越疆机器人

DOBOT

2432.HK

2024
ANNUAL REPORT

SHENZHEN DOBOT CORP LTD

深圳市越疆科技股份有限公司

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

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Liu Peichao *(Chairman)*
Mr. Wang Yong
Mr. Lang Xulin

Non-Executive Director

Mr. Jing Liang

Independent Non-Executive Directors

Mr. Li Yibin
Mr. Ng Jack Ho Wan
Dr. Hou Lingling

Supervisors

Ms. Wan Ying *(Chairlady)*
Mr. Li Liuwei
Ms. Ma Jingxian

Joint Company Secretaries

Mr. Wang Yong
Ms. Ching Shuk Wah Shirley

Audit Committee

Mr. Ng Jack Ho Wan *(Chairman)*
Mr. Li Yibin
Mr. Jing Liang

Remuneration and Appraisal Committee

Mr. Li Yibin *(Chairman)*
Dr. Hou Lingling
Mr. Wang Yong

Nomination Committee

Dr. Hou Lingling *(Chairlady)*
Mr. Ng Jack Ho Wan
Mr. Lang Xulin

Strategy Committee

Mr. Liu Peichao *(Chairman)*
Mr. Li Yibin
Mr. Wang Yong

Authorised Representatives

Mr. Lang Xulin
Ms. Ching Shuk Wah Shirley

Auditors

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditors
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979 King's Road
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Hong Kong

Legal Advisors

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5 Queen's Road Central
Hong Kong

As to PRC law:

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Futian District, Shenzhen
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Hong Kong H Share Registrar and Transfer Office

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Hong Kong

Stock Name

DOBOT

Stock Code

2432

Company's Website

http://www.dobot.cn/
(with respect to Chinese version)
http://www.dobot-robots.com/
(with respect to English version)

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present our annual report for the year ended 31 December 2024 to the shareholders.

Over the past year, the global collaborative robotics industry has continued its steady evolution, with embodied intelligence emerging as an industry consensus. DOBOT's dual-wheel drive strategy of "Cobot Intelligent Upgrade + Embodied AI Robot Innovation" has achieved remarkable progress, enabling us to meet our business targets with strong operational performance.

STRENGTHENING TECHNOLOGICAL FOUNDATIONS TO ACCELERATE THE DEVELOPMENT OF GLOBAL MARKETS

DOBOT maintains full-stack in-house R&D in robotics technology, with continuous breakthroughs in core technologies, including safety systems, operational stability, autonomous mobility, and AI integration. More than 90% of our core components are self-developed with up to 100% domestic substitution capability. By the end of 2024, we had shipped over 80,000 collaborative robots across over 80 countries and regions, ranking the 1st in China and the 2nd globally.

With expertise accumulated from over 200 industrial application scenarios, DOBOT has accelerated cross-sector deployment of collaborative robots, achieving significant breakthroughs in commercial and medical fields. Our solutions now span the global manufacturing, commercial retail, medical surgeries, health rehabilitation, and scientific research and education, forming a complete "technology-scenario-market" ecosystem.

CHAIRMAN'S STATEMENT

FOCUSING ON CORE COMPETITIVENESS WITH BREAKTHROUGHS IN EMBODIED INTELLIGENCE

At DOBOT, our technological leadership is anchored in a unique four-pillar strategic capability system: full-stack self-developed capabilities, innovative product definition expertise, scalable industrial engineering, and global market networks.

In 2024, we launched DOBOT X-Trainer, Chinese first AI empowered cobot platform, establishing DOBOT as the global pioneer in commercializing AI-integrated collaborative robots. Built upon high-performance cobots and enhanced by AI algorithms, the X-Trainer has been deployed at multiple leading manufacturing enterprises.

We further unveiled DOBOT Atom, the world's first full-size embodied intelligent humanoid robot capable of "dexterous manipulation+ straight-knee bipedal locomotion". It not only features human-like dexterous hand manipulation abilities but also achieves straight- knee walking, realizing high-level coordinated motion control between upper and lower limbs with industrial-grade operational capabilities. This marks a significant technological breakthrough for the company in the humanoid robotics field, demonstrating its successful resolution of integrated control challenges spanning from robotic "arms" to "feet".

DELIVERING EXCELLENCE THROUGH HIGH-QUALITY PRODUCTS AND SERVICES

With a decade of industry expertise and technological innovation, DOBOT has established a comprehensive quality control system spanning R&D, production, and after-sales service, continuously enhancing market competitiveness. Our rigorous standards have been validated by leading global customers – over 80 Fortune 500 companies have adopted DOBOT's cobots by the end of 2024. We remain unwavering in our commitment to exceptional product performance and quality, ensuring'reliability, durability and safety' become every user's tangible experience.

Moving forward, DOBOT will continue to create tangible value through cutting-edge technology and drive high-quality growth, thereby fulfilling society's expectations. With an unyielding spirit, DOBOT will remain dedicated to exploring and conquering new frontiers in intelligent robotics innovation.

Best regards,
Liu Peichao
Chairman of the Board, Executive Director and General Manager
SHENZHEN DOBOT CORP LTD
Shenzhen, the PRC, 24 March 2025

FINANCIAL HIGHLIGHTS

	For the year ended 31 December			
	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
RUSULTS				
Revenue	**373,678**	286,749	241,013	174,314
Cost of sales	**(199,699)**	(161,905)	(142,796)	(86,234)
Gross profit	**173,979**	124,844	98,217	88,080
Loss before income tax	**(94,019)**	(89,800)	(52,612)	(25,291)
Income tax (expense)/credit	**(1,344)**	(13,481)	135	(16,465)
Loss for the year attributable to owners of the Company	**(95,363)**	(103,281)	(52,477)	(41,558)
Loss for the year	**(95,363)**	(103,281)	(52,477)	(41,756)
Diluted loss per share (expressed in RMB per share)	**(0.26)**	**(0.29)**	**(0.15)**	**(0.13)**

	As at 31 December			
	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS AND LIABILITIES				
Total assets	**1,495,208**	734,888	925,420	665,085
Total liabilities	**527,919**	361,585	470,386	349,434
Total equity	**967,289**	373,303	455,034	315,651

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW

In 2024, the Group steadily advanced the business strategy of "product innovation and marketing". While continuing to invest more in research and development plus marketing, the Group optimized operational efficiency in an all-round way, which contributed to a significant improvement in operating loss. The overall revenue of the Group was RMB373.7 million, an increase of 30.3% over 2023; the net loss in 2024 was RMB95.4 million, a decrease of 7.6% over 2023; and the adjusted net loss in 2024 was RMB36.5 million, a decrease of 55.4% over 2023.

Being a technology-driven product company, DOBOT achieved leapfrog development in 2024 through the four dimensions of technology research and development, product and application innovation, globalization and capital operation. Centering on the core strategy of "embodied AI" and leveraging the advantages in technologies, products and application scenarios, the Company has been striving to strengthen the digital and intelligent upgrading and innovation of the global manufacturing and create new application scenarios in the fields of retail, medical surgeries and physiotherapy. Currently, the Company has been a benchmark for "new quality productive forces" in pursuit of high-quality development in China.

1. Technological breakthroughs and national key R&D projects

Capitalizing on interdisciplinary self-developed capabilities, the Company has become one of the few players with proprietary full-stack technologies in the global cobot industry spanning the entire cobot development cycle and covering all key aspects, including cobot design and manufacturing, key components development, controller system development, key algorithm formulation and iteration, versatile cobot deployment for different tasks, and AI capability development.

In July 2024, the Company spearheaded a technological breakthrough of "precision assembly of flexible connectors", and launched a solution to the assembly of a vision-guided fingertip-controlled flexible connector. The precision assembly of 3C electronic devices at micron level, a major technological breakthrough in the automated operation of "robots instead of human", pushed forward the scale application of robots in 3C electronics intelligent manufacturing, precision assembly and other fields.

In November 2024, the national key R&D program project "Multi-Robot Flexible Integrated Manufacturing System with Power Battery Group and Application Demonstration" under the "Intelligent Robots" key special project, led by the Company, successfully passed its mid-term inspection. The project completed interface design and integration testing between unit workstations and production lines, and finalized the design schemes for three flexible multi-robot manufacturing production lines for power batteries. The National Key R&D Program represents one of China's highest-level scientific research initiatives, addressing critical core issues concerning national strategic needs and socioeconomic development. As at 31 December 2024, the Company has led and participated in 2 national key R&D program projects, maintaining its leadership in cutting-edge intelligent robotics technology development.

In 2024, the Company has participated in drafting three national standards for industrial robots and was recognized as the "Guangdong Province Single Champion Enterprise of Manufacturing Industry". As at 31 December 2024, the Company had a total of 1,067 authorized intellectual property rights, including 709 invention patents, utility model patents and design patents.

2. Product and application innovation and commercialization of embodied AI robots

As at 31 December 2024, the Company offered a total of 27 cobot models in four series with payload capacity ranging from 0.25kg to 20kg. With a comprehensive product matrix designed for a wide range of usage scenarios, the Company's cobots have been extensively used in automotive, 3C electronics, new energy, metal processing, food and beverage, healthcare, scientific research and education, retail, agriculture and other fields, serving more than 80 Fortune Global 500 companies around the world. This provides key support for the digital and intelligent upgrading and innovation of global manufacturing. The Company offers safer, intelligent and efficient cobot solutions to industries such as commercial retail, medical surgeries and physiotherapy, opening a world of automation where everything collaborates.

(1) Six-axis cobots

The Company's CR series of six-axis cobots boast mature applications in industrial scenarios such as palletizing, loading and unloading, disordered sorting, gluing, quality inspection, assembly, handling, PCB insertion, grinding and polishing, and screw locking. Drawing on the CR series' industry-leading performance and technical support response, the Company is the first in the industry to deliver over 200 surgical robots. The Company has established presence in world-renowned medical laboratories and hospital laboratory, serving a variety of physiotherapy and rehabilitation institutions and leading the innovation of medical laboratory automation.

Nova, a cobot specially designed for the commercial sector, has advantages of superior performance, ultra-lightweight body design, high-precision long reach, convenience of no-threshold operation, and multiple safety protection measures. Tailored to the application needs of commercial scenarios, Nova is widely used in physiotherapy, catering, retail, hotels, ports and airports, public services, and other fields.

The Company has delivered a batch of Nova cobots for integrating customers' moxibustion and massage workstations. The workstations not only reduce the reliance on traditional physiotherapists, but also considerably improve the quality and efficiency of physiotherapy services with the intelligent human-robot interaction technology and safety technology, as well as the ±0.05mm industrial-grade repeatable positioning accuracy and 850mm working radius.

(2) Four-axis cobots

The Company's four-axis cobots include the M1 and MG series for manufacturing and the Magician series for scientific research and education. By dint of its accurate positioning, efficient operation and high cost-effective advantages, the Company's four-axis cobots have set up a technology benchmark for domestic four-axis cobots. Covering the two core scenarios of manufacturing and scientific research and education, the Company's four-axis cobots have been widely used in 3C electronics, automotive parts, medical and healthcare, packaging and logistics, and other sectors, and won the trust and praise of numerous customers.

(3) Integrated cobots

The Company's integrated cobots include palletizing cobots for the industrial sector, vocational training cobots for the scientific research and education sector, and robot coffee workstations for the commercial retail sector.

In May 2024, the Company officially debuted the DOBOT Coffee making cobots, which automates the entire process from scanning Quick Response Code to place orders to getting coffee based on integrating high-precision cobots with the advanced AI technology. The coffee station operates flexibly even in confined spaces and supports 24-hour continuous production, doubling the business value for retail merchants.

(4) X-Trainer: An Embodied AI Cobot

In April 2024, the Company launched X-Trainer, the industry's first AI-empowered cobot platform. Built upon high-performance cobots, this innovation breaks through the integration of cobot technology with multimodal perception, embodied data, and end-to-end models. By adopting an "imitation learning strategy", X-Trainer enhances robotic autonomous learning and operational efficiency, achieving seamless integration of vision, auditory, cognition, and action. This empowers AI cobots with "high-level intelligence", enabling them to perform diverse tasks with greater efficiency and precision. Through AI-driven models, X-Trainer realizes autonomous task execution and has been deployed in manufacturing, scientific research, and education, becoming the world's first commercialized AI cobot.

3. Globalization

The Company has established global presence in the cobot field and sold to more than 80 countries and regions with cumulative cobots over 80,000 units. The Company has set up subsidiaries and localized teams in the US, Germany and Japan to penetrate international markets. Relying on the full life-cycle service team composed of local engineers and business elites, the Company deeply understands the local market demand, and provides timely and efficient technical support and after-sales services. The Company constructs a full chain of localized operation system from pre-sales consultation to after-sales support, to improve delivery efficiency with local warehouses. These initiatives not only consolidate the Company's leadership in the global cobot field, but also lay a solid foundation for the Company's sustainable development and global market expansion.

4. Capital market milestone

On 23 December 2024, the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as the "first cobot company in China", becoming the third specialized technology company listed on the Stock Exchange under Chapter 18C of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The net proceeds from the financing will be used for the research and development of cutting-edge technologies of intelligent cobots, upgrading of production lines and manufacturing capabilities, strategic alliances, investment and acquisition opportunities, and building of overseas sales channels as well as working capital and other general purposes.

II. OUTLOOK

We will expand the intelligent presence of cobots with the dual-wheel drive of "Cobot Intelligent Upgrade + Embodied AI Robot Innovation". On this basis, we will strategically push forward embodied AI robot innovation to build a new paradigm of human-robot collaboration. Specifically, we will focus on the following:

1. Enhancing Technological R&D and Product Innovation

Focusing on the core characteristics of cobots – safety, user-friendliness, adaptability, and ecosystem compatibility – we will intensify efforts in advancing technological research and product innovation. Safety, as the foundation for human-robot collaboration, will be ensured through continuous improvements in vision sensor technology, force feedback control systems, and emergency stop mechanisms. For ease of use, we adopt modular designs enabling "plug-and-play" rapid deployment, coupled with intuitive user interfaces to reduce user's learning costs and minimize training requirements for non-specialists. Adaptability is reflected in the robots' ability to adapt to multiple working scenarios, which drive us to continuously refine mechanical structure designs, allowing robots to handle more complex tasks. Meanwhile, we are committed to building an open ecosystem that promotes compatibility and collaboration across brands, technologies, and equipment, maximizing the resource utilization. To further promote industry development, we will focus on optimizing the performance of core components such as servo motors, reducers, and controllers, aiming to reduce costs and improve efficiency. Additionally, by integrating artificial intelligence (AI) technology, we will enhance the intelligence level of robots, allowing them to have better ability to learning and making decisions. Responding to changes in market demands, we will launch robots products with higher payload capacities and faster task cycles, so as to cater to diversified demands from industries of industrial manufacturing, smart logistics and healthcare. These initiatives will not only promote the advancement of robotic technologies but also deliver enhanced productivity and superior user experiences across sectors.

