assets be used to provide guarantees for any third party;

(v) shall not enter into any contract or conduct any transaction with the Company in contravention of the provisions of these Articles of Association or without obtaining the prior consent of the shareholders' meeting;

(vi) shall not take advantage of their positions to seek any business opportunity that belongs to the Company for themselves or any other person, except under the circumstances where he/she has reported to the Board of Directors or the shareholders' meeting and has been approved by a resolution of the shareholders' meeting;

(vii) shall not accept commissions paid by others for transactions conducted with the Company as their own;

(viii) shall not disclose the Company's secret without authorization;

(ix) shall not abuse their related relationships to damage the Company's interests;

(x) other fiduciary duties stipulated in laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are [**REDACTED**] and the Articles of Association.



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Any income obtained by a Director in violation of the provisions set out in this Article shall belong to the Company; if losses are caused to the Company, the Director shall be liable for compensation.

Directors shall have the following diligent duties to the Company:

(i) shall prudently, earnestly and diligently exercise the powers the Company grants to them to ensure that the Company conducts its commercial activities in a manner that complies with the requirements of state laws, administrative regulations and various national economic policies, and that the commercial activities do not go beyond the scope of the business activities stipulated in the business license;

(ii) shall treat all Shareholders fairly;

(iii) shall maintain a timely awareness of the operation and management of the Company;

(iv) shall sign written statements confirming the regular reports of the Company, and ensure that the information disclosed by the Company is true, accurate and complete;

(v) shall truthfully provide information and materials to the Audit Committee and shall not obstruct the Audit Committee from exercising its functions and powers;

(vi) other diligent duties stipulated in the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are [**REDACTED**] and the Articles of Association.

If any Director fails to attend Board meetings, either in person or by authorizing another Director on his/her behalf, for two consecutive meetings, he/she shall be deemed as failing to perform his/her duties. The Board shall propose at the shareholders' meeting to replace such Director.

A director may resign before the expiration of his or her term of office. Resignation of a director shall be made by submitting a written report to the Board of Directors. In the event that the Board of Directors and its special committees of the Company fall below the statutory minimum due to the resignation of a director, or in the event that the number of independent directors falls below the statutory requirement due to the resignation of an independent director, until the re-elected director assumes his/her office, the original director shall still perform the duties of a director in accordance with the laws, administrative regulations, departmental rules, normative documents, laws and regulations of the place where the Company's shares are [**REDACTED**] as well as the Listing Rules and the provisions of these Articles of Association.



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**Independent Directors**

Independent directors shall conscientiously fulfill their responsibilities in accordance with applicable laws, administrative regulations, securities regulatory rules of the [**REDACTED**] where the company's shares are [**REDACTED**], and the provisions of the company's articles of association. They shall play a critical role in participating in decision-making processes, ensuring effective supervision and balance of power within the board, and offering professional advice to safeguard the overall interests of the company while protecting the lawful rights and interests of minority shareholders. Independent directors must always maintain their independence. The following categories of individuals shall not be eligible to serve as independent directors of the company.

An independent Director of the Company shall fulfill the following conditions:

(i) be qualified to serve as a Director of a listed company in accordance with laws, administrative regulations and other relevant provisions;

(ii) comply with the independence requirements stipulated in laws, administrative regulations and other relevant provisions;

(iii) possess basic knowledge of the operation of a company and be familiar with relevant laws, regulations and rules;

(iv) have at least five years of working experience in law, accounting or economics necessary for the fulfillment of his/her duty as an independent Director;

(v) other conditions as stipulated by laws, administrative regulations, regulations of the securities regulatory authorities in the place where the Company's shares are [**REDACTED**], and the Articles of Association.

Independent Directors shall maintain their independence, and the following people shall not serve as independent Directors of the Company:

(i) people working for the Company and their immediate family members, major social relations;

(ii) natural person Shareholders who directly or indirectly hold more than 1% of the Company's issued shares or who are among the Company's top ten Shareholders, and their spouses, parents and children;

(iii) people who work for Shareholders who directly or indirectly hold more than 5% of the Company's issued shares or who work for entities of the Company's top five Shareholders;



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(iv) people serving in the subsidiaries of the Company's Controlling Shareholders and de facto controller;

(v) people providing financial, legal, consulting and sponsorship and other services to the Company, its Controlling Shareholders, or their respective subsidiaries; including, but not limited to, all members of the project team of the intermediaries providing the services, reviewers at all levels, persons signing the report, partners, Directors, senior management and principals;

(vi) persons who have significant business dealings with the Company, its Controlling Shareholders, de facto controllers or their respective subsidiaries, or who serve in entities with which they have significant business dealings and their Controlling Shareholders or de facto controllers;

(vii) people who have been in the situations listed in the items (i) to (vi) above within the last twelve months;

(viii) other persons who do not possess independence as stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are [**REDACTED**], and the Articles of Association.

The independent Directors shall exercise the following special functions and powers:

(i) independently engaging intermediary agencies to conduct audits, consultations or verifications on specific matters of the Company;

(ii) proposing to the Board of Directors to convene an extraordinary shareholders' meeting;

(iii) proposing to convene a Board meeting;

(iv) openly soliciting shareholders' rights from Shareholders in accordance with laws;

(v) expressing independent opinions on matters that may jeopardize the interests of the Company or the minority Shareholders; and

(vi) other functions and powers stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are [**REDACTED**] and the Articles of Association.

The independent Directors exercising the functions and powers set out in items (i) to (iii) of the preceding paragraph shall obtain the approval of more than half of all independent Directors.



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The Company shall disclose in a timely manner any exercise of the functions and powers listed in the first paragraph by independent Directors. In the event that the aforesaid functions and powers cannot be properly exercised, the Company shall disclose the specific circumstances and reasons thereof.

The following matters shall be submitted to the Board of Directors for consideration after being approved by more than half of all independent Directors of the Company:

(i) related party transactions that should be disclosed;

(ii) the proposal of the Company and related parties to change or waive their commitments;

(iii) decisions made and measures taken by the Board of Directors of the company in response to the acquisition; and

(iv) other matters stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are [**REDACTED**] and the Articles of Association.

**Board of Directors**

The Company shall establish a Board of Directors, which shall comprise 9 Directors, including one Chairman, and 3 independent Directors.

The Board of Directors shall exercise the following powers:

(i) to convene the general meeting and report to the general meeting;

(ii) to implement the resolutions of the general meeting;

(iii) to determine the Company's business plan and investment programs;

(iv) to formulate the company's annual financial budget plan and settlement plan;

(v) to formulate the Company's profit distribution plan and loss compensation plan;

(vi) to formulate plans regarding the increase or reduction of the Company's registered capital, the [**REDACTED**] of bonds or other securities, and [**REDACTED**];

(vii) to draft plans for significant acquisitions of the Company, the purchase of shares of the Company, merger, division, dissolution or change of the form of the Company;



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(viii) within the scope of authorization by the general meeting, to decide on matters such as the Company's external investments, purchase and sale of assets, asset mortgages, external guarantees, entrusted financial management, and connected transaction;

(ix) to determine the establishment of the Company's internal management bodies;

(x) to make decision for appointing or dismissing the Company's general manager, secretary to the Board; to appoint or dismiss the Vice general manager of the Company, the Company's financial officer-in-charge and other senior management personnel based on the nomination of the general manager, and to determine their remuneration and rewards and punishments;

(xi) to formulate the Company's basic management systems;

(xii) to draft amendments to these Articles of Association;

(xiii) to propose to the general meeting the engagement or replacement of the accounting firm undertaking the Company's audit;

(xiv) to receive the work report of the Company's general manager and inspect the work of the general manager;

(xv) to review and evaluate the guarantee matters that do not require approval by the shareholders' meeting; and

(xvi) other powers stipulated by laws, administrative regulations, departmental rules, the laws and regulations of the place where the Company's shares are [**REDACTED**], or this Articles of Association, and those granted by the general meeting.

Any matter exceeding the authorization scope of the shareholders' meeting shall be referred to the shareholders' meeting for review and approval.

Board of Directors are divided into regular meetings and extraordinary meetings. Regular meetings of the Board of Directors shall be held at least four times a year, and shall be convened by the chairman of the board.