2. Deepening overseas presence

The Company will intensify its efforts in overseas markets by expanding and deepening its global sales network, to further expand and consolidate its international business landscape. For this purpose, we will prioritize strengthening strategic cooperation with quality distributors, particularly in key overseas markets, and establish solid partnerships with them, to enhance market penetration and brand recognition. Meanwhile, we will further strengthen the operational capabilities of our localized teams and cultivate professionals with international perspectives, to familiarize themselves with the unique needs and cultural differences of each regional market. Furthermore, we will carry out online and offline marketing activities. Combining these activities with digital means and innovative communication methods, we will convey the brand's core values and technological advantages to the global user community for greater international influence.

3. Comprehensive Strategic Layout of Embodied AI Robots

With the rapid advancement of artificial intelligence (AI) technology, major global economies have introduced policies to drive progress in embodied intelligence. On 5 March 2025, China for the first time included "embodied intelligence and intelligent robots" in the Government Work Report, marking these fields as key national strategic priorities. Concurrently, technology companies are intensifying investments and R&D efforts in embodied AI to secure leadership in cutting-edge technologies. Leveraging its deep expertise in collaborative robotics and diverse application scenarios, the Company will implement a comprehensive strategy encompassing the core technologies of Embodied AI robots – "Cognitive AI System (Brain) + Motion Control Module (Cerebellum) + Physical Embodiment" – to achieve: Precise Environmental Perception and Mapping, Autonomous Decision-Making, Adaptive Learning & Evolution. Also, we will keep learning from actual interactive experience and make progress, addressing growing diversified needs across industrial and consumer domains and delivering more efficient and intelligent services to the social community.

III. FINANCIAL REVIEW

Operating results

In 2024, the revenue of the Group amounted to RMB373.7 million, representing an increase of 30.3% as compared to RMB286.7 million in 2023, primarily due to the increase in sales volume of six-axis cobots and integrated cobots driven by the increasing demand from industries of manufacturing, retail, healthcare, STEAM education and scientific research.

Revenue from principal business

The following table illustrates the details of sales by products of the Group for the two years ended 31 December 2024 and 31 December 2023 respectively:

	2024		2023	
	RMB'000	**% of Total**	RMB'000	% of Total
– Six-axis cobots	**208,888**	**55.9**	134,299	46.8
– Four-axis cobots	**95,837**	**25.7**	99,523	34.7
– Integrated cobots	**56,547**	**15.1**	34,306	12.0
– Others	**12,406**	**3.3**	18,621	6.5
Total	**373,678**	**100.0**	286,749	100.0

Revenue from sales of six-axis cobots

For the Year, the Group's revenue from sales of six-axis cobots was approximately RMB208.9 million (2023: RMB134.3 million), representing an increase of approximately 55.5% as compared to the previous year. On one hand, the increase was a result of the increasing demand for our cobot in applications across industries of manufacturing, retail, healthcare, STEAM education and scientific research. On the other hand, we continued to launch new six-axis robots, enriching our product matrix and expanding respective robot functions and usage applications.

Revenue from sales of four-axis cobots

For the Year, the Group's revenue from sales of four-axis cobots was approximately RMB95.8 million (2023: RMB99.5 million), representing a decrease of approximately 3.7% as compared to the previous year due to our strategic adjustment of product portfolio for STEAM education to six-axis cobots.

Revenue from sales of integrated cobots

For the Year, the Group's revenue from sales of integrated cobots was approximately RMB56.5 million (2023: RMB34.3 million), representing an increase of approximately 64.7% as compared to the previous year as a result of the increased sales in integrated cobot of palletizing and welding for manufacturing, and autonomous coffee station for retail business.

Revenue from the sales of products by application settings

	2024		2023	
	RMB'000	**% of Total**	RMB'000	% of Total
Industrial	**199,989**	**53.7**	151,181	52.9
Education	**146,509**	**39.4**	122,384	42.8
Commercial	**25,577**	**6.9**	12,106	4.3
Total	**372,075**	**100.0**	285,671	100.0

Revenue in industrial settings

Our revenue from industrial settings increased by 32.3% from RMB151.2 million in 2023 to RMB200.0 million in 2024, primarily due to the increase in sales volume of cobots for industrial settings driven by the steady increase in demand from our targeted markets and customers, as well as the continual enhancements in the functions and use cases of our cobots.

Revenue in education settings

Our revenue from education settings increased by 19.7% from RMB122.4 million in 2023 to RMB146.5 million in 2024, primarily due to the increase in sales volume of cobots for education settings including six-axis cobot for STEAM education launched in 2023, as we further improved our market penetration to with relevant products.

Revenue in commercial settings

Our revenue from commercial settings increased by 111.6% from RMB12.1 million in 2023 to RMB25.6 million in 2024, primarily due to the launch of new products, such as autonomous coffee station, and the increase in the sales volume of cobots for commercial settings as we secured more contracts from the food and beverage market.

Gross profit and gross profit margin

In 2024, the gross profit of the Group amounted to RMB174.0 million, representing an increase of 39.4% as compared to RMB124.8 million in 2023. The gross profit margin was 46.6% in 2024, representing an increase of 3.1 percentage points as compared to 43.5% in 2023. Without considering the impact of write-down of inventories recorded in cost of sales, the gross profit margin remained stable at 49.5% in 2024.

Cost of sales

For the Year, the Group's cost of sales was approximately RMB199.7 million (2023: RMB161.9 million), representing an increase of approximately 23.3% as compared to the previous year, mainly due to the increase of the sales volume of our six-axis cobots and integrated cobots.

Capital expenditures

During the Year, the Group's capital expenditures were approximately RMB14.6 million (2023: RMB82.9 million), representing a decrease of approximately 82.4% as compared to the previous year. The decrease was mainly due to the acquisition of Qingdao production facility in 2023.

Other income and gains

During the Year, the Group's other income and gains were approximately RMB41.3 million (2023: RMB43.8 million), representing a decrease of approximately 5.7% as compared to the previous year. The decrease was mainly due to the decrease in investment income from financial assets at fair value through profit and loss.

Selling and distribution expenses

For the Year, the Group's selling and distribution expenses were approximately RMB138.0 million (2023: RMB127.4 million), representing an increase of approximately 8.3% as compared to the previous year. The increase was mainly due to the increased compensation to sales personnel and technical engineers as we strengthened our localization sales strategy in overseas markets.

Administrative expenses

In 2024, the administrative expenses of the Group increased by 67.2% to RMB88.8 million from RMB53.1 million in 2023, primarily due to the listing expense of RMB32.6 million occurred in 2024.

Research and development expenses

The Group's research and development expenses were approximately RMB71.8 million during the Year (2023: RMB70.5 million), representing an increase of approximately 1.8% as compared to the previous year. The slight increase in R&D expenses was the net result of the increased efficiency in the research and development of collaborative robots and new investment in embodied AI robots.

Financial costs

During the Year, the Group's financial costs remained stable at RMB1.8 million in 2024 (2023: RMB2.0 million). Financial costs primarily comprised interest on bank borrowings, and interest on lease liabilities.

Income tax expenses

The income tax expense decreased from RMB13.5 million in 2023 to RMB1.3 million in 2024, mainly due to the subsidiary's tax obligations arising from government subsidies in 2023.

Net loss

For the Year, the Group's net loss was approximately RMB95.4 million (2023: RMB103.3 million), representing a decrease of approximately 7.6% as compared to the previous year.

Non-IFRS measure

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

We define adjusted net loss (non-IFRS measure) as loss for the Year adjusted for share-based payments expenses and listing expenses. Listing expenses are related to the global offering. Share-based payment expenses are non-cash expenses arising from granting restricted share units and options to senior management and employees. The following table sets out a reconciliation from adjusted net loss (non-IFRS measure) to loss for the Year which is presented in accordance with the IFRSs.

	2024 **RMB'000**	2023 RMB'000
Loss for the Year	**(95,363)**	(103,281)
Add:		
– Share-based payment expenses	**26,356**	21,464
– Listing expenses	**32,554**	–
Adjusted net loss (non-IFRS measure)	**(36,453)**	(81,817)

Adjusted net loss (non-IFRS measure) loss for the Year attributable to equity shareholders of the Company amounted to RMB36.5 million, representing a decrease of 55.4% as compared to RMB81.8 million in 2023 resulted from the increase in revenue and operating efficiency.

Financial condition

Shareholders' equity increased from RMB373.3 million as at 31 December 2023 to RMB967.3 million as at 31 December 2024, mainly due to the combined effect of the loss of RMB95.4 million in 2024, the increase of RMB662.8 million in share capital and share premium due to the initial public offering in 2024, and share based payment of RMB26.4 million in 2024.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Liu Peichao (劉培超) ("**Mr. Liu**"), aged 38, is our chairman of the Board, executive Director and general manager of our Company, and was appointed as an executive Director and general manager of our Company in July 2015. Mr. Liu is primarily responsible for the overall strategic planning, business direction and management of our Group. Mr. Liu has also served as a director in certain subsidiaries of our Company.

Mr. Liu has ten years of experience in the robot industry.

Mr. Liu was awarded the Shenzhen New Industry Leader (深圳行業領袖新青年) by the Shenzhen General Chamber of Commerce (深圳市工商業聯合會(總商會)) in September 2022, the China Youth Entrepreneurship Award (中國青年創業獎) by the Ministry of Human Resources and Social Security of the People's Republic of China (中華人民共和國人力資源和社會保障部) in November 2021 and the Shenzhen Municipal Leading Talent (深圳市地方級領軍人才) by the Shenzhen Municipal Government in July 2020. He was selected as one of the 2019 Shenzhen Top 10 Small and Medium-sized Enterprise Entrepreneurial Talents by the Shenzhen Small and Medium-sized Enterprises Development Promotion Association (深圳市中小企業發展促進會) in November 2019, and the Technological Innovation and Entrepreneurial Talents of the Innovation Talent Advancement Program (創新人才推進計劃科技創新創業人才) by the Ministry of Science and Technology of the People's Republic of China (中華人民共和國科學技術部) in June 2019.

Mr. Liu obtained a bachelor's degree in mechanical design & manufacturing and automation from Shandong University (山東大學) in the PRC in June 2011. Mr. Liu further obtained a master's degree in mechanical engineering from Shandong University in June 2014.

Mr. Wang Yong (王勇) ("**Mr. Wang**"), aged 45, is our executive Director, chief financial officer, Board secretary and joint company secretary. Mr. Wang joined our Company in August 2022 and was appointed as an executive Director in December 2022. Mr. Wang is primarily responsible for the overall strategic planning, Board and capital market, financial and accounting affairs of our Group.

Mr. Wang has more than 23 years of experience in corporate governance and finance. Prior to joining our Company, from October 2014 to August 2021, Mr. Wang successively served as a vice general manager, board secretary and chief financial officer in Antel Intelligent Technology Corp., Ltd. (深圳市道通科技股份有限公司), whose shares are listed on the Shanghai Stock Exchange (stock code: 688208). From September 2002 to September 2014, Mr. Wang successively served as an auditor, senior auditor, manager and senior manager in Ernst & Young Hua Ming LLP (安永華明會計師事務所(特殊普通合夥)). During his employment in Ernst & Young Hua Ming LLP, from October 2007 to March 2009, Mr. Wang participated in Ernst & Young's global exchange program and worked at Ernst & Young's Milwaukee office in the United States. From July 2001 to September 2002, Mr. Wang served as a financial accountant in Shenzhen SDG Information Co., Ltd. (深圳市特發信息股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 000070).

Mr. Wang obtained a bachelor's degree in investment economics from Southwestern University of Finance and Economics (西南財經大學) in July 2001.

Mr. Lang Xulin (郎需林) ("**Mr. Lang**"), aged 36, is our executive Director and chief scientist. Mr. Lang joined our Company in July 2015 and was appointed as an executive Director in September 2016. Mr. Lang is primarily responsible for the overall strategic planning, business direction, R&D and management of our Group. Mr. Lang has also served as a director in certain subsidiaries of our Company.

Mr. Lang has more than ten years of experience in the robot industry. Prior to founding our Company with Mr. Liu, from July 2014 to July 2015, Mr. Lang served as an engineer in Shenzhen Inovance Technology Co., Ltd. (深圳市匯川技術股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 300124).

Mr. Lang obtained a bachelor's degree in mechanical design & manufacturing and automation from Shandong University in the PRC in June 2011. Mr. Lang obtained a master's degree in mechanical design and theories from Shandong University in June 2014.

NON-EXECUTIVE DIRECTOR

Mr. Jing Liang (景亮) ("**Mr. Jing**"), aged 45, is a non-executive Director. Mr. Jing was assigned by Qianhai Equity Investment Fund (Limited Partnership) (前海股權投資基金(有限合夥)) to join our Company as a non-executive Director in April 2020. Mr. Jing is primarily responsible for providing guidance on overall strategic planning, corporate governance and business direction of our Group.

Mr. Jing has worked in Qianhai Fangzhou Asset Management Co., Ltd. (前海方舟資產管理有限公司), Shenzhen Oriental Fortune Capital Co., Ltd. (深圳市東方富海投資管理有限公司) and China Southern Asset Management Co., Ltd. (南方基金管理有限公司).

Mr. Jing obtained a master's degree in finance and management from Loughborough University in England, the United Kingdom in December 2009.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Li Yibin (李貽斌) ("**Mr. Li**"), aged 64, is an independent non-executive Director. Mr. Li joined our Company in December 2022 and was appointed as an independent non-executive Director in December 2022. Mr. Li is primarily responsible for providing independent advice on the operations and management of our Group.

Mr. Li has served as (i) an independent director in Siasun Robot & Automation Co., Ltd. (瀋陽新松機器人自動化股份有限公司), a limited liability company engaging in robotics and automation equipment, whose shares are listed on the Shenzhen Stock Exchange (stock code: 300024), since January 2022, (ii) an independent director in CITIC Heavy Industries Co. Ltd. (中信重工機械股份有限公司), a limited liability company engaging in heavy mechanical equipment business, whose shares are listed on the Shanghai Stock Exchange (stock code: 601608), since November 2020, (iii) the chairman of the supervisory committee in Shandong Desheng Robot Co., Ltd. (山東德晟機器人股份有限公司), a limited liability company engaging in intelligent equipment and systems business, since June 2018, and (iv) a supervisor in Shandong Youbaote Intelligent Robotics Co., Ltd. (山東優寶特智能機器人有限公司), a limited liability company engaging in bionic family service robots and mine informatization business, since January 2014. From September 2019 to February 2023, Mr. Li served as an independent director in Cosonic Intelligent Technologies Co., Ltd. (佳禾智慧科技股份有限公司), a limited liability company engaging in smart electroacoustic products and smart wearable products business whose shares are listed on the Shenzhen Stock Exchange (stock code: 300793). Furthermore, Mr. Li has served as a professor in Shandong University since September 2003. Prior to that, from August 1982 to July 2003, Mr. Li successively served as a lecturer, vice professor and professor in Shandong University of Science and Technology (山東科技大學) (formerly known as the Shandong Institute of Mining and Technology (山東礦業學院)).

Mr. Li has been serving as the president of the council of Shandong Automation Society (山東省自動化學會) since July 2018.

Mr. Li obtained a bachelor's degree in industrial automation from Tianjin University (天津大學) in the PRC in July 1982. Mr. Li obtained a master's degree in mining electrification and automation from Shandong University of Science and Technology (山東科技大學) (formerly known as the Shandong Institute of Mining and Technology (山東礦業學院)) in July 1990.

Mr. Ng Jack Ho Wan (吳浩雲) ("**Mr. Ng**"), aged 48, is an independent non-executive Director. Mr. Ng joined our Company in May 2024 and was appointed as an independent non-executive Director in May 2024. Mr. Ng is primarily responsible for providing independent advice on the operations and management of our Group.

Mr. Ng has served as (1) an independent non-executive director in Cheshi Technology Inc. (車市科技有限公司), whose shares are listed on the Stock Exchange (stock code: 1490), since December 2020, (2) an independent non-executive director in HM International Holdings Limited, whose shares are listed on the Stock Exchange (stock code: 8416), since December 2016, and (3) the managing director in Jack H.W. Ng CPA Limited (吳浩雲會計師行有限公司) since June 2013. Prior to that, from June 2018 to July 2021, Mr. Ng served as an independent non-executive director in Zhejiang Cangnan Instrument Group Company Limited (浙江蒼南儀錶集團股份有限公司), whose shares were previously listed on the Stock Exchange. From March 2001 to October 2012, Mr. Ng worked in KPMG in Hong Kong with the last position as partner. From September 1997 to February 2001, Mr. Ng worked in PricewaterhouseCoopers LLP in Canada.

Mr. Ng obtained a bachelor's degree in business administration from Simon Fraser University in Canada in May 2000. In addition, Mr. Ng has obtained the qualification of (1) Chartered Financial Analyst (CFA) accredited by CFA Institute since September 2007, (2) Certified Information Systems Auditor accredited by the Information Systems Audit and Control Association since January 2007, (3) Financial Risk Manager accredited by the Global Association of Risk Professionals since November 2004, (4) Certified Public Accountant of Hong Kong Institute of Certified Public Accountants since September 2003, and (5) Chartered Professional Accountant (CPA, CA) accredited by the Chartered Professional Accountants of Canada since February 2001.

Dr. Hou Lingling (侯玲玲) ("**Dr. Hou**"), aged 49, is an independent non-executive Director. Dr. Hou joined our Company in December 2022 and was appointed as an independent non-executive Director in December 2022. Dr. Hou is primarily responsible for providing independent advice on the operations and management of our Group.

Dr. Hou has served as an arbitrator of Dongguan Arbitration Commission (東莞仲裁委員會) since April 2022 and Shenzhen Court of International Arbitration (深圳國際仲裁院) (also known as South China International Economics and Trade Arbitration Commission (華南國際經濟貿易仲裁委員會), Greater Bay Area International Arbitration Centre (粵港澳大灣區國際仲裁中心) and Shenzhen Arbitration Commission (深圳仲裁委員會)) since February 2019. Dr. Hou has successively served as an associate professor and professor in the Law School of Shenzhen University (深圳大學法學院). Prior to that, Dr. Hou served as a lecturer in the Law School of South China University of Technology (華南理工大學法學院) from December 2006 to May 2008.

Dr. Hou obtained a bachelor's degree in economic law from Zhongnan University of Economics and Law (中南財經政法大學) (formerly known as Zhongnan Institute of Economics and Law (中南政法學院)) in the PRC in June 1997 and a master's degree in economic law from Zhongnan University of Economics and Law in June 2000. Dr. Hou also obtained a doctor's degree in international trade from Hunan University (湖南大學) in June 2006.

SUPERVISORS

Ms. Wan Ying (萬穎) ("**Ms. Wan**"), aged 37, is the administrative manager and the chairlady of the Supervisory Committee. Ms.Wan joined our Company in March 2017 as an administrative supervisor and was appointed as the chairlady of the Supervisory Committee in January 2021. Ms. Wan is responsible for supervising the performance of duties by our Directors and members of the senior management of our Group.

Prior to joining our Company, from March 2014 to March 2017, Ms. Wan served as a human resource and administrative supervisor in Ningbo Zhongsheng Information Technology Co., Ltd. (寧波中晟信息科技有限公司).

Ms. Wan obtained college diploma in administrative management from Wuhan University (武漢大學) in the PRC in December 2012. Ms. Wan also obtained a bachelor's degree in human resource management from Shandong University in June 2021.

Mr. Li Liuwei (李劉偉) ("**Mr. Li**"), aged 42, is the quality director, and a Supervisor of our Company. Mr. Li joined our Company in July 2017 and was appointed as a Supervisor in January 2021. Mr. Li is responsible for supervising the performance of duties by our Directors and members of the senior management of our Group. In addition, Mr. Li is a supervisor of one of our subsidiaries. Prior to joining our Company, from May 2013 to July 2017, Mr. Li served as a commercial manager of global sales business platforms in Shenzhen Gongjin Electronics Co., Ltd. (深圳市共進電子股份有限公司), a limited liability company engaging in the research, development, manufacturing and sales of communication products, advanced mobile communication equipment and application products, whose shares are listed on the Shanghai Stock Exchange (stock code: 603118). From March 2011 to May 2013, Mr. Li served as a quality control supervisor in Siemens Shenzhen Magnetic Resonance Co., Ltd. (西門子(深圳)磁共振有限公司), a limited liability company engaging in the R&D and production of MRI systems, angiography systems and medical electronic components. From March 2005 to March 2011, Mr. Li served as a quality supervisor in Epson Engineering (Shenzhen) Ltd. (愛普生技術(深圳)有限公司).

Mr. Li obtained a bachelor's degree in electronic information engineering from Hubei University of Technology (湖北工業大學) in June 2004.

Ms. Ma Jingxian (馬靜嫻) ("**Ms. Ma**"), aged 40, is a Supervisor of our Company. Ms. Ma was assigned by Internet Investment to join our Company as a Supervisor in May 2023. Ms. Ma is responsible for supervising the performance of duties by our Directors and members of the senior management of our Group.

Ms. Ma has served as a supervisor in SEMI-TECH Co., Ltd. (賽美特信息集團股份有限公司), a limited liability company engaging in Internet information service business since May 2023, and a director in Luculent Smart Technologies Co., Ltd. (朗坤智慧科技股份有限公司), a limited liability company engaging in software development, system integration, management consulting and Internet information service business since January 2021. In addition, Ms. Ma has served as an investment manager in China Internet Investment Fund (Limited Partnership) since November 2017. She had once worked in Skandia-BSM Life Insurance Company Ltd. (瑞泰人壽保險有限公司), Three Gorges Capital Holdings Co., Ltd. (三峽資本控股有限責任公司), and PricewaterhouseCoopers LLP.

Ms. Ma obtained a bachelor's degree in accounting from Hohai University (河海大學) in the PRC in June 2006 and a master's degree in accounting from Beijing Jiaotong University (北京交通大學) in the PRC in July 2008.

SENIOR MANAGEMENT

Mr. Liu Peichao (劉培超) is our chairman of the Board, executive Director and general manager of our Company. For further biographic details of Mr. Liu, please refer to "Executive Directors" in this section.

Mr. Wang Yong (王勇) is our chief financial officer, executive Director, Board secretary and joint company secretary of the Company. For further biographic details of Mr. Wang, please refer to "Executive Directors" in this section.

Mr. Liu Zhufu (劉主福), aged 36, is our deputy general manager. Mr. Liu Zhufu joined our Company in December 2015 and successively served as the R&D director, industry development director and general manager of industrial department. Mr. Liu Zhufu is responsible for the management of the domestic industrial department. Prior to joining us, Mr. Liu Zhufu served as a control algorithm engineer in Hedy Medical Device Company Limited (廣州七喜醫療設備有限公司), a limited liability company engaging in the medical equipment business. Mr. Liu Zhufu also worked in Guangzhou ZHIYUAN Electronics Co., Ltd. (廣州致遠電子有限公司), an industrial Internet product and solution provider.

Mr. Liu Zhufu obtained a bachelor's degree in automation from Shandong University in June 2011.

Mr. Jiang Yu (姜宇), aged 40, is our deputy general manager. Mr. Jiang joined our Company in August 2017 and successively served as a deputy R&D director, supply chain director and R&D director. Mr. Jiang is responsible for the management of the R&D department and procurement department.

Prior to joining us, from July 2012 to August 2017, Mr. Jiang successively served as a hardware engineer, project manager, product manager and senior hardware engineer in Shanghai STEP Electric Corporation (上海新時達電氣股份有限公司), a limited liability company engaging in the provision of comprehensive solutions for intelligent manufacturing, whose shares are listed on the Shenzhen Stock Exchange (stock code: 002527).

Mr. Jiang obtained a bachelor's degree in mechanical design, manufacturing and automation from Hunan University of Technology (湖南工業大學) in the PRC in June 2009 and a master's degree in mechanical engineering from Shandong University in June 2012.

JOINT COMPANY SECRETARIES

Mr. Wang Yong (王勇) is the joint company secretary ("**Joint Company Secretaries**") of the Company. For further biographic details of Mr. Wang, please refer to "Executive Directors" in this section.

Ms. Ching Shuk Wah Shirley (程淑華), aged 52, is our joint company secretary. Ms. Ching joined SWCS Corporate Services Group (Hong Kong) Limited ("**SWCS**"), a corporate service provider, in January 2020 and is currently an assistant manager of SWCS, responsible for assisting in providing company secretarial services.

Ms. Ching obtained a bachelor's degree in business administration from the University of Western Sydney in Australia in November 2004 and a master degree in corporate governance from the Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong) in November 2020. Ms. Ching is a Chartered Secretary and a Chartered Governance Professional of The Chartered Governance Institute in the United Kingdom. Ms. Ching is also an Associate of The Hong Kong Institute of Chartered Secretaries.

CORPORATE GOVERNANCE REPORT

The Board hereby presents this corporate governance report (the "**Corporate Governance Report**") in the Company's annual report for the year ended 31 December 2024.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining a high standard of corporate governance to safeguard the interests of its shareholders and enhance its value and accountability. The Board endeavors to adhere to the principles of corporate governance and has set and implemented sound corporate governance practices to fulfill the legal and commercial standards in the management structures, internal control, risk management and fair disclosure to achieve effective transparency and accountability.

The Company has adopted the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 of The Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance since the Listing Date. The Company has complied with all the applicable code provisions as set out in the CG Code from the Listing Date to the date of this annual report (the "**Relevant Period**") save as disclosed below.

Pursuant to code provision C.2.1 of Part 2 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the roles of chairman and chief executive should be separate and should not be performed by the same individual. We do not have a separate chairman and chief executive and Mr. Liu Peichao currently performs these two roles. Our Board believes that vesting the roles of both the chairman of our Board and general manager in the same person has the benefit of (1) ensuring consistent leadership within our Company, (2) enabling more effective and efficient overall strategic planning for our Company, and (3) facilitating the flow of information between the management and our Board. Our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of the chairman of our Board and the general manager of our Company at a time when it is appropriate by taking into account the circumstances of our Company as a whole.

The Company will continue to review its corporate governance practices to ensure its continued compliance of the CG Code, to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements, and to meet the rising expectations of the Shareholders and investors.

VALUES AND CULTURE

It is our corporate culture to maintain an inclusive and safe workplace for its employee. The Group promote diversity at all levels to enhance the effectiveness of our corporate governance and ensure that there is gender diversity when recruiting staff at mid to senior levels. The Group will also continue to provide diversified career development opportunities to our staff and engage different training resources for our staff. In addition, the Group believe production safety is a critical factor to the success of our business and operation. It is our top priority to maintain work safety at our business operations.

The Group has established and implemented policies that promote a diversified and safe workplace. The Board strives to act lawfully, ethically and responsibly to promote our corporate culture and is committed to maintaining a high standard of corporate governance in its operations and activities. The Group provide trainings to the employees on a regular basis to strengthens their awareness of corporate culture. Before the employees assume their positions, the Group provide training courses for them to introduce the company culture and internal rules and regulations.

COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules as its code of conduct governing securities transactions by the Directors and Supervisors. Specific enquiry has been made to all the Directors and Supervisors and each of the Directors and Supervisors has confirmed that he/she has complied with the required standards as set out in the Model Code from the Listing Date to the date of this annual report. The Company continues and will continue to ensure compliance with the code of conduct.

A. DIRECTORS

A.1 Board of Directors

The Company is governed by the Board which is responsible for the leadership and control of the Group, overseeing and managing the Group's businesses, strategic decisions and performance, convening Shareholders' general meetings and reporting our Board's work at the Shareholders' general meetings, implementing the resolutions passed at the Shareholders' general meetings; determining our business plans and investment plans, preparing annual budget proposals and final accounts proposals; preparing plans for profit distribution and recovery of losses, preparing plans for the increase or decrease in registered capital; and exercising other power, functions and duties as conferred by the Articles of Association.

All the Directors carry out their duties in good faith and are in compliance with applicable laws and regulations, take decisions objectively and act in the interests of the Company and its Shareholders at all times.

The Company has entered into formal service agreements and letters of appointment with the executive Directors and the independent non-executive Directors respectively setting out the key terms and conditions of their respective appointments. Pursuant to the Articles of Association, the term of office of each Director is three years, subject to re-election upon expiry of the term of office.

The insurance cover in respect of legal action against the Company's Directors and senior officers is covered by the existing Directors & Officers Liability Insurance Policy of the Company.

Save as disclosed in the biographies of Directors and Senior Management are set out in the section headed "Biographical Details of Directors, Supervisors and Senior Management" of this annual report, to the best knowledge of the Directors, there is no personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors, the Chairman of the Board and the chief executive of the Company.

A.2 Board composition

The Board currently comprises of the following Directors:

Executive Directors
Mr. Liu Peichao *(Chairman)*
Mr. Wang Yong
Mr. Lang Xulin

Non-Executive Director
Mr. Jing Liang

Independent Non-Executive Directors
Mr. Li Yibin
Mr. Ng Jack Ho Wan
Dr. Hou Lingling

The biographical details of the Directors are set out in the section headed "Biographical Details of Directors, Supervisors and Senior Management" of this annual report. The Company considers that the composition of the Board is well balanced. Each of the Directors has the relevant experience, knowledge and expertise that can contribute to the business of the Company. The executive Directors oversee the daily operations of the Group while the independent non-executive Directors bring along independent judgment to the decision-making process of the Board.

During the period from the Listing Date to the date of this annual report, the Company has complied with Rules 3.10(1) and (2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive directors, representing more than one-third of the Board and at least one of them has appropriate professional qualifications or accounting or related financial management expertise. All independent non-executive Directors also meet the guidelines for assessment of their independence pursuant to Rule 3.13 of the Listing Rules. The Company has received a confirmation of independence from each of the independent non-executive Directors as required under the Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors to be independent. The Board will assess their independence on an annual basis.