**Special Committees under the Board**

The Board of Directors of the Company shall establish an Audit Committee to exercise the functions and powers of the Supervisory Committee as required by the Company Law.

The Audit Committee shall comprise three director members, all being Directors who do not serve as senior management of the Company, with two independent Directors. The accounting professional among such independent Directors shall serve as the convener.



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The Audit Committee is responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating both internal and external audit work and internal controls. The following matters shall be submitted to the Board of Directors for deliberation after being approved by a majority of the members of the Audit Committee:

(i) to disclose financial information in financial and accounting reports and periodic reports and internal control evaluation reports;

(ii) to engage or dismiss accounting firms for audit services of the Company;

(iii) to engage or dismiss the financial officer of the Company;

(iv) to revise accounting policies or accounting estimations or correct significant accounting errors for reasons other than changes in accounting standards; and

(v) other matters stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are [**REDACTED**] and the Articles of Association.

The Audit Committee shall convene meetings at least once a quarter, and may convene an extraordinary meeting upon the proposal of two or more members, or when the convener deems necessary. Meetings of the Audit Committee shall only be held with the attendance of at least two-thirds of the members.

Resolutions of the Audit Committee shall be passed by a majority of all members of the Audit Committee. When voting on a resolution of the Audit Committee, each member shall have one vote.

The resolutions of the Audit Committee shall be recorded in the minutes of the meeting in accordance with regulations, and the Audit Committee members attending the meeting shall sign on the minutes.

The terms of reference of the Audit Committee shall be formulated by the Board.

The Strategy Committee, Nomination Committee, Remuneration and Appraisal Committee and other special committees set up by the Board of Directors of the Company. The proposals of special committees shall be submitted to the Board of Directors for consideration and approval. The terms of reference of special committees shall be formulated by the Board.



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The Nomination Committee is responsible for formulating the selection criteria and procedures for Directors and senior management, selecting and reviewing the candidates for Directors and senior management and their qualifications, as well as making recommendations to the Board of Directors on the following matters:

(i) nomination, appointment and removal of Directors;

(ii) appointment or dismissal of senior management;

(iii) developing and implementing the board diversity policy, as well as ensuring regular reviews of board diversity;

(iv) other matters stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are [**REDACTED**], the Articles of Association and the terms of references formulated by the Board.

If the Board of Directors does not adopt or not fully adopt the recommendations of the Nomination Committee, the opinions of the Nomination Committee and the specific reasons for non-adoption shall be recorded in the resolution of the Board of Directors and disclosed.

The Remuneration and Appraisal Committee is responsible for setting appraisal standards for Directors and senior management and conducting appraisals, formulating and reviewing the remuneration decision mechanisms, decision-making processes, payment and stop-payment recourse arrangements and other remuneration policies and proposals for Directors and senior management, and making recommendations to the Board of Directors on:

(i) the remuneration of Directors and senior management;

(ii) formulation or modification of stock incentive plans and employee stocks plans, achievement of conditions for granting benefits and exercising rights of incentive participants;

(iii) the arrangement of stock ownership plans for subsidiaries to be spun-off by the Directors and senior management;

(iv) other matters as required by laws, administrative regulations, securities regulatory rules of the places where the Company's shares are [**REDACTED**], the Articles of Association and the working rules formulated by the Board of Directors.

If the Board of Directors fails to adopt or fully adopt the recommendations of the Remuneration and Appraisal Committee, it shall record the opinions of the Remuneration and Appraisal Committee and the specific reasons for the failure in a resolution of the Board of Directors and disclose such matter.



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The Strategy Committee is tasked with conducting research and providing recommendations regarding the company's long-term development strategy and planning, as well as addressing other matters authorized by the Board of Directors.

## SENIOR MANAGEMENT

The Company shall have one general manager, who shall be appointed or dismissed at the decision of the Board of Directors.

The Company shall have several Vice general managers, who shall be appointed or dismissed at the decision of the Board of Directors.

The general manager, the Vice general manager, the financial officer-in-charge, and the secretary to the Board are senior management personnel of the company.

The Vice general manager and the financial officer-in-charge shall be nominated by the general manager, and the secretary to the Board shall be nominated by the chairman of the Board, all of whom shall be appointed or dismissed by the Board of Directors.

## FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

### Financial Accounting System

The Company shall formulate its financial accounting system in accordance with the laws, administrative regulations, relevant national department.

The Company shall not maintain any accounting books other than the statutory ones. The Company's assets shall not be deposited or stored in any account opened in any individual's name.

### Profit Distribution

When distributing the after-tax profits of the current year, the Company shall appropriate 10% of the profits to the Company's statutory surplus reserve. If the accumulated amount of the Company's statutory surplus reserve exceeds 50% of its registered capital, no further appropriation may be made.

If the Company's statutory surplus reserve is insufficient to cover the losses of previous years, the Company shall first use the current year's profits to cover the losses before any appropriation of the statutory surplus reserve as stipulated above.

After the Company has appropriated its statutory surplus reserve from the profits after tax, it may, upon a resolution of the general meeting, appropriate a discretionary surplus reserve from the profits after tax.



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The after-tax profits remaining after the Company has covered its losses and appropriated its surplus reserves shall be distributed in proportion to the number of shares held by the shareholders, except as otherwise provided by laws and regulations, the laws and regulations of the place where the Company's shares are [**REDACTED**], or the Articles of Association.

In the event that a general meeting violates the Articles of Association by distributing profits to shareholders, the shareholders shall refund the profits distributed in breach of the regulations to the Company.

The shares held by the Company in itself shall not participate in the distribution of profits.

The Company's surplus reserve shall be used to cover the Company's losses, expand the Company's production and operations, or increase its registered capital. When the statutory surplus reserve is converted into registered capital, the retained balance of such surplus reserve shall not be less than 25% of the Company's registered capital before the conversion.

**Internal Audit**

The Company shall implement an internal audit system, appoint dedicated audit personnel, and conduct internal audit supervision over the Company's financial revenues and expenditures as well as economic activities. The internal audit system of the Company and the responsibilities of the audit personnel shall be implemented after approval by the Board of Directors. The head of the internal audit department shall be accountable to and report work to the Board of Directors.

**Engagement of an Accounting Firm**

The Company shall engage an accounting firm that complies with laws and regulations and securities regulatory rules of the place where the Company's shares are [**REDACTED**], to conduct audit of financial statements, verification of net assets, and other related consultancy services. The term of engagement shall be one year, and the engagement may be renewed.

The engagement or dismissal of an accounting firm by the Company shall be decided by the general meeting, and the Board of Directors shall not appoint an accounting firm prior to the decision of the general meeting.

The Company shall ensure that the accounting vouchers, accounting books, financial accounting reports, and other accounting materials provided to the engaged accounting firm are true and complete, and shall not refuse delivery, or conceal or misrepresent them.

The audit fees of the accounting firm shall be determined by the general meeting.



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When the Company terminates or does not renew the engagement of an accounting firm, it shall notify the accounting firm 30 days in advance. When the general meeting votes on the dismissal of an accounting firm, the accounting firm shall be allowed to present its opinions.

If an accounting firm proposes to resign, it shall explain to the general meeting whether there are any irregularities in the Company.

**NOTICE AND ANNOUNCEMENT**

The company's notices shall be issued in the following forms:

(i) delivered by a special messenger;

(ii) sent by mail;

(iii) sent by fax;

(iv) sent by email;

(v) subject to compliance with all applicable laws, regulations, and the securities regulatory requirements of the [**REDACTED**] where the Company's shares are [**REDACTED**], the announcement will be published on the Company's official website and the designated website of [**REDACTED**].;

(vi) other forms recognized by the relevant regulatory authorities of the [**REDACTED**] where the company's stocks are [**REDACTED**] or as stipulated in these articles of association.

For the notices issued by the company in the form of a public notice, once the notice is announced, it shall be deemed that all relevant persons have received the notice.

**MERGER, DIVISION, INCREASE AND REDUCTION OF CAPITAL, DISSOLUTION, AND LIQUIDATION**

**Merger, Division, Increase and Reduction of Capital**

Merger of companies can be by absorption or by establishment of a new entity.