A.3 Chairman and Chief Executive

Mr. Liu Peichao has been serving as the Chairman of the Board and is primarily responsible for, among others, overseeing the Board, operation and management, business coordination, safe production and business coordination of the Group. Mr. Liu Peichao has also been serving as the chief executive officer of the Company. Please refer to the section headed "Corporate Governance Practices" for details.

A.4 Responsibilities and delegation of functions

The Company has formalised and adopted written terms on the division of functions reserved to the Board and those delegated to the management of the Company. The management of the Company is mainly responsible for the implementation of the business plans, strategies and policies adopted by the Board and delegated to it from time to time as well as the day-to-day management. The Board reserves for its decision on all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, risk management and internal control systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

All Directors have full and timely access to the relevant information of the Group as well as the advice and services of the Joint Company Secretaries and senior management of the Company, in order to ensure compliance with the Board procedures and all applicable laws and regulations. Any Director may request independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request being made to the Board. The Board has delegated the responsibility for implementing its corporate strategies and the day-to-day management, operation and administration to the management of the Company under the leadership of the executive Directors. Clear guidance has been made as to the matters that should be reserved to the Board for its decision which include matters on, inter alia, capital, finance and financial reporting, internal control, communication with Shareholders, Board composition, delegation of authority and corporate governance. The Board periodically reviews the delegated functions and work tasks. Prior to entering into any significant transactions, the aforesaid officers have to obtain the Board's approval.

The Board recognizes that corporate governance should be the collective responsibility of the Directors which includes:

(1) to develop and review the policies and practices on corporate governance of the Company and make recommendations to the Board;

(2) to review and monitor the training and continuous professional development of Directors and senior management;

(3) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(4) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees; and

(5) to review the Company's compliance with the CG Code and disclosure in the corporate governance report of the Company.

A.5 Appointment, re-election and removal of Directors

All executive Directors, non-executive Director and independent non-executive Directors are appointed for a specific term of three years. None of the Directors has a service contract or letter of appointment with the Company or any of its subsidiaries other than the contracts/letters of appointment expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation). All Directors are eligible for the re-election upon expiring of their term of office. The appointments are subject to the provisions of the Company's Articles of Association with regard to vacation of office of Directors, removal and retirement by rotation of Directors.

The Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director, provided that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders in general meeting.

Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

A.6 Board meetings, general meetings and procedures

Pursuant to the CG Code, at least four regular Board meetings should be held in each year. The Board is scheduled to meet regularly at least four times a year at approximately quarterly intervals, to discuss the overall strategy as well as the operational and financial performance of the Company. Other Board meetings will be held when necessary. The Company was listed on 23 December 2024. During the period from the Listing Date to the date of this annual report, two Board meetings were held, and one extraordinary general meeting was held. The attendance records of each Directors are set out below:

Name of Directors	Number of Attendance/ Number of Board meetings	Number of Attendance/ Number of general meetings
Mr. Liu Peichao	2/2	1/1
Mr. Wang Yong	2/2	1/1
Mr. Lang Xulin	2/2	1/1
Mr. Jing Liang	2/2	1/1
Mr. Li Yibin	2/2	1/1
Mr. Ng Jack Ho Wan	2/2	1/1
Dr. Hou Lingling	2/2	1/1

As the Company was listed on 23 December 2024, no meeting was held between the chairman of the Board and the independent non-executive Directors without the presence of other Directors.

Board members were provided with complete, adequate and timely information to allow them to fulfill their duties properly.

Schedules for regular Board meetings and meeting agenda are sent to all Directors in advance. Notice of at least 14 days is given for a regular Board meeting. For other Board and committee meetings, reasonable notice is generally given. Board papers together with all appropriate, complete and relevant information are dispatched to all Directors at least three days before each regular Board meeting to ensure that the Directors have sufficient time to review the related documents and be adequately prepared for the meeting.

The Joint Company Secretaries are responsible for keeping minutes of all Board and committee meetings. Draft minutes are normally circulated to all Directors for comments within a reasonable time after each meeting and the final version is open to Directors for inspection. The Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

A.7 Continuous professional development

All Directors have been given relevant guideline materials regarding the responsibilities and obligations of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Company and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors to ensure that he or she has a proper understanding of the operation and business of the Company and full awareness of Directors' responsibilities and obligation under the Listing Rules and relevant statutory requirements. All Directors have been provided monthly updates giving a balanced and understandable assessment of the Group's performance, financial position and prospects to keep the Directors' abreast of the Group's affairs in order to discharge their duties. All Directors are also updated from time to time on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices, as set out in their respective terms of reference which are available on the websites of the Stock Exchange and the Company.

During the year ended 31 December 2024, all Directors had participated in continuous professional development in the following manner in compliance with code provision C.1.4 of the CG Code:

Name of Directors	Type of training
Mr. Liu Peichao	B
Mr. Wang Yong	B
Mr. Lang Xulin	B
Mr. Jing Liang	B
Mr. Li Yibin	B
Mr. Ng Jack Ho Wan	B
Dr. Hou Lingling	B

A: attending seminars/courses/conference to develop professional skills and knowledge
B: reading materials in relation to regulatory update

A.8 Corporate governance functions

As mentioned in the paragraph A.4 "Responsibilities and delegation of functions" of this annual report, the Board is responsible for performing the corporate governance duties. During the year, the Board has reviewed the Company's policies and practices on corporate governance and compliance with the CG Code, reviewed and monitored the continuous professional development of the Directors and also reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements.

B. BOARD COMMITTEES

The Board has established four Board committees, namely, the audit committee (the "**Audit Committee**"), the remuneration and appraisal committee (the "**Remuneration and Appraisal Committee**"), the nomination committee (the "**Nomination Committee**") and the Strategy committee (the "**Strategy Committee**"), to assist them in the efficient implementation of their functions and to oversee particular aspects of the Company's affairs. Specific responsibilities, as set out in their respective terms of reference which are available on the websites of the Stock Exchange and the Company, have been delegated to the above committees and the corporate governance duties as required under code provision A.2 Principle of Part 2 of the CG Code have been performed. All committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

B.1 Audit Committee

The terms of reference of the Audit Committee was adopted in compliance with the CG Code. The primary duties of the Audit Committee are mainly to (i) review the Company's financial information, annual report and accounts, half-year report; (ii) manage the relationship with the external auditors, including but not limited to making recommendation to the Board on the appointment, reappointment and removal of external auditors, reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process, discussing with the auditors the nature and scope of the audit and reporting obligations, and developing and implementing policy on engaging an external auditor to supply non-audit services; (iii) guide and supervise the internal audit work and its implementation; (iv) overseeing the Company's financial reporting system, risk management and internal control systems and associated procedures; and (v) develop, review and monitor the Company's policies and practices on corporate governance issues, including but limited to training and continuous professional development of Directors and senior management, and the Company's compliance with legal and regulatory requirements and the CG Code.

As at 31 December 2024, the Audit Committee has three members comprising of two independent non-executive Directors, namely Mr. Ng Jack Ho Wan (Chairman) and Mr. Li Yibin, and one non-executive Director, namely Mr. Jing Liang.

As the Company was listed on the Stock Exchange on 23 December 2024, no Audit Committee meeting was held during the Relevant Period.

The Company's annual report and annual results announcement for the year ended 31 December 2024 have been reviewed by the Audit Committee. The Audit Committee is of opinion that the preparation of such financial information complied with the applicable accounting standards, the requirements under the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

B.2 Nomination Committee

The terms of reference of Nomination Committee was adopted in compliance with the CG Code. The primary duties of the Nomination Committee are to (i) review the structure, size, composition and diversity (including without limitation, professional experience, skills, knowledge, age, gender, education, cultural background and length of service) of the Board annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (ii) determine the policy for the nomination of Directors, identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships, and in identifying suitable individuals, consider individuals on merit and against the object criteria, with due regard for the benefits of diversity on the Board; (iii) assess the independence of independent non-executive Directors of the Company; (iv) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive, taking into account the Company's corporate strategy and the mix of skills, knowledge, experience and diversity needed in the future; and (v) review the board diversity policy, the measurable objectives that the Board has set for implementing such policy, and the progress on achieving the objectives, and make disclosure of its review results in the corporate governance report annually.

As at 31 December 2024, the Nomination Committee has three members comprising of one executive Director, namely Mr. Lang Xulin and two independent non-executive Directors, namely Dr. Hou Lingling (Chairlady) and Mr. Ng Jack Ho Wan.

As the Company was listed on the Stock Exchange on 23 December 2024, no Nomination Committee meeting was held during the Relevant Period.

Board Diversity Policy

The Board has adopted a Board Diversity Policy which sets out the approach to achieve diversity on our Board. With a view to achieving a sustainable and balanced development, the Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. All Board appointments will be based on skills, regional and industry experience, background, race, gender and other qualities, and candidates will be considered against appropriate criteria, having due regard for the benefits of diversity on the Board.

The Company commits to selecting the best person for the role. Selection and nomination of candidates will be based on a range of diversity perspectives, including but not limited to skills, professional experience, educational background, knowledge, expertise, culture, independence, age and gender. Potential Board candidates are selected based on merit and his/her potential contribution to the Board and by taking into consideration the Company's business model and specific needs from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee is responsible for the implementation of the Board Diversity Policy and had made recommendations to the Board on the measurable objectives for implementing the Board Diversity Policy and Nomination policy.

The Nomination Committee will identify and recommend suitable female candidates for the Board's consideration and our Company is committed to appointing at least one director with a different gender, so as to maintain an appropriate balance of gender diversity with reference to stakeholders' expectation and international and local recommended best practices. As at 31 December 2024, the Board has one female member and six male members.

Furthermore, members of the Board have a balanced mix of knowledge, skills and experience, including engineering, overall business management, finance and investment. The Directors obtained degrees in various majors, including business administration, economics, finance and management, and engineering. The Board has three independent non-executive Directors who have different industry backgrounds, representing over one-third of our Board members.

The Nomination Committee has considered measurable objectives based on four focus areas: gender, age, professional experience and length of service to implement the Board Diversity Policy.

After reviewing the implementation of the Board Diversity Policy, the Company considers that it has been effectively implemented. As at 31 December 2024, the Company has achieved the following measurable objectives set out in the Board Diversity Policy:

- There is at least one female member in the Board: As at 31 December 2024, the Board has one female member and six male members, allowing the Company to achieve the gender diversity of the Board at 14.3%.

- There should be a reasonable age structure among members of the Board: As at 31 December 2024, the Board has a reasonable age structure, with two directors aged 31 to 40, four directors aged 41 to 50 and one director aged over 60.

- Members of the Board should possess relevant professional experience: As at 31 December 2024, members of the Board possess wide range of professional experience, including but not limited to corporate strategic planning, corporate management, finance and financial affairs.

The Nomination Committee will review the Board Diversity Policy as and when appropriate and at least once a year to ensure its continued effectiveness from time to time.

Gender Diversity of Employees

The Company strives to achieve gender diversity and gender equality in the workforce (including senior management). As at 31 December 2024, the total workforce of the Company comprised 416 male and 144 female. The Company considers that gender diversity in the workforce has been achieved in 2024.

Nomination Procedures

The Nomination Committee identifies individuals suitably qualified to become Board members, having due regard to the Board Diversity Policy, Nomination Policy and the needs of the Company by considering the skills, knowledge, experience, expertise, etc. of the proposed candidate and assesses the independence of the proposed independent non-executive director, as the case may be. The Nomination Committee then makes recommendation(s) to the Board. The Board considers the candidate(s) recommended by the Nomination Committee, having due regard to the Board Diversity Policy, nomination policy and the needs of the Company. The Board will then confirm the appointment of the candidate(s) as Director(s) or recommends the candidate(s) to stand for re-election at a general meeting of the Company. Candidate(s) appointed by the Board will be subject to re-election by the Shareholders at the next following annual general meeting in the case of an addition to the existing Board or the first general meeting of the Company after his/her appointment in the case of filling a casual vacancy in accordance with the Articles of Association.

B.3 Remuneration and Appraisal Committee

The terms of reference of the Remuneration and Appraisal Committee was adopted in compliance with CG Code. The Remuneration and Appraisal Committee adopted the approach under code provision E.1.2(c)(ii) of the CG Code to make recommendation to the Board on the remuneration packages of individual Directors and senior management. The primary duties of the Remuneration and Appraisal Committee are to (i) make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; (iii) assess performance of executive directors; (iv) approve the terms of executive directors' service contract; (v) determine, with delegated responsibility by the board of directors, the remuneration packages of individual executive Directors and senior management members, or make recommendations to the board of Directors on the remuneration packages of individual executive Directors and senior management members; and (vi) make recommendations to the Board on the remuneration of non-executive Directors.

As at 31 December 2024, the Remuneration and Appraisal Committee has three members comprising of two independent non-executive Directors, namely Mr. Li Yibin (Chairman) and Dr. Hou Lingling, and one executive Director, namely Mr. Wang Yong. The Remuneration and Appraisal Committee may consult with the Chairman about its proposals relating to the remuneration of other executive Directors. The remuneration of the Directors was determined with reference to the salaries paid by comparable companies and the experience, responsibilities, workload, time devoted to the Group and individual performance of the Directors, as well as the performance of the Group.

As the Company was listed on the Stock Exchange on 23 December 2024, no Remuneration and Appraisal Committee meeting was held during the Relevant Period.

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the senior management of the Company by band for the year ended 31 December 2024 was set out below.

Range of Remuneration (RMB)	Number of Senior Management
500,000-1,000,000	1
1,500,001-2,000,000	1
2,000,001-2,500,000	1
6,500,001-7,000,000	1

B.4 Strategy Committee

The primary duties of the Strategy Committee are to (i) to study and make recommendations on the long-term development and strategic planning of the Company; (ii) to study and make recommendations on major investment and financing schemes, which are subject to the approval of the Board as required by the Articles of Association; (iii) to study and make recommendations on major capital operations and asset management projects, which are subject to the approval of the Board as required by the Articles of Association; and (iv) to study and make recommendations on other major issues that may affect the development of the Company.

As at 31 December 2024, the Strategy Committee has three members comprising of two executive Directors, namely Mr. Liu Peichao (Chairman) and Mr. Wang Yong, and one independent non-executive Director, namely Mr. Li Yibin.

As the Company was listed on the Stock Exchange on 23 December 2024, no Strategy Committee meeting was held during the Relevant Period.

C. DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibilities for preparing the Company's financial statements for the year ended 31 December 2024 and to ensure that the financial statements are prepared in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of the financial statements in accordance with statutory and/or regulatory requirements. The Directors, having made appropriate enquiries, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The statement by the auditor of the Company about their reporting responsibilities and opinion on the financial statements is set out in the Independent Auditor's Report on pages 83 to 88 of this annual report.

D. RISK MANAGEMENT AND INTERNAL CONTROL

From the Listing Date to 31 December 2024, the Company has complied with Paragraph D.2 of Part 2 of the CG Code by establishing appropriate and effective risk management and internal control systems. The Board is responsible for evaluating and determining the nature and extent of the risks that the Company is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The management is responsible for designing, implementing and monitoring the risk management and internal control systems while the Board oversees the management in performing its duties on an on going basis.

The management, under the supervision of the Board, has implemented and maintained appropriate and effective risk management and internal control system, which aims to manage and reduce (i) risks associated with the Group's daily operations; (ii) risks of failing to achieve business objectives; (iii) risks of asset misappropriation; and (iv) risks of making potential material misstatements or losses. However, the risk management and internal control system can only provide reasonable and not absolute assurance against material misstatements or losses. Main features of the risk management and internal control systems are described in the sections below:

Risk Management System

The Company adopts a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

- Risk identification: Identify risks that could potentially affect the Group's operation and business.

- Risk evaluation: Analyze the likelihood and impact of risks on the Group's business and evaluate the risk portfolio accordingly.

- Management: Determine the risk management strategies and internal control processes to prevent, avoid or mitigate the risks; monitor the risks on an on-going basis and ensure effective and appropriate internal control processes are in place; ensure that the management is regularly updated on the results and effectiveness of risk management and internal control.

Internal Control System

The Company has in place an internal control system which enables the Company to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The internal control procedures are designed to monitor operations of the Group and ensure overall compliance. The components of the internal control system framework are shown as follow:

- Control Environment: A set of standards, processes and structures has been implemented to provide the basis for carrying out internal control across the Company.

- Risk Assessment: A dynamic and iterative process for identifying, assessing and analyzing risks to achieve the Company's objectives, forming a basis for determining how risks should be managed.

- Control Activities: Action established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out.

- Information and Communication: Regular and effective internal and external communication to provide the Company with the information needed to carry out day-to-day controls.

- Monitoring: Ongoing and separate evaluations to ascertain the existence and effective operation of each component of the internal control system.

In order to enhance the Company's system of handling and disseminating inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Company also adopts and implements an inside information policy and procedures. Certain reasonable measures have been taken from time to time to ensure that potential inside information being captured and confidentiality of such information being maintained in order to prevent a breach of a disclosure requirement in relation to the Company, which include:

- The access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.

- Confidentiality agreements are in place when the Company enters into significant negotiations.

- Reporting channels are in place for different operating units to report any potential inside information to designated departments.

- The executive Directors are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors and to respond to external enquiries.

Operational Risk Management

The Company has established a series of internal systems to manage operational risks. The Group adopts a comprehensive approach to operational risk management, implementing clear delegation of authority and responsibility, detailed process standardization, and well-defined reward and disciplinary mechanisms. The finance center, audit department, legal department, human resources and administration center, and relevant business departments collectively ensure compliance with internal policies. In the event of a major adverse incident, matters will be reported to the general manager and/or the board of Directors for appropriate action. The Company expects to maintain operational risks within a reasonable scope by identifying, measuring, monitoring, and controlling such risks, thereby minimizing potential losses.

Information Security and Data Privacy Risk Management

The Company places high importance on data security and privacy protection. Standard protective measures have been implemented, including confidentiality classification, access controls, data encryption, and anonymization to prevent unauthorized access, leakage, misuse, modification, damage, or loss of data and information. The IT department, in collaboration with business departments, oversees the management of data security and information protection. The Company has established a comprehensive information security management system to ensure the security of data and information.

Based on the internal control reviews conducted in 2024, no significant internal control deficiency was identified.

Internal Audit Function

The Company has an internal audit department. The internal audit department conducts internal audit on different department and functions within the Group on an ongoing basis to assess the effectiveness and identify weaknesses in the existing internal control, legal and regulatory compliance and risk management systems of the Group.

Effectiveness of the Risk Management and Internal Control Systems

The Board is responsible for overseeing the implementation and managing the risk management and internal control systems of the Company and ensuring review of the effectiveness of these systems has been conducted annually. The review covered all material controls of the Group, including financial, operational and compliance controls. Several areas have been considered during the Board's review, including but not limited to (i) the changes in the nature and extent of significant risks (including ESG risks) since the last annual review, and the Company's ability to respond to changes in its business and the external environment; (ii) the scope and effectiveness of management's ongoing monitoring of risks (including ESG risks) and of the internal control systems; (iii) the extent and frequency of communication of monitoring results to the board (or board committee(s)) which enables it to assess control of the issuer and the effectiveness of risk management; (iv) significant control failings or weaknesses that have been identified during the period, and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the issuer's financial performance or condition; (v) the effectiveness of the issuer's processes for financial reporting and Listing Rule compliance; and (vi) the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting functions, as well as those relating to the Company's ESG performance and reporting.

The Board, through its annual review and the review made by internal audit department and the Audit Committee, concluded that the risk management and internal control systems for the year end 31 December 2024 were effective and adequate. Such systems, however, are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board also considered that the resources, staff qualifications and experience of relevant staff were adequate and the training programs and budget provided were sufficient.

Anti-corruption

The Group does not tolerate any form of corruption, such as bribery, extortion, fraud or money laundering. The Group requires all employees to comply with professional ethics, and prohibits any form of corruption. The Group has established an anti-fraud policy and adopted a zero-tolerance policy for any form of corruption. Employees who are found to have committed corruption will received disciplinary action, including being discharged from their duties and required to indemnify the losses caused. The Company provides internal reporting channels for employees to report suspected acts of corruption or bribery. Employees found involved in corrupt activities will have their employment contracts terminated, and business partners found guilty of such misconduct will have their cooperation terminated. If their acts are found to be in violation of any regulatory requirement, the employee will be held accountable for his/her judicial responsibility. The Group further strengthens the awareness of employees and new recruits by conducting periodic anti-corruption training.

Whistleblowing policy

The Board has established and adopted a whistleblowing policy which sets out the channels for employees and those who deal with the Group, including customers and suppliers, to raise concerns about possible improprieties in any matters about the Group, including financial reporting, internal control, corruption, or any kind of misconduct. Complaints will be kept confidential and anonymous, and will be handled in a timely and fair manner. The Audit Committee is responsible for the implementation and oversight of the policy and will review the policy annually.

E. INDEPENDENT AUDITOR'S REMUNERATION

The remuneration paid/payable to the independent auditor of the Company for the year ended 31 December 2024 is set out as follows:

Services rendered	Paid/payable RMB'000
Audit services	1,800
Non-audit services	–
Total	1,800

F. JOINT COMPANY SECRETARIES

Mr. Wang Yong and Ms. Ching Shuk Wah Shirley were appointed as the Joint Company Secretaries of the Company and are responsible for overseeing the company secretarial work of the Group.

In accordance with the requirements under Rule 3.29 of the Listing Rules, both Mr. Wang and Ms. Ching confirmed that they have taken not less than 15 hours of relevant professional training during the year ended 31 December 2024.

The main contact person of Ms. Ching in the Company is Mr. Wang Yong, an executive Director, during the Year.

G. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Board believes that a transparent and timely disclosure of the Company's information is essential for enhancing investor relations and will enable the Shareholders and investors to make the best investment decision and to have better understanding of the Company's business performance and strategies. The Company endeavours to maintain an on-going dialogue with the Shareholders and in particular, through annual general meetings and other general meetings. The Chairman of the Board and the chairmen of the Board committees will endeavour to meet the Shareholders at the general meetings to answer any questions raised by the Shareholders.

The Company has adopted a Shareholders Communication Policy (the "**Shareholders Communication Policy**") to ensure that Shareholders' views and concerns are appropriately addressed with the objective of ensuring transparent, accurate and open communications with the Shareholders, which will be reviewed on a regular basis annually to ensure its effectiveness.

The Company also maintains two websites at www.dobot.cn (with respect to Chinese version) and http://www.dobot-robots.com/ (with respect to English version) where corporate communication documents, other documents issued by the Company which are published on the website of the Stock Exchange, constitutional documents, corporate information, other corporate publications and up-to-date information and updates of the Company's operations, performances and strategies are available to public access. The Company's websites serves as a communication platform with the Shareholders and investors.

The Shareholders and investors may also write directly to the Company's principal place of business and headquarters in China at Room 1003, Building 2, Chongwen Park, Nanshan Smart Park, No. 3370 Liuxian Avenue, Fuguang Community, Taoyuan Sub-district, Nanshan District, Shenzhen, the PRC or via email to ir@dobot-robots.com to make any queries. Queries are dealt with in an informative and timely manner.

The Company had reviewed its shareholders' communication policy and examined the implementation and effectiveness of the shareholders' communication policy. The Company believes that the shareholders' communication policy is still appropriate and effective in providing a channel for shareholders to communicate on various matters affecting the Company, as well as the Company to solicit and understand the opinions of shareholders and stakeholders.

H. SHAREHOLDERS' RIGHTS

Procedures for convening extraordinary meeting or class meeting on requisition

The Shareholders of the Company shall follow the procedures as prescribed in Article 48 of the Articles of Association to convene an extraordinary general meeting or class meeting of the Company. Pursuant to Article 48, Shareholders individually or collectively holding more than 10% of the shares carrying voting rights at the meeting to be convened may, by signing one or more counterpart written requisition(s) stating the object of the meeting, require the Board to convene an extraordinary general meeting or a class shareholders' meeting. The Board shall as soon as possible after receipt of such written requisition(s) proceed to so convene the extraordinary general meeting or class shareholders' meeting. The shareholdings referred to above shall be calculated as at the date of the delivery of the written requisition(s). Pursuant to Article 48, where the Board fails to issue notice of convening meeting within ten days upon receipt of the above written request, shareholder(s) individually or collectively holding more than 10% of the shares carrying voting rights at the meeting to be convened may request by written requisition(s) the Board of Supervisors to convene the extraordinary general meeting and class shareholders' meeting. Pursuant to Article 48, Where the Board of Supervisors fails to issue notice of convening meeting within the prescribed period upon receipt of the above written request, shareholder(s), for more than 90 consecutive days, individually or collectively holding more than 10% of the shares carrying voting rights at the meeting may convene the meeting on their own upon the Board having received such request. The convening procedures shall, to the extent possible, be identical to procedures according to which general meetings are to be convened by the Board.

All reasonable expenses incurred for such meeting convened by the shareholders as a result of the failure of the Board of Directors and Board of Supervisors to convene a meeting as required by the above request(s) shall be borne by the Company and be set off against sums owed by the Company to the defaulting directors or supervisors.

The Shareholders of the Company shall follow the procedures as prescribed in Article 53 of the Articles of Association to propose new resolutions at general meetings. Pursuant to Article 53, when the Company convenes a general meeting, shareholders individually or jointly holding 1% or more of the total voting shares of the Company shall be entitled to propose new resolutions in writing to the Company and submit to the convener 10 days prior to the convening of the general meeting. The convener of the general meeting shall issue a supplemental notice of general meeting to other shareholders within 2 days after the receipt of such proposal and incorporate the matters falling within the scope of duties of the general meeting into the agenda of such meeting. The new agenda shall be tabled to the general meeting for consideration. Shareholders holding minority interests in the Company must be allowed to convene an extraordinary general meeting and add resolutions to a meeting agenda. The minimum supporting shareholding required to do so must not be more than 10% of the voting rights attached to the Company's share capital on a one vote per share basis.

Procedures for raising enquiries

The Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's Hong Kong H Share registrar, Computershare Hong Kong Investor Services Limited, details of which are as follows:

Computershare Hong Kong Investor Services Limited

Address:	Shop 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Website:	www.computershare.com/hk/contact
Tel:	Tel: 2862 8555
Fax:	Fax: 2865 0990

The Shareholders may at any time make any queries in respect of the Company at the following designated contacts, correspondence address, email address(es) and enquiry hotline(s) of the Company:

Attention:	Investor Relations Department
Address:	Room 1003, Building 2, Chongwen Park, Nanshan Smart Park, No. 3370 Liuxian Avenue, Fuguang Community, Taoyuan Sub-district, Nanshan District, Shenzhen, the PRC
Email:	ir@dobot-robots.com

The Shareholders are reminded to lodge their queries together with their detailed contact information for the prompt response of the Company if it deems appropriate.

Shareholders may put forward proposals at the general meetings to nominate a candidate for election as a Director. Articles 87 of the Articles of Association provides that the Directors shall be elected at the Shareholders' general meetings of the Company. Article 53 of the Articles of Association provides that the Shareholders (individually or jointly) holding 1% or more of the total issued shares of the Company carrying voting rights are entitled to forward proposal(s) at the general meetings by making a provisional motion in writing to the board of Directors 10 days before the date of Shareholders' general meeting. Accordingly, if a Shareholder intends to nominate a candidate for election as a Director, a notice of intention to nominate a candidate for election as a Director and a notice executed by the nominated candidate of his/her willingness to be appointed must be duly lodged at the registered office for the attention of the joint company secretary of the Company and the Board.

Further details of the procedures for Shareholders to propose a person for election as a Director are posted on the website of the Company. Shareholders or the Company may also refer to the above procedures for putting forward any other proposals at general meetings.

CONSTITUTIONAL DOCUMENTS

The Company conditionally adopted the Articles of Association ("**Articles of Association**") effective on 7 February 2025. In order to reflect the final results of the issuance of H Shares, and in accordance with the requirements of the Company Law of the People's Republic of China (2023 Revision) (《中華人民共和國公司法(2023年修訂)》) and other applicable laws and regulations and in light of the Company's actual situation, corresponding amendments to the relevant provisions of the Articles of Association were made and approved by the Shareholders at the 2025 first extraordinary general meeting of the Company held on 7 February 2025. For details, please refer to the announcements of the Company dated 20 January 2025 and 7 February 2025, and the circular of the Company dated 20 January 2025.

An updated version of the Articles of Association is available on the respective websites of the Company and the Stock Exchange.

REPORT OF THE BOARD OF DIRECTORS

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group (the "**Consolidated Financial Statements**") for the year ended 31 December 2024 (the "**Reporting Period**" or the "**Year**") since the Listing Date.

PRINCIPAL ACTIVITIES

The Company was incorporated as a joint stock company established in the PRC with limited liability in July 2015. The Group is primarily engaged in the design, development, manufacturing and commercialization of collaborative robots, or commonly known as "cobots." We offered a total of 27 cobot models in four series, catering to numerous use cases in manufacturing, retail, healthcare, STEAM education, scientific research settings and many more.

BUSINESS REVIEW

A fair review of the Group's business as required under Schedule 5 to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), including the Group's performance analysis during the year ended 31 December 2024, particulars of important events affecting the Group that have occurred since the end of the year ended 31 December 2024, as well as the possible future business development of the Group, are set out in the sections headed "Chairman's Statement" on pages 4 to 5, "Management Discussion and Analysis" on pages 7 to 15 and "Report of the Board of Directors – Events After the Reporting Period" on page 60 of this annual report.

Possible risks and uncertainties that the Group may be facing are set out in the section headed "Principal Risks and Uncertainties" below in this report. Discussions on the environmental policies and performance, compliance by the Group with the relevant laws and regulations that have a significant impact on the Group and the account of the key relationships of the Group with its stakeholders are set out in the "Environmental, Social and Governance Report" on pages 64 to 82 of this annual report.