If one company absorbs another company, it is a merger by absorption, and the absorbed companies shall be dissolved. If two or more companies merge to form a new company, it is a merger by creation, and all merging parties shall be dissolved.



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In the event of a merger of companies, the merging parties shall enter into a merger agreement and compile a balance sheet and a checklist of assets. The Company shall notify its creditors of the merger within 10 days from the date of the resolution on the merger and make an announcement in newspapers within 30 days. Within 30 days from the date of receipt of the notice, or within 45 days from the date of the announcement if the notice has not been received, the creditors may request the Company to settle the debts or provide corresponding guarantees.

When the Company involves a merger, the claims of debts and liabilities of the merging parties shall be inherited by the surviving company or the newly established company after the merger.

When the Company is divided, its assets shall be divided accordingly.

When the Company is divided, the parties involved shall enter into a division agreement and compile a balance sheet and a checklist of assets. The Company shall notify its creditors within 10 days from the date of the resolution on the division and announce it within 30 days.

When the Company is merged or divided, and there is a change in the registration, it shall lawfully apply for a change of registration with the company registration authority. If the company is dissolved, it shall lawfully apply for cancellation of registration. If a new company is established, it shall lawfully apply for registration of establishment.

When the Company increases or decreases its registered capital, it shall lawfully apply for a change of registration with the company registration authority.

**Dissolution and Liquidation**

The Company shall be dissolved for the following reasons:

(i) the business term stipulated in these Articles of Association expires or other dissolution events stipulated in these Articles of Association occur;

(ii) resolution of the general meeting to dissolve;

(iii) dissolution is required due to the Company's merger or division;

(iv) the business license is revoked by law, the Company is ordered to be closed down or revoked; and

(v) the Company's operations and management encounter serious difficulties, and its continued existence would cause significant losses to the shareholders' interests, which cannot be resolved through other means. A shareholder holding more than 10% of the total voting rights of all shareholders of the Company may request the People's Court to dissolve the Company.



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If the Company is dissolved due to the occurrence of the events mentioned in (i), (ii), (iv), or (v) above, a liquidation group shall commence liquidation within 15 days from the occurrence of the dissolution event. The liquidation group shall be composed of directors or other people selected by the general meeting.

The liquidation group shall notify the creditors within 10 days from the date of its establishment and shall announce it in the newspaper within 60 days. Creditors shall declare their claims to the liquidation group within 30 days from the date of receiving the notice, and those who have not received the notice may declare their claims within 45 days from the date of the announcement.

When declaring claims, creditors shall specify the relevant matters of the claims and provide proof. The liquidation group shall register the claims.

During the period for declaration of claims, the liquidation group shall not make repayments to the creditors.

After the liquidation group has liquidated the Company's assets, compiled a balance sheet, and an inventory of assets, it shall formulate a liquidation plan and submit it to the general meeting or the People's Court for confirmation. During the liquidation period, the Company shall continue to exist but shall not engage in any business activities unrelated to the liquidation. The Company's assets shall not be distributed to the shareholders before the claims are settled in accordance with the provisions of the preceding paragraph.

If the liquidation group discovers, after liquidating the Company's assets, compiling a balance sheet, and an inventory of assets, that the Company's assets are insufficient to repay its debts, it shall apply to the People's Court for bankruptcy declaration in accordance with the law. After the People's Court accepts the bankruptcy application, the liquidation group shall transfer the liquidation matters to the People's Court.

After the Company's liquidation is completed, the liquidation group shall prepare a liquidation report, submit it to the general meeting or the People's Court for confirmation, and file it with the company registration authority to apply for the cancellation of the Company's registration and announce the termination of the Company.

If the Company is declared bankrupt by law, it shall be liquidated in accordance with the relevant laws on enterprise bankruptcy.



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**Amendment of the Articles of Association**

The Company shall amend its Articles of Association under any of the following circumstances:

(i) after the amendment of the Company Law or relevant laws, administrative regulations, or the laws and regulations of the place where the Company's shares are [**REDACTED**], and the provisions of the Articles of Association conflict with the amended laws, administrative regulations, or the laws and regulations of the place where the Company's shares are [**REDACTED**];

(ii) changes in the Company's situation that are inconsistent with the matters recorded in the Articles of Association; and

(iii) resolution of the general meeting to amend the Articles of Association.

The matters of amendment to the Articles of Association passed by the general meeting shall be approved by the competent authority if required; if they involve matters of company registration, the change of registration shall be handled in accordance with the law.

The Board of Directors shall amend this Articles of Association in accordance with the resolution of the general meeting on the amendment of the Articles of Association and the approval opinions of the competent authorities.



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## A. FURTHER INFORMATION ABOUT OUR COMPANY

### 1. Incorporation

The predecessor of our Company was incorporated under the laws of the PRC as a limited liability company on December 23, 2005 and named as Tianjin Wangyuan Environmental Protection & Technology Co., Ltd. (天津望圓環保科技有限公司). On December 31, 2021, we were converted from a limited liability company into a joint stock limited liability company in accordance with applicable PRC laws and regulations under the name of WYBOTICS Co.,LTD (天津望圓智能科技股份有限公司). Our registered address is at No. 30, 4th Zhong Nan Street, Tianjin Economic-Technological Development Area, Tianjin, PRC. A summary of our Articles is set out in "Appendix V—Summary of Articles of Association of the Company" to this document. As at the date of this document, our Company's head office is located at No. 30, 4th Zhong Nan Street, Tianjin Economic-Technological Development Area, Tianjin, the PRC.

Our Company has established a principal place of business in Hong Kong at Room 1920, 19th Floor, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on June 9, 2025. Ms. Tang Ka Yan, one of our joint company secretaries, has been appointed as our authorized representatives for the acceptance of service of process and notices in Hong Kong. The address for service of process in Hong Kong is at Room 1920, 19th Floor, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

### 2. Changes in Share Capital of Our Company

When our Company was converted into a joint stock liability company with limited liability under the PRC Company Law, our initial registered capital was RMB57,000,000, divided into 57,000,000, Shares with a nominal value of RMB1.00 each.

On September 19, 2025, the share capital of our Company increased from RMB57,000,000 to RMB62,523,409, comparing ordinary Shares with a nominal value of RMB1.00 each.

Upon completion of the [**REDACTED**] and [**REDACTED**], the registered share capital of our Company will increase to (i) [**REDACTED**], comprising [**REDACTED**] and [**REDACTED**] Unlisted Shares, assuming the [**REDACTED**] is not exercised; and (ii) [**REDACTED**] comprising [**REDACTED**] and [**REDACTED**] Unlisted Shares, assuming the [**REDACTED**] is exercised.

Save as disclosed above and in the section headed "History, Development and Corporate Structure", there has been no alteration in our share capital and no redemption, repurchase or sale of any of our share capital two years immediately preceding the date of this document.



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## 3. Changes in the Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our principal subsidiaries are set out in Note 1 to the Accountants' Report as set out in Appendix I to this document.

The following sets out the changes in the share capital of our subsidiaries within the two years immediately preceding the date of this document:

***(a) Wybotics Logistik GmbH***

On October 25, 2024, Wybotics Logistik GmbH was incorporated with an authorized capital of EUR25,000.

***(b) Tianjin Chuxiao Technology Co., Ltd. (天津初曉技術有限公司)***

On November 12, 2024, Tianjin Chuxiao Technology Co., Ltd. was incorporated with an authorized capital of RMB100,000.

***(c) Tianjin Jianxing Trading Co., Ltd. (天津簡行貿易有限公司)***

On March 20, 2025, Tianjin Jianxing Trading Co., Ltd. was incorporated with an authorized capital of RMB100,000.

Save as disclosed above, there has been no alteration in the share capital of any of the principal operating entities of the Company within the two years immediately preceding the date of this document.