A summary of the operating results and financial position of the Group for the most recent four financial years is set out on page 6 of this annual report. This summary does not form part of our Consolidated Financial Statements.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group had a total of RMB883.8 million in cash and cash equivalents, an increase of RMB772.8 million from RMB111.0 million as at 31 December 2023, mainly due to the initial public offering in 2024, which led to an increase in cash and cash equivalents by RMB630.2 million.

As at 31 December 2024, we had bank borrowings of approximately RMB217.8 million (31 December 2023: approximately RMB57.8 million). The range of effective interest rates on the borrowings was 0.9% to 2.58% per annum in 2024 (2023: 1.22% to 1.83%). The Group's gearing ratio calculated based on total liabilities divided by total assets, was 35.3% as at 31 December 2024 (31 December 2023: 49.2%).

As at 31 December 2024, the Group has not provided guarantees and pledges to related parties.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Stock Exchange on 23 December 2024 (the "**Listing Date**") with 353,843,147 new H shares of the Company issued, upon the partial exercise of the over-allotment option, 358,038,547 H shares of the Company were issued in aggregate. The net proceeds received from the global offering, after deducting the underwriting fees and commissions and expenses payable by the Company in connection with the global offering, amounted to approximately HK$681.4 million and an offering price of HK$18.8 per H share of the Company (the "**H Share**") (not including the net proceeds of approximately HK$75.3 million received by the Company from the partial exercise of the over-allotment option in January 2025 (the "**Over-allotment Option**")). Since the Listing Date and up to 31 December 2024, the Company has not utilised any net proceeds from the global offering.

	Approximate Percentage of the total net proceeds	**Net proceeds from the global offering** (HKD' million)	**Expected time to utilize the remaining net proceeds in full**
Technology development for intelligent cobots from 2025 to 2029	40.0%	272.6	By the end of the year ending 2029
Developing of production lines and manufacturing capabilities from 2025 to 2029	27.0%	184.0	By the end of the year ending 2029
Strategic alliances, investment and acquisition opportunities both domestically and overseas in the downstream of the cobot industry	16.0%	109.0	By the end of the year ending 2029
Overseas sales channel building from 2025 to 2029	7.0%	47.7	By the end of the year ending 2029
Working capital and other general corporate purposes	10.0%	68.1	By the end of the year ending 2025
Total	**100.0%**	**681.4**	

The Company intends to use the net proceeds in the same manner and proportion as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus. As at the date of this annual report, the Company does not anticipate any change to its plan on the use of proceeds.

Subsequent to 31 December 2024, as disclosed in the announcement of the Company dated 17 January 2025, the Company has received additional net proceeds of approximately HK$75.3 million from the over-allotment shares issued and allotted upon the partial exercise of the Over-Allotment Option at HK$18.8 per H share after deduction of the estimated underwriting fees and commissions and expenses payable by the Company in connection with the global offering. The additional net proceeds will be allocated by the Company on a pro rata basis to the purposes as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 and the state of affairs of the Group as at 31 December 2024 are set out in the Consolidated Financial Statements on pages 83 to 172.

The Board does not recommend the payment of final dividend for the year ended 31 December 2024 (2023: Nil).

TAX ON DIVIDENDS

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

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

The Circular of the State Administration of Taxation on Issues Relating to the Withholding of Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to H Share Shareholders of Overseas Non-Resident Enterprise (國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知), which was issued by the SAT on 6 November 2008, further clarified that a PRC-resident enterprise unified withhold enterprise income tax at a rate of 10% on dividends paid to H Share shareholders of overseas non-resident enterprise for 2008 and subsequent years. After receiving dividends, the shareholder of a non-resident enterprise may apply to the competent tax authority for the treatment under the tax treaty (arrangement), and after the examination and verification by the competent tax authority, shall refund the balance between the tax paid and the tax payable calculated according to the tax rate stipulated in the tax treaty (arrangement).

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

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

The Company was not aware of any Shareholders that had waived or agreed to waive any dividend arrangement for the year ended 31 December 2024.

SHARE CAPITAL

Details of movements in share capital of the Company during the year ended 31 December 2024 are set out in note 30 to the Consolidated Financial Statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group are set out in the consolidated statement of changes in equity of this annual report. As at 31 December 2024, the Company has no reserves available for distribution (as at 31 December 2023: nil).

MAJOR CUSTOMERS, SUPPLIERS AND SUBCONTRACTORS

The aggregate revenue attributable to the Group's largest customers for the year ended 31 December 2024 accounted for approximately 5.1% (2023: 3.5%) of the Group's total revenue. The aggregate revenue attributable to the Group's five largest customers for the year ended 31 December 2024 accounted for approximately 16.5% (2023: 12.8%) of the Group's total revenue.

The aggregate purchases attributable to the Group's largest suppliers and subcontractors for the year ended 31 December 2024 accounted for approximately 14.7% (2023: 13.7%) of the Group's total purchases. The aggregate purchases attributable to the Group's five largest suppliers and subcontractors for the year ended 31 December 2024 accounted for approximately 37.3% (2023: 37.1%) of the Group's total purchases.

To the best knowledge of the Directors, none of the Directors or their associates or any Shareholders who owned more than 5% of the Company's issued share capital, excluding treasury shares (if any) had any beneficial interest in any of the Group's five largest customers or suppliers and subcontractors during the year ended 31 December 2024.

DIVIDEND POLICY

During the year ended 31 December 2024 and up to the date of this annual report, we did not declare or pay any dividends, nor did we have any dividend policy in place. Pursuant to our Articles of Association, our Board will formulate the dividends distribution plan after taking into account our future operations and earnings, capital requirements and surplus, general financial condition, contractual restriction and other factors which our Directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to our Articles of Association, applicable PRC law and approval by our Shareholders. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. As advised by our PRC Legal Advisor, no dividend shall be declared or payable, unless we have profits and reserves lawfully available for distribution. Any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital.

SUBSIDIARIES OF THE COMPANY

The details of the subsidiaries of the Company are set out in note 1 to the Consolidated Financial Statements on page 96 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2024, the Group's total property, plant and equipment amounted to approximately RMB177.2 million (2023: RMB189.8 million). The details of the properties, plant and equipment of the Group and their movements during the year ended 31 December 2024 are set out in note 13 to the Consolidated Financial Statements.

BORROWINGS

Particulars of borrowings of the Group as at the balance sheet date and the details of the charging on the Group's assets are set out in note 26 to the Consolidated Financial Statements.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year ended 31 December 2024, to the best knowledge of the Directors, there was no material breach of or non-compliance with applicable laws and regulations, that have a significant impact on the business and operations of the Group, by the Group.

SERVICE CONTRACT AND LETTER OF APPOINTMENT OF THE DIRECTORS AND SUPERVISORS

The Directors and Supervisors during the year ended 31 December 2024 and up to the date of this annual report were as follows:

Executive Directors
Mr. Liu Peichao *(Chairman)*
Mr. Wang Yong
Mr. Lang Xulin

Non-executive Director
Mr. Jing Liang

Independent non-executive Directors
Mr. Li Yibin
Mr. Ng Jack Ho Wan
Dr. Hou Lingling

Supervisors
Ms. Wan Ying *(Chairlady)*
Mr. Li Liuwei
Ms. Ma Jingxian

The biographical details of the Directors, Supervisors and the senior management of the Group are disclosed in the section headed "Biographical Details of Directors, Supervisors and Senior Management" on pages 16 to 21 of this annual report.

Each of the Directors and Supervisors has entered into a service contract or a letter of appointment with the Company for a term of three years.

Pursuant to Article 87 and Article 121 of the Articles of Association, the term for Directors and Supervisors is three years commencing from the date of their respective appointment or re-appointment, subject to re-appointment at a general meeting.

Save as disclosed above, there are no service contracts or letters of appointment between the Company or its subsidiaries and any of the Directors or Supervisors which is not determinable by the Company within one year without payment of compensation apart from statutory compensation.

Each of our Directors confirms that he or she (1) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on 31 May 2024; and (2) understands his or her obligations as a director of a listed issuer under the Listing Rules.

The Company has received annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules and all of them are considered to be independent.

MANAGEMENT CONTRACTS

Other than the Directors' and Supervisors' service contracts and appointment letters, no contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year or subsisted at the end of the year ended 31 December 2024.

INFORMATION ON EMPLOYEES

As at 31 December 2024, the Group had 560 (2023: 552) employees, including the executive Directors. Total staff costs (including Directors' emoluments) were approximately RMB161.8 million, as compared to approximately RMB132.6 million for the year ended 31 December 2023. Remuneration is determined with reference to market norms and individual employees' performance, qualification and experience.

The Group places high value on recruiting, training and retaining its employees. The Group maintains high recruitment standards and provide competitive compensation packages. Remuneration packages for the Group's employees mainly comprise base salary, performance salary and bonus. The Group also provides both in-house and external trainings for our employees to improve their skills and knowledge. As required under PRC regulations, the Group participates in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity, and unemployment benefit plans.

The salaries and benefits of the Group's employees are kept at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed annually.

We contribute to defined contribution plans for our employees, including social pension insurance organised and implemented by local labour and social security bureau. Please refer to note 2.4 to the Consolidated Financial Statements for details. There is no provision under the defined contribution plans for forfeited contributions to be used by the Group to reduce the existing level of contributions.

The Company has adopted several share incentive schemes from 2018 to 2024 (collectively, the "**Share Incentive Schemes**"), to award the partnership interest in our share incentive platforms to the scheme participants. None of such Share Incentive Schemes is subject to the provisions of Chapter 17 of the Listing Rules. As at the date of this annual report, Shenzhen Yuejiang Consultation Partnership (Limited Partnership) (深圳市越疆諮詢合夥企業(有限合夥)) ("**Yuejiang LP**"), Shenzhen Lumo Consulting Partnership (Limited Partnership) (深圳市魯墨諮詢合夥企業(有限合夥)) ("**Lumo LP**"), Shenzhen Qimo Investment Partnership (Limited Partnership) (深圳市齊墨投資合夥企業(有限合夥)) ("**Qimo LP**") and Shenzhen Chumo Consulting Partnership (Limited Partnership) (深圳市楚墨諮詢合夥企業(有限合夥)) ("**Chumo LP**") were established as our share incentive platforms. Lumo LP, Qimo LP and Chumo LP are controlled by the same general partner, Mr. Liu Yang, and thus, together with Mr. Liu Yang, constitute a group of our Shareholders.

EMOLUMENT POLICY

The emoluments of the Directors and senior management of the Group are determined by the Board with reference to the respective responsibilities and duties, experience, individual performance, and time devoted to the Group and may be adjusted upon the recommendation of the Remuneration and Appraisal Committee. The Remuneration and Appraisal Committee was set up for reviewing the Company's emolument policy and structure of all remuneration of the Directors and senior management of the Company.

REMUNERATION OF DIRECTORS, SUPERVISORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors, Supervisors and five highest paid individuals of the Group are set out in notes 8 and 9 to the Consolidated Financial Statements on pages 130 to 133 of this annual report.

For the year ended 31 December 2024, no emoluments were paid by the Group to any Director, any Supervisor or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors or the Supervisors has waived any emoluments for the year ended 31 December 2024.

Except as disclosed above, no other payments have been made or are payable, for the year ended 31 December 2024, by the Group to or on behalf of any of the Directors or the Supervisors.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or a Supervisor or his or her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year under 31 December 2024 or at any time during the year ended 31 December 2024.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance in respect of legal actions arising out of corporate activities against the current Directors and senior management of the Company and its associated companies and the Directors and senior management of the Company and its associated companies who resigned, and no permitted indemnity provision was made by the Company during the Year and no permitted indemnity provision was in force as the date of this annual report. The permitted indemnity provision is in force for the benefit of the Directors as required by the provisions of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The Company had not entered into any connected transaction during the year ended 31 December 2024 which is required to be disclosed in accordance with Chapter 14A of the Listing Rules. Related party transactions entered into by the Group during the year ended 31 December 2024 is note 36 to the Consolidated Financial Statements. Other than the related party transaction disclosed in note 36 to the Consolidated Financial Statements, no transactions, arrangements, contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party, and in which a Director or his connected entity had a material interest, whether directly or indirectly, were entered into or subsisted at the end of the Reporting Period or at any time during the Reporting Period.

CONVERTIBLE SECURITIES, SHARE SCHEMES, WARRANTS OR SIMILAR RIGHTS

During the Year, the Company did not issue any convertible securities, share options, warrants or similar rights.

During the year ended 31 December 2024 and up to the date of this annual report, the Group has no share scheme (including any share option scheme) subject to the provisions of Chapter 17 of the Listing Rules.

DEBENTURES IN ISSUE

Neither the Company nor any of its subsidiaries issued any debentures during the Year.

EQUITY-LINKED AGREEMENT

The Company did not enter into any equity-linked agreement and there was no equity-linked agreement during the Year.

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

As at 31 December 2024, save as disclosed below, none of the Directors and chief executives of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the"**SFO**") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") contained in Appendix C3 of the Listing Rules:

Name of Directors/ chief executive	Class of Shares	Capacity/Nature of interest	Number of securities held[1]	Approximate percentage of the total issued domestic share capital	Approximate percentage of the total issued H share capital	Approximate percentage of the total share capital
Mr. Liu Peichao	H Shares	Beneficial owner	76,677,613(L)	–	21.67%	19.17%
(劉培超先生)		Interest in controlled corporation[2]	16,041,990(L)	–	4.53%	4.01%
	Domestic Shares	Beneficial owner	19,169,403(L)	41.53%	–	4.79%
Mr. Lang Xulin	H Shares	Beneficial owner	6,374,570(L)	–	1.80%	1.59%
(郎需林先生)	Domestic Shares	Beneficial owner	1,593,643(L)	3.45%	–	0.40%

Notes:

(1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the Domestic Shares and or H Shares.