## 4. Resolutions of Our Shareholders in Relation to the [REDACTED]

At the extraordinary general meeting of the Shareholders held on September 19, 2025, the following resolutions, among other things, were duly passed:

(a) the issue by the Company of H shares with a nominal value of RMB1.00 each and such [**REDACTED**] be [**REDACTED**] on the [**REDACTED**];

(b) the number of [**REDACTED**] to be [**REDACTED**] shall be up to [**REDACTED**]% of the number of total issued Shares upon the completion of the [**REDACTED**], assuming no exercise of the [**REDACTED**], and the grant of the [**REDACTED**] in respect of no more than [**REDACTED**]% of the number of [**REDACTED**] pursuant to the [**REDACTED**];



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(c) subject to the filing with CSRC is completed, upon completion of the [**REDACTED**], [**REDACTED**] will be [**REDACTED**] into [**REDACTED**] on a one-for-one basis;

(d) authorization of the Board or its authorized individual to handle all matters relating to, among other things, the [**REDACTED**], the [**REDACTED**] and the [**REDACTED**]; and

(e) subject to the completion of the [**REDACTED**], the conditional adoption of the revised Articles of Association, which shall become effective on the [**REDACTED**]; and the authorization of the Board to amend the Articles of Association in accordance with relevant laws and regulations and upon the request from the Stock Exchange and relevant PRC regulatory authorities.

## B. FURTHER INFORMATION ABOUT OUR BUSINESS

### 1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) has been entered into by us within the two years preceding the date of this document and are or may be material:

(a) the [**REDACTED**]; and

(b) [●]

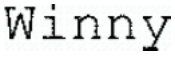
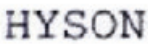
### 2. Our Material Intellectual Property Rights

#### *(a) Trademarks*

| No. | Trademark | Place of Registration | Registration No. | Registration Owner | Class | Expiry Date |
|---|---|---|---|---|---|---|
| 1. . . . |   | PRC | 65264067 | The Company | 35 | December 13, 2032 |
| 2. . . . |  | PRC | 65242092 | The Company | 35 | December 6, 2032 |
| 3. . . . | 望圆 | PRC | 65256188 | The Company | 7 | December 6, 2032 |
| 4. . . . | 望圆 | PRC | 65242096 | The Company | 9 | November 27, 2032 |



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| No. | Trademark | Place of Registration | Registration No. | Registration Owner | Class | Expiry Date |
|---|---|---|---|---|---|---|
| 5. . . . |  | PRC | 60992767 | The Company | 7 | September 27, 2032 |
| 6. . . . |  | PRC | 53034460 | The Company | 7 | August 20, 2031 |
| 7. . . . |  | PRC | 53022895 | The Company | 9 | August 27, 2031 |
| 8. . . . |  | PRC | 48465689 | The Company | 7 | April 6, 2031 |
| 9. . . . |  | PRC | 6858410 | The Company | 11 | July 13, 2030 |
| 10. . . |  | PRC | 65268229 | The Company | 9 | February 20, 2033 |
| 11. . . |  | PRC | 70805440 | The Company | 9 | October 6, 2033 |
| 12. . . |  | PRC | 70813179 | The Company | 35 | October 6, 2033 |
| 13. . . |  | PRC | 70799996 | The Company | 7 | October 6, 2033 |
| 14. . . |  | US | 6027725 | The Company | 7 | April 7, 2030 |
| 15. . . |  | EU | 018383380 | The Company | 7 and 9 | January 27, 2031 |
| 16. . . |  | UK | UK00003585345 | The Company | 7 and 9 | January 27, 2031 |
| 17. . . |  | France | 4785287 | The Company | 6 and 7 | July 15, 2031 |
| 18. . . |  | France | 4785629 | The Company | 6, 7, 8 and 9 | July 16, 2031 |
| 19. . . |  | EU | 018696391 | The Company | 7 | April 30, 2032 |
| 20. . . |  | EU | 4639730 | The Company | 7 | April 16, 2030 |
| 21. . . |  | EU | 4640103 | The Company | 7 | April 18, 2030 |
| 22. . . |  | EU | 4640105 | The Company | 7 | April 18, 2030 |



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| No. | Trademark | Place of Registration | Registration No. | Registration Owner | Class | Expiry Date |
|---|---|---|---|---|---|---|
| 23. . . | Bugson | EU | 4640335 | The Company | 7 | April 20, 2030 |
| 24. . . | Opson | EU | 4640334 | The Company | 7 | April 20, 2030 |
| 25. . . | Mia | EU | 4643253 | The Company | 7 | April 29, 2030 |
| 26. . . | Raptor | EU | 4643279 | The Company | 7 | April 29, 2030 |
| 27. . . | Falcon | EU | 4643265 | The Company | 7 | April 29, 2030 |
| 28. . . | Naia | EU | 4643270 | The Company | 7 | April 29, 2030 |
| 29. . . | Saphir | EU | 4643425 | The Company | 7 | April 30, 2030 |
| 30. . . | JIBSON | EU | 4760273 | The Company | 7 | April 27, 2031 |
| 31. . . | WYBOTICS | EU | 018773830 | The Company | 7 and 9 | October 9, 2032 |
| 32. . . | WYBOTICS | UK | UK00003837109 | The Company | 7 and 9 | October 9, 2032 |
| 33. . . | WYBOT | US | 7050488 | The Company | 7 | May 9, 2033 |
| 34. . . | WYBOTICS | Canada | 1165976 | The Company | 7 | February 15, 2033 |
| 35. . . | WYBOT | EU | 018655687 | The Company | 7 | February 16, 2032 |
| 36. . . | winny Pool Cleaner | UK | UK00003777719 | The Company | 6 and 7 | April 14, 2032 |
| 37. . . | WYROBOT | UK | UK00003783229 | The Company | 7 | April 30, 2032 |
| 38. . . | winny Pool Cleaner | EU | 018687976 | The Company | 6 and 7 | April 14, 2032 |
| 39. . . | WYBOTICS | Hong Kong | 306616198 | The Company | 7 | July 17, 2034 |
| 40. . . | WYBOT | Hong Kong | 306616215 | The Company | 7 | July 17, 2034 |
| 41. . . | | Hong Kong | 306616189 | The Company | 7 | July 17, 2034 |



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***(b) Patents***

*(i) Registered patents*

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following patents which we consider to be or may be material to our business:

| No. | Patent | Patentee | Place of Registration | Patent Number | Application Date | Expiry Date |
|---|---|---|---|---|---|---|
| 1. . . | Automatic swimming pool cleaning machine with easy-to-clean filter system (具易清理過濾系統的泳池自動清潔機) | The Company | PRC | 201410209771.1 | May 9, 2014 | May 9, 2034 |
| 2. . . | Intelligent automatic swimming pool cleaning machine (智能型泳池自動清潔機) | The Company | PRC | 201210420787.8 | October 30, 2012 | October 30, 2032 |
| 3. . . | Cableless remote control floating power automatic swimming pool cleaning machine (無纜遙控漂浮電源泳池自動清潔機) | The Company | PRC | 200910224036.7 | November 30, 2009 | November 30, 2029 |
| 4. . . | Cableless remote control suspended power automatic swimming pool cleaning machine (無纜遙控懸浮電源泳池自動清潔機) | The Company | PRC | 200910224035.2 | November 30, 2009 | November 30, 2029 |
| 5. . . | Remote controlled orderly swimming pool cleaning robot and its orderly cleaning method thereof (遙控有序泳池清潔機器人及其有序清洗方法) | The Company | PRC | 200910008604.X | February 5, 2009 | February 5, 2029 |
| 6. . . | Cableless remote control self-contained power automatic swimming pool cleaning machine (無纜遙控自容式電源泳池自動清潔機) | The Company | PRC | 200910224034.8 | November 30, 2009 | November 30, 2029 |
| 7. . . | A pool bottom hydro-powered automatic cleaner (一種泳池池底水力推動自動清潔機) | The Company | PRC | 200910177497.3 | September 30, 2009 | September 30, 2029 |



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| No. | Patent | Patentee | Place of Registration | Patent Number | Application Date | Expiry Date |
|---|---|---|---|---|---|---|
| 8. . . | Automatic swimming pool cleaning robot with automated pool entry and exit intelligent movement device (自動泳池清潔機器人自動進出泳池移動智能輔助裝置) | The Company | PRC | 201910343646.2 | April 26, 2019 | April 26, 2039 |
| 9. . . | Wall contact detection device of swimming pool cleaning machine (泳池清潔機的觸壁檢測裝置) | The Company | PRC | 201810397918.2 | April 28, 2018 | April 28, 2038 |
| 10. . | A Mechanical reversing contact obstacle detection mechanism of pool cleaning machine (一種水池清潔機機械換向觸壁檢測機構) | The Company | PRC | 201910368697.0 | May 5, 2019 | May 5, 2039 |
| 11. . | OBSTACLE DETECTION DEVICE FOR SWIMMING POOL CLEANING MACHINE | The Company | EP | EP3626912 | March 26, 2019 | March 26, 2039 |
| 12. . | AUTOMATIC CLEANING MACHINE WITH A HYDRAULIC DRIVE JAW TYPE CLUTCH IMPELLER COMBINATION | The Company | EP | EP2484847 | June 29, 2010 | June 29, 2030 |
| 13. . | Hydraulic Driven Jaw-type Clutch Impeller Combination And Swimming Pool Bottom Hydraulic Pushed Automatic Cleaner Comprising Same | The Company | Australia | AU2010302872 | June 29, 2010 | June 29, 2030 |
| 14. . | Hydraulic Driven Jaw-type Clutch Impeller Combination And Swimming Pool Bottom Hydraulic Pushed Automatic Cleaner Comprising Same | The Company | US | US8555445 | June 29, 2010 | June 29, 2030 |



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| No. | Patent | Patentee | Place of Registration | Patent Number | Application Date | Expiry Date |
|---|---|---|---|---|---|---|
| 15. . | MECHANISM FOR DETECTING OBSTACLES AND MECHANICALLY REVERSING A DIRECTION OF A POOL CLEANER | The Company | US | US11761225 | February 21, 2020 | October 7, 2040 |
| 16. . | OBSTACLE TOUCHING DETECTING DEVICE OF SWIMMING POOL CLEANER | The Company | Canada | CA3096929 | March 26, 2019 | March 26, 2039 |
| 17. . | Mechanism For Detecting Obstacles And Mechanically Reversing A Direction Of A Pool Cleaner | The Company | EP | EP3835515 | February 21, 2020 | February 21, 2040 |
| 18. . | Underwater sewage suction machine | The Company | EP | EP3943688 | June 26, 2020 | June 26, 2040 |
| 19. . | POOL CLEANER HAVING OBSTACLE DETECTING DEVICE | The Company | US | US12099367 | January 1, 2020 | October 21, 2040 |
| 20. . | UNDERWATER DEBRIS SUCTION APPARATUS | The Company | US | US12270223 | June 26, 2020 | May 1, 2042 |
| 21. . | A filtering device, a swimming pool cleaner comprising the filtering device (一種過濾裝置及含有過濾裝置的泳池清潔機) | The Company | PRC | 202222123551X | August 12, 2022 | August 12, 2032 |
| 22. . | A water surface cleaning robot (水面清潔機器人) | The Company | PRC | 202323211681X | November 27, 2023 | November 27, 2033 |
| 23. . | A wall contact detection device for a swimming pool cleaner (泳池清潔機的觸壁檢測裝置) | The Company | PRC | 2018103979182 | April 28, 2018 | April 28, 2038 |
| 24. . | A mechanical reversing wall contact detection mechanism for a pool cleaner (一種水池清潔機機械換向觸壁檢測機構) | The Company | PRC | 2019103686970 | May 5, 2019 | May 5, 2039 |
| 25. . | An Underwater Cleaning Device (一種水下清潔裝置) | The Company | PRC | 202422215764.4 | November 3, 2013 | November 3, 2033 |
| 26. . | Pool cleaning system (水池清潔系統) | The Company | PRC | 202422623208.0 | October 29, 2024 | October 29, 2034 |
| 27. . | Pool cleaning system (水池清潔系統) | The Company | PRC | 202420997215.4 | May 9, 2024 | May 9, 2034 |



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*(ii) Pending Patents*

| No. | Patent | Patentee | Place of Registration | Application number | Type | Application date |
|---|---|---|---|---|---|---|
| 1. . . | Pool cleaning and collection system (水池清潔回收系統) | The Company | PRC | 2025205640169 | utility model | March 28, 2025 |
| 2. . . | Pool cleaning system (水池清潔系統) | The Company | PRC | 202411522053X | invention | October 29, 2024 |
| 3. . . | Filtering device and pool cleaning robotic system (過濾裝置及水池清潔機器人系統) | The Company | PRC | 202520760932X | utility model | April 21, 2025 |
| 4. . . | Underwater cleaning machine (水下清潔機) | The Company | PRC | 2025207635428 | utility model | April 21, 2025 |
| 5. . . | A filtering device, pool cleaner, and pool cleaning system (一種過濾裝置、水池清潔機器人及水池清潔系統) | The Company | PRC | 2025211071076 | utility model | May 20, 2025 |
| 6. . . | A pool cleaning system (一種水池清潔系統) | The Company | PRC | 202521204960X | utility model | June 12, 2025 |
| 7. . . | Control Method and Apparatus for a Pool Cleaning Robot (泳池清潔機器人的控制方法及裝置) | The Company | PRC | 2026101166670 | invention | January 28, 2026 |
| 8. . . | Control Method for a Pool Cleaning Robot (泳池清潔機器人的控制方法) | The Company | PRC | 2026101164957 | invention | January 28, 2026 |

As of the Latest Practicable Date, we had applied for the registration of the following patents which we consider to be or may be material to our business.



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*(c) Copyrights*

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following copyrights which we consider to be or may be material to our business:

| No. | Name | Copyright Owner | Place of Registration | Registration No. | Date of Registration | Date of Publication |
|---|---|---|---|---|---|---|
| 1. . . | Swimming pool cleaning robot Bluetooth remote control Android version client end application software (Abbreviation: Swimming pool cleaning robot remote control software (Android)) V1.0.0 (泳池清潔機器人藍牙遙控Android 版客戶終端應用軟件(簡稱:泳池清潔機器人遙控軟件(Android))V1.0.0) | The Company | PRC | 2020SR0341879 | April 17, 2020 | July 3, 2019 |
| 2. . . | Swimming pool cleaning robot Bluetooth remote control iOS version client end application software (Abbreviation: Swimming pool cleaning robot remote control software (ios version)) V1.0.0 (泳池清潔機器人藍牙遙控ios版客戶終端應用軟件(簡稱:泳池清潔機器人遙控軟件(ios版))V1.0.0) | The Company | PRC | 2020SR0345816 | April 20, 2020 | July 5, 2019 |



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| No. | Name | Copyright Owner | Place of Registration | Registration No. | Date of Registration | Date of Publication |
|---|---|---|---|---|---|---|
| 3. . . | Single-point calibration algorithm software for swimming pool cleaning electromechanical parameters (Abbreviation: Swimming pool cleaning machine single-point calibration algorithm software) V1.0.0 (泳池清潔機電參數單點標定算法軟件(簡稱:泳池清潔機單點標定算法軟件)V1.0.0) | The Company | PRC | 2020SR1250470 | November 4, 2020 | July 12, 2020 |
| 4. . . | Automatic swimming pool cleaning machine system with water quality management parameter measurement function (Abbreviation: Water quality management swimming pool automatic cleaning machine system) V1.0.0 (具有水質管理參數測量功能的泳池自動清潔機系統(簡稱:水質管理泳池自動清潔機系統)V1.0.0) | The Company | PRC | 2020SR1249132 | November 2, 2020 | August 14, 2020 |
| 5. . . | Automatic swimming pool cleaning machine water automatic alarm system V1.0 (泳池自動清潔機出水自動報警系統V1.0) | The Company | PRC | 2018SR618666 | August 6, 2018 | December 20, 2017 |