(2) As at the date of this annual report, Mr. Liu Peichao acted as the general partner of Shenzhen Yuejiang Consultation Partnership (Limited Partnership) (深圳市越疆諮詢合夥企業(有限合夥)) ("**Yuejiang LP**") and Shenzhen Qinmo Venture Capital Partnership (Limited Partnership) (深圳市秦墨創業投資合夥企業(有限合夥) ("**Qinmo LP**"). Under the SFO, Mr. Liu is deemed to be interested in the entire Shares held by Yuejiang LP and Qinmo LP.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2024, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholders	Class of Shares	Capacity/ Nature of interest	Number of securities held[1]	Approximate percentage of the total issued domestic share capital	Approximate percentage of the total issued H share capital	Approximate percentage of the total share capital
Mr. Liu Yang (劉洋)	Domestic Shares	Interest in controlled corporation[2]	7,898,466(L)	17.11%	–	1.97%
	H Shares	Interest in controlled corporation[2]	31,593,859(L)	–	8.93%	7.90%
Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司)	H Shares	Beneficial owner	10,352,962(L)	–	2.93%	2.59%
	H Shares	Interest in controlled corporation[3]	11,413,077(L)	–	3.23%	2.85%
Shenzhen Greenpine Growth Equity Investment Partnership (Limited Partnership) (深圳市松禾成長股權投資合夥企業(有限合夥) ("**Greenpine Growth**")	H Shares	Beneficial owner	21,698,003(L)	–	6.13%	5.42%
Qianhai Equity Investment Fund (Limited Partnership) (前海股權投資基金(有限合夥)) ("**Qianhai Equity**")	Domestic Shares	Beneficial owner	2,935,892(L)	6.36%	–	0.73%
	H Shares	Beneficial owner	16,636,724(L)	–	4.70%	4.16%
Wuxi Chanfa Trade in Service Investment Fund Partnership (Limited Partnership) (無錫產發服務貿易投資基金合夥企業(有限合夥))	Domestic Shares	Beneficial owner	3,031,596(L)	6.57%	–	0.76%
	H Shares	Beneficial owner	3,031,597(L)	–	0.86%	0.76%

Name of Shareholders	Class of Shares	Capacity/ Nature of interest	Number of securities held[1]	Approximate percentage of the total issued domestic share capital	Approximate percentage of the total issued H share capital	Approximate percentage of the total share capital
Shenzhen Qianfan Qihang No.1 Private Equity Investment Fund Partnership (Limited Partnership) (深圳千帆企航壹號私募股權投資基金合夥企業(有限合夥))	Domestic Shares	Beneficial owner	5,097,899(L)	11.04%	–	1.27%
Mr. Liu Dan (劉丹)	Domestic Shares	Beneficial owner	3,572,450(L)	7.74%	–	0.89%
Nanshan Emerging Industry Investment (Hong Kong) Co., Limited	H Shares	Beneficial owner[4]	18,365,200(L)	–	5.19%	4.59%
Nanshan Strategic Emerging Industries Investment Co., Ltd.* (南山戰略新興產業投資有限公司)	H Shares	Interest in controlled corporation[4]	18,365,200(L)	–	5.19%	4.59%
Shenzhen Nanshan District State-owned Assets Supervision and Administration Bureau (Shenzhen Nanshan District Collective Assets Administration Bureau)* (深圳市南山區國有資產監督管理局(深圳市南山區集體資產管理局))	H Shares	Interest in controlled corporation[4]	18,365,200(L)	–	5.19%	4.59%

Notes:

(1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the shares of the Company.

(2) As at the date of this annual report, Mr. Liu Yang acted as the general partner of three share incentive platforms, including Shenzhen Lumo Consulting Partnership (Limited Partnership) (深圳市魯墨諮詢合夥企業(有限合夥) ("**Lumo LP**"), Shenzhen Qimo Investment Partnership (Limited Partnership) (深圳市齊墨投資合夥企業(有限合夥)) ("**Qimo LP**") and Shenzhen Chumo Consulting Partnership (Limited Partnership) (深圳市楚墨諮詢合夥企業(有限合夥)) ("**Chumo LP**"). Under the SFO, Mr. Liu Yang is deemed to be interested in the entire Shares held by Lumo LP, Qimo LP and Chumo LP.

(3) As at the date of this annual report, Shenzhen Nanshan Hongtu Equity Investment Fund Partnership (Limited Partnership) (深圳市南山紅土股權投資基金合夥企業(有限合夥) ("**Nanshan Hongtu**") and Shenzhen Hongtu Chuangke Venture Capital Partnership (Limited Partnership) (深圳市紅土創客創業投資合夥企業(有限合夥)) ("**Hongtu Chuangke**") were ultimately controlled by Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司) ("**SCGC**"). Under the SFO, SCGC is deemed to be interested in the Shares held by Nanshan Hongtu and Hongtu Chuangke.

Save as disclosed above, as at 31 December 2024, the Directors were not aware of any other persons/entities (other than the Directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

LOCK-UP PERIODS

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

Name	Capacity	Aggregate number of Shares held at the date of this annual report	Approximate percentage of shareholding in the total issued share capital of the Company at the date of this annual report (%)	Lock-up Period
Key persons and their close ssociates				
Mr. Liu Peichao	Founder, chairman of our Board, executive Director, general manager and core R&D team member	95,847,016	23.71	The period commencing on the date by reference to which disclosure of its shareholding is made in the Prospectus and ending on the date which is 12 months from the Listing Date
Yuejiang LP	Share incentive platform controlled by Mr. Liu Peichao	12,599,991	3.12	
Qinmo LP	Shareholding platform controlled and managed by Mr. Liu	3,441,999	0.85	
Mr. Lang Xulin	Co-founder, executive Director, chief scientist and core R&D team member	7,968,213	1.97	
Mr. Wu Zhiwen	Co-founder	7,968,213	1.97	
Share Incentive Platforms				
Lumo LP	Share incentive platform where the Company's founder, executive Directors, senior management and core R&D team members hold partnership interest	14,897,259	3.69	
Qimo LP	Share incentive platform where the Company's founder, executive Directors, senior management and core R&D team members hold partnership interest	12,961,193	3.21	
Chumo LP	Share incentive platform where the Company's founder, executive Directors, senior management and core R&D team members hold partnership interest	11,633,873	2.88	

Name	Capacity	Aggregate number of Shares held at the date of this annual report	Approximate percentage of shareholding in the total issued share capital of the Company at the date of this annual report (%)	Lock-up Period
Pathfinder SIIs				
SCGC	Pathfinder SII	10,352,962	2.56	The period commencing on the date by reference to which disclosure of its shareholding is made in the Prospectus and ending on the date which is six months from the Listing Date
Nanshan Hongtu	Pathfinder SII	8,258,657	2.04	
Hongtu Chuangke	Pathfinder SII	3,154,420	0.78	
Greenpine Growth	Pathfinder SII	21,698,003	5.37	
Qianhai Equity	Pathfinder SII	19,572,616	4.84	
CICC Qizhi (Shanghai) Private Equity Investment Center L.P. (中金祺智(上海)股權投資中心(有限合夥))	Pathfinder SII	16,168,502	4.00	

COMPETITION AND CONFLICT OF INTERESTS

During the year ended 31 December 2024, save as disclosed in the Prospectus, none of the Directors or Controlling Shareholders or any of their respective associates has any interests in any business that competes or may compete, directly or indirectly, with the business of the Group or has any other conflict of interests with the Group.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

No contract of significance (including contract of significance for the provision of services) was entered into between the Company or its subsidiaries and the Controlling Shareholders or any of its subsidiaries during the year ended 31 December 2024 or subsisted as at 31 December 2024.

TAXATION

During the Year, the Company and its subsidiaries were subject to the PRC enterprise income tax at a rate of 25% of taxable profits according to the requirements under the PRC Enterprise Income Tax Law which became effective on 1 January 2008. The relevant details are set out in note 10 to the Consolidated Financial Statements on pages 133 to 134 of this annual report.

The Company is qualified as a high and new technology enterprise and was subject to income tax at a preferential tax rate of 15% for the year ended 31 December 2024.

The Company was approved as a "High and New Technology Enterprise" and entitled to a preferential income tax rate of 15% during 2024. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules since its listing on 23 December 2024 up to the date of this annual report.

RELATIONSHIP WITH STAKEHOLDERS

Employees are regarded as the most important and valuable assets of the Group. Competitive remuneration packages and a sound performance appraisal system with appropriate incentives are provided and implemented to attract and motivate employees. In addition, to conform to the market standard, the Group regularly reviews the remuneration package of employees and makes necessary adjustments. Moreover, the Group understands the importance of maintaining good relationship with customers and suppliers is vital to achieve its long-term goals. Thus, senior management of the Group have kept good communication, promptly exchanged ideas and shared business update with them as and when appropriate. During the year, there was no material and significant dispute between the Group and its customers and suppliers.

CORPORATE GOVERNANCE REPORT

As the H Shares were listed on the Stock Exchange on the Listing Date of 23 December 2024, the CG Code was not applicable to the Company prior to the Listing Date. The Company aims to achieve high standards of corporate governance, which are crucial to the Company's development and safeguard the interests of the Shareholders.

Since the Listing Date, the Company has applied the principles of good corporate governance and adopted the code provisions of the CG Code as its own code of corporate governance. The Company has complied with all applicable code provisions set out in Part 2 of the CG Code during the period from the Listing Date to 31 December 2024, save as the below.

Pursuant to code provision C.2.1 of Part 2 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the roles of chairman and chief executive should be separate and should not be performed by the same individual. We do not have a separate chairman and chief executive and Mr. Liu Peichao currently performs these two roles. Our Board believes that vesting the roles of both the chairman of our Board and general manager in the same person has the benefit of (1) ensuring consistent leadership within our Company, (2) enabling more effective and efficient overall strategic planning for our Company, and (3) facilitating the flow of information between the management and our Board. Our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of the chairman of our Board and the general manager of our Company at a time when it is appropriate by taking into account the circumstances of our Company as a whole. The Board will review the corporate governance structure and practices from time to time and shall make necessary arrangements when the Board considers appropriate.

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 22 to 40 of this annual report.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors and Supervisors.

The Board is pleased to confirm that, after making specific enquiries with all Directors and Supervisors, all Directors and Supervisors have fully complied with the standards required according to the Model Code set out in Appendix C3 to the Listing Rules during the Year.

MATERIAL LEGAL PROCEEDINGS

The Group was not involved in any material legal proceeding during the year ended 31 December 2024.

LOAN AND GUARANTEE

Save as disclosed in this annual report, during the year ended 31 December 2024, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, senior management of the Company, the Controlling Shareholders or their respective connected persons.

CONFIRMATION OF INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company confirmed that it had received the annual confirmation of independence from each of the independent non-executive Directors in compliance with Rule 3.13 of the Listing Rules on 24 March 2025. The Company is of the view that the independent non-executive Directors remain independent during the Year in accordance with the relevant requirements of Rule 3.13 of the Listing Rules.

INTEREST OF COMPLIANCE ADVISER

In accordance with Rule 3A.19 of the Listing Rules, the Company has appointed Guotai Junan Capital Limited ("**GTJA**") to be the compliance adviser. GTJA, being the sponsor of the Company in relation to the Listing, has declared its independence pursuant to Rule 3A.07 of the Listing Rules. Save as provided for in relation to the global offering and/or disclosed in the Prospectus, neither GTJA nor any of its associates and none of the directors or employees of GTJA who have been involved in providing advice to the Company as the sponsor, has or may, as a result of the global offering, have any interest in any securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities).

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period under review. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers debtors. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that sufficient financial resources are available in order to meet its funding requirements and commitment timely.

PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties faced by the Group, some of which are beyond its control:

(1) difficulty in evaluating our business and prospect due to our limited operating history and limited track record in the commercialization of our products;

(2) uncertainties in the growth of the size of our addressable markets and the demand for our products;

(3) failure to compete with our competitors;

(4) failure to advance our technology development and introduce new products;

(5) deterioration in relationships with distributors;

(6) failure to deliver desired research and development results after significant investments;

(7) failure to obtain or maintain adequate intellectual property rights protection for our products;

(8) failure to obtain additional capital when desired on favorable terms or at all;

(9) adverse impact on our cash flow, liquidity and profitability due to significant research and development expenditures and capital expenditures for our business operations; and

(10) failure to achieve profitability in the near future.

MARKET RISKS

The Group is exposed to various types of market risks, including fluctuations in interest rates and risk of change in industrial regulatory policies.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to the cash and bank deposits held by the Group, interest-bearing bank and other borrowings. The Group mainly controls its exposure to interest rate risks associated with certain cash holdings and bank deposits, interest-bearing bank and other borrowings by placing them in appropriate short-term deposits at fixed or floating interest rates and at the same time by borrowing loans at a mixture of fixed or floating interest rates.

The Group had not used any interest rate swaps to hedge its exposure to interest rate risk during the Year.

Risk of change in industrial regulatory policies

An array of laws, regulations and rules on the cobot industry in China constitute the external regulatory and legal environment for the Company's ordinary and continuous operation and have great influence on the Company's business development, production and operation, domestic and foreign trade, and capital investment etc. Changes in relevant industrial regulatory policies may have corresponding effects on the Company's production and operation.

Foreign exchange risk

Based on the global development of our Group's business and the establishment of overseas branches, our revenue is measured in US dollars, euros, Japanese yen, and Chinese yuan and the proceeds of initial pubulic offering is measured in Hong Kong dollars. As at 31 December 2024, the Group has not formulated any foreign currency hedging policies for foreign currency transactions, assets, and liabilities. The Group will regularly review foreign exchange risks and use derivative financial instruments to hedge such risks as necessary.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2024.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2024.

CHARGE ON THE GROUP'S ASSETS

As at 31 December 2024, no material asset of the Group had been pledged.

SIGNIFICANT INVESTMENTS HELD

During the Reporting Period the Group did not hold any significant investment in equity interest in any other company.

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

From the Listing Date up to 31 December 2024, there was no purchase, sale or redemption of any listed securities (including sale of treasury shares (as defined under the Listing Rules)) of the Company by the Company or any of its subsidiaries. As at 31 December 2024, the Company did not hold any treasury shares.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus and in the section headed "Use of Net Proceeds from the Global Offering" in this report, the Group did not have plan for material investments and capital assets as at the date of this report.

EVENTS AFTER THE REPORTING PERIOD

As at the date of this annual report, there were no material subsequent events after the Reporting Period.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting of the Company ("**AGM**") will be held on Tuesday, 3 June 2025. The record date for the purpose of ascertaining the eligibility of the holders of H shares to attend and vote at the AGM is on Wednesday, 28 May 2025. In order to be eligible to attend and vote at the forthcoming AGM, holders of H Shares must lodge all completed transfer documents accompanied by the relevant share certificates with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shop 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong on or before 4:30 p.m. on Wednesday, 28 May 2025. The notice of the AGM will be dispatched to the Shareholders in the manner in which the Shareholders have selected to receive corporate communications and made available at the Company's and the Stock Exchange's websites in due course.

AUDITORS

A resolution to re-appoint the retiring auditors, Ernst & Young, is to be proposed at the forthcoming annual general meeting of the Company.

The H Shares of the Company were only listed on the Stock Exchange on 23 December 2024, and there has been no change in auditors since the Listing Date and up to 31 December 2024. A resolution to re-appoint the retiring auditor, Ernst & Young, is to be proposed at the forthcoming AGM.

DONATION

No charitable or other donations were made by the Group during the year ended 31 December 2024.

Liu Peichao
Chairman of the Board, Executive Director and General Manager
深圳市越疆科技股份有限公司
SHENZHEN DOBOT CORP LTD
Shenzhen, the PRC, 24 March 2025

REPORT OF THE SUPERVISORY COMMITTEE

In 2024, the supervisory committee ("**Supervisory Committee**") comprehensively fulfilled its supervision duties over members of the Board and senior management of the Company as authorized at the general meetings in accordance with the PRC Company Law and the Articles of Association.

MEETINGS OF THE BOARD OF SUPERVISORS

In 2024, two supervisory committee meetings were held by the Supervisory Committee. Details of the meetings are set out as follows:

On 31 May 2024, the Company held a meeting of the Supervisory Committee, among which the "The Work Report of the Supervisory Committee in 2023" and other proposals were considered and approved. Additionally, the 2024 work report was presented to the annual general meeting.