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| No. | Name | Copyright Owner | Place of Registration | Registration No. | Date of Registration | Date of Publication |
|---|---|---|---|---|---|---|
| 6. . . | Swimming pool bottom cleaning robot system with path planning algorithm (Abbreviation: Path planning swimming pool bottom cleaning robot system) V1.0.0 (具有路徑規劃算法的泳池池底清潔機器人系統(簡稱:路徑規劃泳池池底清潔機器人系統)V1.0.0) | The Company | PRC | 2020SR1250527 | November 4, 2020 | March 9, 2019 |
| 7. . . | New intelligent control algorithm software for automatic swimming pool cleaning robots (Abbreviation: New intelligent control algorithm for automatic swimming pool cleaning robots) V1.0.0.0 (自動泳池清潔機器人新型智能控制算法軟件(簡稱:自動泳池清潔機器人新型智能控制算法)V1.0.0.0) | The Company | PRC | 2020SR1250528 | November 4, 2020 | March 1, 2019 |
| 8. . . | Swimming pool automatic cleaning machine wall-touch current value capture system V1.0 with wall-touch detection algorithm (具觸壁檢測算法的泳池自動清潔機觸壁電流值抓取系統V1.0) | The Company | PRC | 2018SR618300 | August 6, 2018 | December 2, 2017 |
| 9. . . | Swimming pool automatic cleaning robot smartphone control system V1.0 (泳池自動清潔機器人智能手機操控系統V1.0) | The Company | PRC | 2018SR618264 | August 6, 2018 | November 8, 2017 |



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| No. | Name | Copyright Owner | Place of Registration | Registration No. | Date of Registration | Date of Publication |
|---|---|---|---|---|---|---|
| 10. . | WYBOTICS fully automatic single cleaning machine cleaning efficiency evaluation system V1.0 (望圓全自動單體清潔機清潔效率評估系統V1.0) | The Company | PRC | 2018SR618716 | August 6, 2018 | October 18, 2017 |
| 11. . | WYBOTICS fully automatic double body cleaning machine filtration capacity test software V1.0 (望圓全自動雙體清潔機過濾能力測試軟件V1.0) | The Company | PRC | 2018SR618234 | August 6, 2018 | September 26, 2017 |
| 12. . | Water jet propelled swimming pool automatic cleaning machine system with path coverage algorithm (Abbreviation: Path coverage swimming pool automatic cleaning machine system) V1.0.0 (具有路徑覆蓋算法的噴水推進式泳池自動清潔機系統(簡稱:路徑覆蓋泳池自動清潔機系統)V1.0.0) | The Company | PRC | 2020SR1249156 | November 2, 2020 | December 19, 2019 |
| 13. . | Battery-type automatic swimming pool cleaning machine system with intelligent power adjustment function (Abbreviation: Automatic power adjustment swimming pool cleaning machine system) V1.0.0 (具有功率智能調節功能的電池式泳池自動清潔機系統(簡稱:功率智能調節泳池自動清潔機系統)V1.0.0) | The Company | PRC | 2020SR0679582 | June 28, 2020 | December 19, 2019 |



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| No. | Name | Copyright Owner | Place of Registration | Registration No. | Date of Registration | Date of Publication |
|---|---|---|---|---|---|---|
| 14. . | WYBOT software (Abbreviation: WYBOT) V1.0.0) (WYBOT軟件(簡稱WYBOT)V1.0.0) | The Company | PRC | 2023SR0552105 | May 18, 2023 | February 15, 2023 |

***(d) Domain Names***

As of the Latest Practicable Date, we have registered the following domain name that we consider to be or may be material to our business:

| No. | Domain Name | Registrant | Expiry Date |
|---|---|---|---|
| 1.. . . | www.wybotics.com | the Company | January 3, 2027 |
| 2.. . . | www.wybotpool.com | the Company | March 5, 2027 |
| 3.. . . | www.wyindustry.com | the Company | November 3, 2026 |
| 4.. . . | www.eu.wybotpool.com | the Company | March 5, 2027 |
| | www.winnypoolcleaner.com | the Company | October 1, 2026 |

Save as disclosed above, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our business.

***(e) Copyrights of works of fine art***

As of the Latest Practicable Date, we have registered the following copyrights of fine art which are material to our business:

| No. | Copyright of work of fine art | Registration number | Copyright Owner | Date of Registration |
|---|---|---|---|---|
| 1.. . . | Logo of Wanyuan (望圓LOGO) | 2022-F-00143087 | The Company | July 1, 2022 |
| 2.. . . | WYBOT Design (WYBOT設計圖) | 2024-F-00181214 | The Company | June 27, 2024 |
| 3.. . . | O Design (O設計圖) | 2024-F-00181213 | The Company | June 27, 2024 |



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## C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

### 1. Particulars of Directors' Service Contracts and Letters of Appointment

#### *(a) Executive Directors*

Each of Ms. Fu, Mr. Yu, Li Hui and Cen Pu, being our executive Directors, [has entered into] a service contract with our Company. The service contracts may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations.

#### *(b) Non-executive Directors*

Each of Wang Shouwen and Cai Guoqing, being our non-executive Directors, [has entered into] a letter of appointment with our Company. The letters of appointment may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations.

#### *(c) Independent non-executive Directors*

Each of Duan Yong, Wang Lianen and Xu Jiayuan, being our independent non-executive Directors, [has entered into] a letter of appointment with our Company. The letters of appointment may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations.

Save as disclosed above, none of our Directors has entered, or has proposed to enter, a service contract with any member of the Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

### 2. Remuneration of Directors

The aggregate emoluments (including fees, salaries, contribution to pension schemes, housing allowances, other allowances and benefits-in-kind and discretionary bonuses) paid to our Directors for the three years ended December 31, 2023, 2024 and 2025, were RMB3.44 million, RMB3.37 million and RMB4.34 million, respectively.

Based on the arrangements in force as of the Latest Practicable Date, it is estimated that the total remuneration paid to the Directors for the year ending December 31, 2026 will be approximately RMB2.94 million.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, former



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Directors or the five highest-paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any members of our Group. Furthermore, none of the Directors had waived agreed to waive any emoluments during the same periods.

Save as disclosed above, no other payments have been made or are payable in respect of the three years ended December 31, 2023, 2024 and 2025, by any member of our Group to any of our Directors.

## 3. Disclosure of interests

***Disclosure of interests of Directors and chief executive of our Company***

Immediately following the completion of the [**REDACTED**] and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the interest or short position of our Directors or chief executives of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Hong Kong Stock Exchange, once the Shares are [**REDACTED**] will be as follows:

*(i) Interests in our Company*

| | | | Shares held immediately following the completion of the [REDACTED] and [REDACTED] (assuming the [REDACTED] is not exercised) | | |
|---|---|---|---|---|---|
| | **Nature of interest** | **Description of Shares** | **Number of Shares[1]** | **Percentage of shareholding in our Unlisted Shares/ H Shares** | **Percentage of shareholding in our total issued share capital** |
| Ms. Fu . . . . . | Beneficial owner | Unlisted Shares | [REDACTED] | [REDACTED]% | [REDACTED]% |
| | | H Shares | [REDACTED] | [REDACTED] | [REDACTED] |
| | Interest in a controlled corporation[3] | Unlisted Shares | [REDACTED] | [REDACTED]% | [REDACTED]% |
| | | H Shares | [REDACTED] | [REDACTED] | [REDACTED] |
| | Interest in a controlled corporation[4] | Unlisted Shares | [REDACTED] | [REDACTED]% | [REDACTED]% |
| | | H Shares | [REDACTED] | [REDACTED] | [REDACTED] |
| | Interest in a controlled corporation[5] | Unlisted Shares | [REDACTED] | [REDACTED]% | [REDACTED]% |
| | | H Shares | [REDACTED] | [REDACTED] | [REDACTED] |



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| | | | Shares held immediately following the completion of the [REDACTED] and [REDACTED] (assuming the [REDACTED] is not exercised) | | |
|---|---|---|---|---|---|
| | Nature of interest | Description of Shares | Number of Shares[1] | Percentage of shareholding in our Unlisted Shares/ H Shares | Percentage of shareholding in our total issued share capital |
| | Interest in a controlled corporation[6] | Unlisted Shares | [REDACTED] | [REDACTED]% | [REDACTED]% |
| | | H Shares | [REDACTED] | [REDACTED] | [REDACTED] |
| Mr. Yu Jincheng[2] . . | Interest of spouse | Unlisted Shares | [REDACTED] | [REDACTED]% | [REDACTED]% |
| | | H Shares | [REDACTED] | [REDACTED] | [REDACTED] |
| Mr. Yu . . . . . | Beneficial owner | Unlisted Shares | [REDACTED] | [REDACTED]% | [REDACTED]% |
| | | H Shares | [REDACTED] | [REDACTED] | [REDACTED] |
| | Interest in a controlled corporation[3] | Unlisted Shares | [REDACTED] | [REDACTED]% | [REDACTED]% |
| | | H Shares | [REDACTED] | [REDACTED] | [REDACTED] |
| | Interest in a controlled corporation[4] | Unlisted Shares | [REDACTED] | [REDACTED]% | [REDACTED]% |
| | | H Shares | [REDACTED] | [REDACTED] | [REDACTED] |

(1) All interests stated are long positions.

(2) Mr. Yu Jincheng is the spouse of Ms. Fu. Accordingly, they are deemed to be interested in the same number of Shares of each other for the purpose of the SFO.

(3) Tianjin Zhuhui is controlled by Ms. Fu and Mr. Yu as of the Latest Practicable Date. Ms. Fu and Mr. Yu are therefore deemed to be interested in the Shares held by Tianjin Zhuhui under the SFO.

(4) Tianjin Wangyuan is controlled by Ms. Fu and Mr. Yu as of the Latest Practicable Date. Ms. Fu and Mr. Yu are therefore deemed to be interested in the Shares held by Tianjin Wangyuan under the SFO.

(5) Ms. Fu is the sole general partner of Tianjin Wangyuan LP and is therefore deemed to be interest in the Shares held by Tianjin Wangyuan LP under the SFO.

(6) Ms. Fu is the sole general partner of Tianjin Kanfang LP and is therefore deemed to be interest in the Shares held by Tianjin Kanfang LP under the SFO.

***Disclosure of interests of substantial shareholders***

Save as disclosed in the section headed "Substantial Shareholders" in this document, our Directors are not aware of any other person who will, immediately following the completion of the [**REDACTED**] and [**REDACTED**], have an interest or short position in the Shares or the underlying Shares which are required to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or directly or indirectly, be interested in 10% of more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of our Company.



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**4. Agency Fees or Commissions Received**

Save as disclosed in the section headed "[**REDACTED**]" in this document, no [**REDACTED**], discounts, brokerages or other special terms were granted within the two years preceding the date of this document in connection with the [**REDACTED**] or sale of any capital or security of any member of our Group.

**5. Disclaimers**

Save as disclosed in this document:

(a) none of our Directors or chief executive of our Company has any interests or short positions in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to our Company and the Hong Kong Stock Exchange, once the Shares are [**REDACTED**] on the Hong Kong Stock Exchange;

(b) so far as is known to any Director or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;

(c) none of our Directors nor any of the persons listed in "— E. Other Information — 5. Qualification of Experts" below is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this document, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(d) none of our Directors nor any of the persons listed in "— E. Other Information — 5. Qualification of Experts" below is materially interested in any contract or arrangement with our Group subsisting at the date of this document which is unusual in its nature or conditions or which is significant in relation to the business of our Group as a whole;



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(e) save in connection with the [**REDACTED**], none of the persons listed in "— E. Other Information — 5. Qualification of Experts" below has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;

(f) none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and

(g) save as contemplated under the [**REDACTED**], none of our Directors, their respective associates (as defined under the Listing Rules), or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in our Company's five largest customers and five largest suppliers.

## D. EMPLOYEE SHARE INCENTIVE PLAN

In recognition of the contributions of our key employees and to incentivize them to further promote our development, we adopted the employee share incentive plan in 2021 and amended and restated in 2025 (the "**Employee Share Incentive Plan**"), to award the partnership interest in our employee share ownership to eligible participants. Since the Employee Share Ownership Plan does not involve any further grant of awards by the Company after the [**REDACTED**], they are not subject to the provisions of Chapter 17 of the Listing Rules. As of the Latest Practicable Date, Tianjin Wangyuan LP and Tianjin Kanfang LP were established as our employee share ownership platforms (the "**Employee Share Ownership Platforms**"), both of which are controlled by the same general partner, Ms. Fu.

The following is a summary of its principal terms.

### *(a) Purposes*

The purpose of the Employee Share Incentive Plan is to establish a long-term incentive mechanism, refine the compensation and evaluation system, attract and retain outstanding management and core talent, and align employee rewards with individual performance to boost enthusiasm. It also aims to enhance corporate governance, foster a value-creation-oriented performance culture, unify Shareholder, Company, and executive interests, and ensure sustainable development and strategic goals.

### *(b) Eligible Participants*

The eligible participants of the Employee Share Incentive Plan include core management, department heads, key backbone staff, and other core employees deemed necessary by the Board, with final confirmation by the Board. They must be employed by the Company or its subsidiaries or branches, with a formal labor relationship established.



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*(c) Administration*

A management committee has been authorized to manage the Employee Share Incentive Plan. It is responsible for drafting, revising, and specifically implementing the Employee Share Incentive Plan, including but not limited to nominating employees who meet the granting qualifications, determining the grant date, the number of grants, proposing the grant price and repurchase price or price adjustment recommendations.

*(d) Total Number of Shares*

A total number of 3,420,000 Shares underlying the Employee Share Incentive Plan were issued to the Employee Share Ownership Platforms, for the purpose of the Employee Share Incentive Plan, representing approximately 5.47% of the total issued share capital of the Company immediately prior to the completion of the [**REDACTED**] and approximately [**REDACTED**]% of the total issued share capital of the Company immediately following the completion of the [**REDACTED**] and the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised). As of the Latest Practicable Date, all Shares subject to the Employee Share Incentive Plan have been granted to and subscribed by 63 participants, and no further Shares will be granted under such scheme following the [**REDACTED**].

*(e) Lock-up Period*

The grantees shall be subject to the following lock-up periods. The lock-up period shall be 48 months from the date of completion of the industrial and commercial change registration until 48 months after [**REDACTED**]. Of this period, the first 12 months after the [**REDACTED**] shall be a sale restriction period, with one-third of the Shares to be released upon the expiration of 12 months from the [**REDACTED**], another one-third of the Shares to be released upon the expiration of 24 months from the [**REDACTED**], and the remaining Shares to be released fully upon the expiration of 36 months from the [**REDACTED**]. The specific arrangements during the lock-up period are as follows. Prior to the [**REDACTED**], unless with the written consent of the general partner of the employee share ownership platforms or upon exit in accordance with the Employee Share Incentive Plan, the grantees shall not sell, transfer, assign, pledge, mortgage, gift, or otherwise dispose of the shares acquired and held under the Employee Share Incentive Plan in any manner. After the [**REDACTED**], the employee share ownership platforms interests held by grantees shall be locked and released within the prescribed period in accordance with relevant laws and regulations, the requirements of the Stock Exchange, and the rules set forth in the Employee Share Incentive Plan.



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### *(f) Details of the Awards Granted*

The table below sets forth the details of the Shares held by the Employee Share Incentive Plan as of the Latest Practicable Date:

| Name | Address | Position | Date of Grant | Number of Shares underlying the Employee Share Incentive Plan[(1)] | Approximate percentage of shareholding immediately following the completion of the [REDACTED] and the [REDACTED] | |
|---|---|---|---|---|---|---|
| | | | | | Assuming the [REDACTED] is not exercised | Assuming the [REDACTED] is fully exercised |
| *Directors and senior management* | | | | | | |
| Ms. Fu | No. 302, Building 5, Gate 5, Cuiweiyuan, Water Park Road, Nankai District, Tianjin PRC | Chairman of the Board, executive Director and chief executive officer | August 31, 2021 | 411,588 | [**REDACTED**]% | [**REDACTED**]% |
| Mr. Yu | 5-3001, Lvyin Mingdi Shuishang East Road, Nankai District, Tianjin PRC | Vice chairman of the Board, executive Director and product director | August 31, 2021 | 2,421 | [**REDACTED**]% | [**REDACTED**]% |
| Li Hui | 7-1-704, Hongcheng Baili Garden, Hedong District, Tianjin PRC | Executive Director, deputy general manager, Board secretary and joint company secretary | August 31, 2021 and April 16, 2025 | 232,278 | [**REDACTED**]% | [**REDACTED**]% |
| Cen Pu | No. 69, Nanhai Road, Binhai New Area, Tianjin PRC | Executive Director, deputy general manager and chief engineer | August 31, 2021 | 116,139 | [**REDACTED**]% | [**REDACTED**]% |
| Zhu Xiao | 21-1-1201, Tianxiang Shuipan Garden, Huanghe Road, Nankai District, Tianjin PRC | Deputy general manager | April 16, 2025 | 116,139 | [**REDACTED**]% | [**REDACTED**]% |



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| Name | Address | Position | Date of Grant | Number of Shares underlying the Employee Share Incentive Plan[1] | Approximate percentage of shareholding immediately following the completion of the [REDACTED] and the [REDACTED] | |
|---|---|---|---|---|---|---|
| | | | | | Assuming the [REDACTED] is not exercised | Assuming the [REDACTED] is fully exercised |
| Shen Jinguo | 2-502, North Building, Zhenzhi Repair Shop, Pingshu Town, Dacheng County, Langfang, Hebei PRC | Deputy general manager | August 31, 2021 | 87,104 | [REDACTED]% | [REDACTED]% |
| Liang Hongfeng | Group 3, Area 1, Taodong Street, Taoshan District, Qitaihe, Heilongjiang PRC | Financial director | April 16, 2025 | 348,416 | [REDACTED]% | [REDACTED]% |
| **Subtotal** | | | | 1,314,085 | [REDACTED]% | [REDACTED]% |
| *Other employees* | | | | | | |
| 56 other persons | No. 30, 4th Zhong Nan Street, Tianjin Economic-Technological Development Area, Tianjin, PRC | Employees | August 31, 2021, April 16, 2025 and August 27, 2025 | 2,105,915 | [REDACTED]% | [REDACTED]% |

*Notes:*

(1) For illustrating the indirect interests of grantees in our Company, the number of Shares is presented and calculated by multiplying their respective percentage of partnership interests in the Employee Share Ownership Platforms by the total number of Shares held by the Employee Share Ownership Platforms.



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## E. OTHER INFORMATION

### 1. Estate Duty

We have been advised that no material liability for estate duty under PRC law is likely to fall upon the Group.

### 2. Litigation

During the Track Record Period and up to the Latest Practicable Date, so far as our Directors are aware, no litigation or claim of material importance (to our Group's financial condition or results of operation) is pending or threatened against any member of our Group.

### 3. Sole Sponsor

The Sole Sponsor has made an [**REDACTED**] on our behalf to the [**REDACTED**] of the Hong Kong [**REDACTED**] for the [**REDACTED**] of, and permission to [**REDACTED**], the [**REDACTED**] in [**REDACTED**] and to be [**REDACTED**] as mentioned in this document. All necessary arrangements have been made enabling the [**REDACTED**] to be admitted into [**REDACTED**].

The Sole Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 3A.07 of the Listing Rules. The sponsor fee payable to the Sole Sponsor in connection with the [**REDACTED**] payable by our Company is RMB4 million in aggregate.

### 4. Compliance Advisor

Our Company has appointed Halcyon Capital Limited as our compliance advisor in compliance with Rule 3A.19 of the Listing Rules.

### 5. Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred material preliminary expenses.

### 6. Promoters

The promoters of our Company are Tianjin Zhuhui, Tianjin Wangyuan, Ms. Fu, Nanjing Runxin, Tianjin Wangyuan LP, Hainan Haisheng, Ms. Fu Yulan, Jiangsu Zijin, Yida No. 2, Mr. Yu, Jiashan Runxin, Tianjin Kanfang LP, Tianjin Shenglin, iFlytek Haihe, Yida Xinhai, Chizhou Dongsheng Yinda, Yiyi Hygiene.

Within the two years immediately preceding the date of this document, no cash, securities or other benefit have been paid, allotted or given or have been proposed to be paid, allotted or given to the above promoters in connection with the [**REDACTED**] or related transactions.



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## 7. Consents of Experts

Each of the experts as referred to in "—11. Qualification of Experts" in this appendix has given and has not withdrawn its consent to the issue of this document with the inclusion of its view, report and/or letter and/or legal opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

Save as disclosed in the section headed "[**REDACTED**]" in this document, none of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to [**REDACTED**] for or to nominate persons to [**REDACTED**] for securities in our Company or any of our subsidiaries.

## 8. Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

## 9. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance on the exemption provided in section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

## 10. Taxation of Holders of H Shares

### *(a) Hong Kong*

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

### *(b) Consultation with Professional Advisors*

Intending holders of the H Shares are recommended to consult their professional tax advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or [**REDACTED**] in the [**REDACTED**]. It is emphasized that none of our Company, our Directors or the other parties involved in the [**REDACTED**] will accept responsibility for any tax effect on, or liabilities of, holders of [**REDACTED**] resulting from their subscription for, purchase, holding or disposal of or [**REDACTED**] in the [**REDACTED**] or exercise of any rights attaching to them.



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## 11. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this document:

| Name | Qualifications |
|---|---|
| China Securities (International) Corporate Finance Company Limited | A licensed corporation to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activity as defined under the SFO |
| Allbright Law Offices | PRC Legal Advisors |
| China Insights Industry Consultancy Limited | Industry consultant |
| KPMG | Certified Public Accountants<br>Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance |
| Commerce and Finance Law Offices | International Sanctions Advisor |
| McDonald Hopkins | Independent U.S. Litigation Advisor |
| FTPA Avocats | Independent French Litigation Advisor |

## 12. Restriction on Share Repurchases

For details of the restrictions on share repurchases by the Company, see "Summary of Articles of Association—Increase, Reduction and Repurchase of Shares Capital—Repurchase of Shares" in Appendix V to this document.

## 13. Miscellaneous

Save as disclosed in this document:

(a) within the two years immediately preceding the date of this document, neither we nor any of our subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash;

(b) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;



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(c) within the two years immediately preceding the date of this document, no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group;

(d) within the two years immediately preceding the date of this document, no commission has been paid or payable (except [**REDACTED**] to [**REDACTED**]) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or any of our subsidiaries;

(e) no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;

(f) there is no arrangement under which future dividends are waived or agreed to be waived;

(g) since December 31, 2025 (being the date on which the latest audited consolidated financial statements of our Group were made up), there has been no material adverse change in our financial or trading position or prospects;

(h) there has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this document; and

(i) our Company has no outstanding convertible debt securities or debentures.



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## 1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the material contracts referred to in the section headed "Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contracts" in Appendix VI to this document; and

(b) the written consents referred to in the sub-section headed "Statutory and General Information—E. Other Information—7. Consents of Experts" in Appendix VI to this document.

## 2. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.wybotics.com** during a period of 14 days from the date of this document:

(a) the Articles of Association of the Company;

(b) the audited consolidated financial statements of our Group for the years ended December 31, 2023, 2024 and 2025;

(c) the Accountants' Report from KPMG, the text of which is set out in Appendix I to this document;

(d) the report from KPMG on the unaudited [**REDACTED**] financial information, the text of which is set out in Appendix II to this document;

(e) the PRC legal opinions issued by Allbright Law Offices, our PRC Legal Advisor, in respect of certain aspects of our Group;

(f) the opinions issued by Commerce and Finance Law Offices, our International Sanctions Advisor, in respect of International Sanctions law;

(g) the opinions issued by McDonald Hopkins, our Independent U.S. Litigation Advisor, in respect of the U.S. Complaints and ITC Investigation;

(h) the opinions issued by FTPA Avocats, our Independent French Litigation Advisor, in respect of the French litigation;



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(i) the material contracts referred to in the section headed "Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contracts" in Appendix VI to this document;

(j) the written consents referred to in the section headed "Statutory and General Information—E. Other Information—7. Consents of Experts" in Appendix VI to this document;

(k) the service contracts and the letters of appointment referred to in the sub-section headed "Statutory and General Information—C. Further Information about Our Directors and Substantial Shareholders—1. Particulars of Directors' Service Contracts and Letters of Appointment" in Appendix VI to this document;

(l) CIC Report; and

(m) the PRC Company Law and the PRC Securities Law together with their unofficial English translations.



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