On 31 May 2024, the Company held a meeting of the the Supervisory Committee, at which the overall plan of the Company's issuance of overseas-listed foreign shares (H shares) and listing on the Main Board of The Stock Exchange of Hong Kong Limited was considered and approved.

INDEPENDENT OPINIONS OF SUPERVISORY COMMITTEE ON RELEVANT MATTERS OF THE COMPANY

Legality of Company's operation

In the opinion of the Supervisory Committee, the Company operated in compliance with relevant laws and regulations, including the Company Law, and the Articles of Association. The procedures for making decisions on operation were in accordance with relevant laws and regulations, and up to standard, thus making satisfactory results. The Directors and senior management of the Company were able to perform their duties in accordance with relevant laws and regulations and the Articles of Association and exercise their powers in a proper and diligent manner without any act in violation of laws, regulations or the Articles of Association or contrary to the interest of the Company or the Shareholders.

Implementation of resolutions

The Supervisory Committee had no objection to the contents of resolutions submitted to the general meetings. The Supervisory Committee considered that the resolutions of the shareholders' general meetings and the Board meetings were implemented effectively.

Company's financial position

The Company strictly observed the accounting principles. During the Reporting Period, the Company's financial structure was reasonable and complete, and the annual financial report was able to give a true and accurate reflection of the Company's financial position and operating results. The information stated in the reports did not contain any false record, misleading statement or material omission. The Company's 2024 annual financial report was audited by Ernst & Young and a standard unqualified opinion were issued.

Actual application of funds raised by the Company

During the Reporting Period, the Supervisory Committee supervised the actual application of funds raised. The Supervisory Committee was of opinion that the Company strictly complied with the use disclosed in the prospectus of the Company dated 13 December 2024 (the "**Prospectus**") in the management of funds raised. The use of funds raised conformed to the Company's project plan and approval decision procedure without any appropriation of funds raised in breach of stipulation.

Review of Supervisory Committee on internal control evaluation report

The Supervisory Committee has conducted a review on the Company, and considered that the Company has established an appropriate internal control system in all material aspects and the internal control management system has operated effectively, thus ensuring its consistent implementation and normal production and operation.

WORK PLAN OF THE BOARD OF SUPERVISORS FOR 2025

In 2025, the Supervisory Committee will continue to fulfill and comply with its supervision duties conferred by the relevant laws and regulations and the Articles of Association over members of the Board and senior management of the Company and strengthen its supervision function to improve the corporate governance structure of the Company. The Supervisory Committee will pay more attention to the legality of the decision-making procedures and material decisions made by the Company, and is determined to implement the pre-set strategies and policies of the Company. Furthermore, by increasing supervision and facilitating communications with both internal and external auditors, the Supervisory Committee aims to prevent operational and financial risks, so as to further reinforced internal control system and safeguard the interests of the Company and its Shareholders.

Best regards,
Wan Ying
Chairlady of the Supervisory Committee
深圳市越疆科技股份有限公司
SHENZHEN DOBOT CORP LTD
Shenzhen, the PRC, 24 March 2025

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Basis of Preparation

This Environmental, Social and Governance ("**ESG**") Report (the "**Report**") provides a summary of the performance in the ESG of SHENZHEN DOBOT CORP LTD (the "**Group**" or "**we**") in 2024. This report is prepared in accordance with the Appendix C2 Environmental, Social and Governance Reporting Code to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**HKEX**") ("**ESG Code**").

Reporting Scope

This report covers the Group's business operations from 1 January 2024 to 31 December 2024 (the "**Reporting Period**"), provides an overview of the Group's overall ESG performance, as well as a review and outlook for some content to maintain the continuity and integrity of information. This report covers SHENZHEN DOBOT CORP LTD and its subsidiaries, and is consistent with the scope of the consolidated financial statements in the Annual Report.

Reporting Principles

This Report follows the reporting principles in HKEX's ESG Code, including:

- **Materiality**: The Group identified material ESG issues relevant to its operations through a materiality assessment. This process included soliciting stakeholder input to prioritize ESG topics and verifying materiality with the Group's Board of Directors ("**the Board**").

- **Quantitative**: To comprehensively assess the Group's ESG performance during the Reporting Year, the Group disclosed applicable quantitative key performance indicators (KPIs) from the Guide, specifying the standards, methodologies, assumptions, and calculation references used, including sources for key conversion factors.

- **Consistency**: Unless otherwise stated, this Report adopts consistent preparation methods to enable meaningful comparisons of the Group's ESG information over time.

- **Balance**: This Report presents an unbiased disclosure of the Group's ESG performance during the Reporting Year, providing stakeholders with objective and reliable references.

Feedback

We welcome your valuable feedback on the Group's ESG performance and this Report. Please feel free to contact us via the following channels:

Phone: 0755–26413681
Email: ir@dobot-robots.com
Official Website: www.dobot.cn

ESG GOVERNANCE

Board Statement

The Group adheres to principles of lawful, ethical, and responsible operations, striving to create long-term positive impacts for customers, suppliers, and the communities we affect through our ESG initiatives. We firmly believe that sustainable development is not only a core driver of corporate growth but also a significant demonstration of corporate social responsibility.

The Board places a high priority on ESG matters and, with close collaboration from the management team, has established a robust governance framework to ensure consistency and effectiveness in the Group's ESG practices. Through regular reviews, the Board conducts comprehensive evaluations of the Group's ESG performance and compliance status. By drawing on industry best practices and benchmarks, the Group aims to set standards for continuous improvement and maintain the leading position in sustainable development. To ensure the effective implementation of ESG visions, strategies, and initiatives, the Board closely monitors collaboration and execution across business departments while establishing interdepartmental communication channels to facilitate smooth exchanges on ESG-related topics. Through regular meetings, the Board provides strategic guidance on the Group's future ESG development and drives policy implementation, ensuring steady progress on the path to sustainable development. The Board also gains insights into key findings and implementation progress through annual ESG reports submitted by management, which serve to guide future initiatives. Additionally, the Board reviews updates on ESG strategies through meetings, specialized reports, and other channels to ensure overall business operations align with sustainability goals. The Board regularly evaluates the Group's ESG performance targets and progress, covering short-term, medium-term, and long-term objectives to ensure their achievement. In addressing global sustainability challenges, the Board assumes leadership responsibility. It closely monitors market trends and regulatory changes related to ESG and adjusts the Group's operational strategies to mitigate potential risks and seize opportunities that may impact the business. During the identification and evaluation of ESG-related risks, the Board oversees the execution effectiveness of each department and guides working groups to explore optimal solutions, minimizing the Group's negative impact on the environment and society.

We value communication with key stakeholders, including investors, governments, employees, and communities. By regularly reviewing stakeholder concerns, the Board ensures the Group's long-term strategy meets the expectations of all parties. The Board also monitors the impact of ESG performance on stakeholders and reports the results of relevant management strategies to build trust-based relationships with them.

Looking ahead, the Board will continue to fulfill its supervisory and advisory responsibilities, driving innovation and excellence in the Group's ESG initiatives. We are confident that through continued efforts, the Group will achieve business growth while generating greater positive impacts on society and the environment, positioning itself as a model enterprise for sustainability.

Stakeholder Communication

The Group places great importance on communication with stakeholders, regularly engaging with them through diversified channels to understand their expectations and concerns. By hosting meetings, conducting surveys, and organizing community activities, we enhance interaction and incorporate stakeholder feedback into business decisions. Moving forward, we will continue to optimize communication mechanisms, deepen collaborative relationships, and create greater value for stakeholders while balancing economic, social, and environmental benefits, promoting joint development between the enterprise and society.

Stakeholder	Key Concerns	Communication Channels
Shareholders/Investors	• Corporate governance • Business development • Compliance operations • Risk management • Financial performance	• General meetings • Announcements • Press releases
Customers	• Business stability • Information security • Quality management	• Customer satisfaction surveys • Customer inquiries, complaints, and callbacks • Customer exchange meetings • Market research
Government and Regulators	• Business performance • Compliance operations	• Cooperation with regulatory inspections • Government-enterprise forums • Information disclosures • Comprehensive risk management system
Employees	• Compensation and benefits • Training and development • Occupational health and safety	• Employee training systems • Benefit assurance programs • Performance appraisal and promotion systems • Internal grievance and reporting channels • Employee satisfaction surveys
Business Partners	• Business stability • Supply chain management • Compliance operations • Anti-corruption	• Fair procurement policies • Tendering activities • Industry collaboration • Integrity declarations

Materiality Assessment

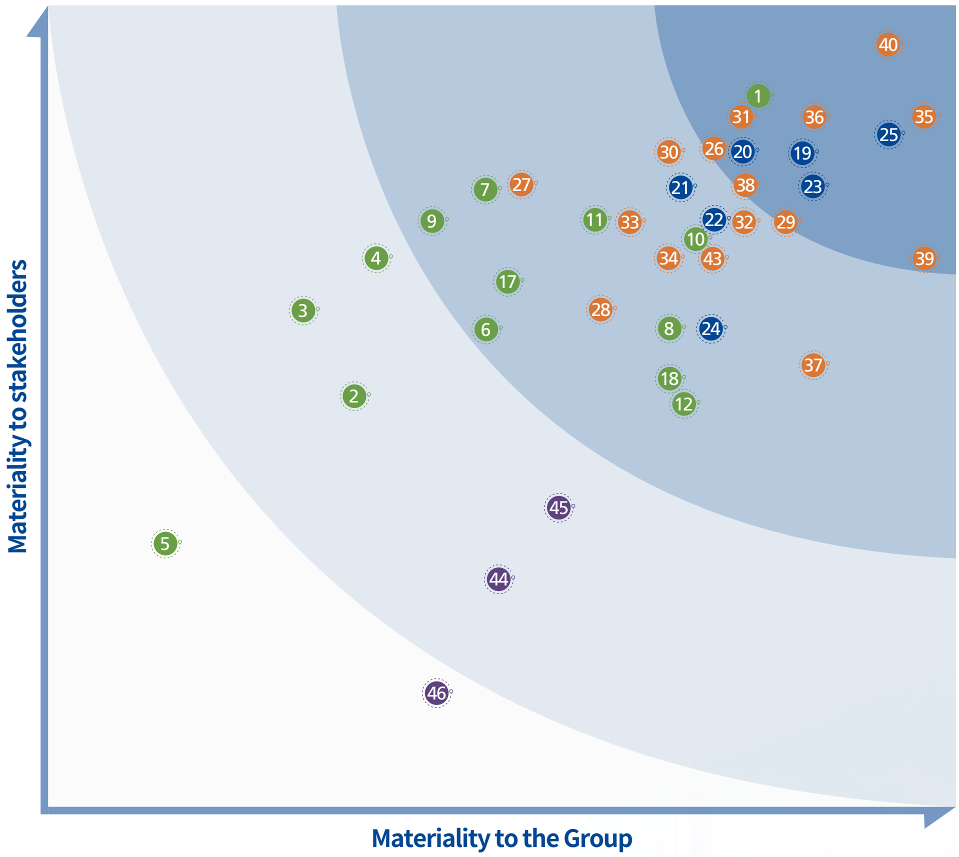
During the Reporting Year, the Group conducted an annual ESG materiality assessment by distributing online questionnaires to key stakeholders. This assessment evaluated both the significance of issues to stakeholders and their importance to the Group's business and strategy. Ultimately, 46 ESG-related topics were identified, which form the core objectives for future ESG management and are disclosed in detail in this Report.

Assessment Process:

1. **ESG Topic Identification**: The Group initially identified ESG topics closely related to its business operations based on business strategy, industry characteristics, national policies, applicable regulatory requirements, and industry standards, ensuring comprehensive coverage and alignment with operational needs.

2. **ESG Topic Evaluation**: Using "stakeholder relevance" and "business importance" as core evaluation dimensions, we incorporated stakeholder and expert feedback to assess and prioritize identified topics. An ESG Materiality Matrix was created to visually represent the relative importance of each topic.

3. **ESG Topic Confirmation**: To ensure the accuracy, relevance, and validity of the assessment results, the Board reviewed and validated the findings, ensuring the selected topics adequately reflect the Group's business characteristics and sustainability needs, providing strong support for future management efforts.



Aspect	Issue	
Environmental	1.	Environmental Compliance*
	2.	Air Pollutant Management
	3.	Vehicle Emissions Management
	4.	Wastewater Management
	5.	Noise Management
	6.	Greenhouse Gas Emission Management
	7.	Waste Management
	8.	Use of Energy
	9.	Use of Water Resource
	10.	Green Office
	11.	Green Factory
	12.	Green Energy Project
	13.	Green Building
	14.	Use of Raw Material and Packaging Material
	15.	Soil Pollutant Management
	16.	Ecological Protection
	17.	Responding to Climate Change
	18.	Environmental Accident Prevention and Handling
Labor Practice	19.	Employment Compliance*
	20.	Compensation and Benefit*
	21.	Working Hours and Holidays
	22.	Diversity and Equal Opportunity
	23.	Occupational Health and Safety*
	24.	Training and Development
	25.	Prevention of Child Labor and Forced Labor*
Governance	26.	ESG Responsible Concepts*
	27.	ESG Responsibility Management System Framework
	28.	Stakeholder Engagement and Duty Management
	29.	Compliance Management
	30.	Corporate Governance and Risk Management

Aspect	Issue	
Operation Practice	31.	Operation Compliance*
	32.	Managing Environmental Risks in the Supply Chain
	33.	Managing Social Risks in the Supply Chain
	34.	Procurement Practice
	35.	Quality Management*
	36.	Costumers Health and Safety*
	37.	Responsible Marketing and Promotion
	38.	Customer Service Management*
	39.	Protecting Intellectual Property Rights*
	40.	Research and Development*
	41.	Information Security
	42.	Customers Privacy Protection
	43.	Anti-Corruption
Community Investment	44.	Charity
	45.	Promote Community Development
	46.	Poverty Alleviation Work

* The most important ESG issue of the year

QUALITY FIRST

Business Ethics

The Group adheres to the highest standards of ethical conduct and principles of integrity, promoting fair, impartial, and transparent business practices across all operations. We have established a comprehensive anti-fraud policy that covers areas such as conflicts of interest, confidentiality, bribery prevention, anti-corruption, and equal opportunities. This policy ensures that all employees and business partners conduct themselves in compliance with business ethics. Any violations of the anti-fraud policy or ethical standards will be addressed based on the severity of the situation and may result in the termination of business partnerships or employment relationships.

To further strengthen ethical compliance, we have incorporated fraud risk assessment into the overall corporate risk management framework. This is implemented through multi-level internal control measures, including approval, authorization, verification, review, role segregation, and performance evaluations, to systematically prevent corruption and bribery. Our efforts aim to create a business environment founded on integrity and fair competition, safeguarding the long-term interests of the company and its stakeholders.

Additionally, we have established multiple secure and confidential reporting channels, such as a whistleblower hotline, a dedicated email address, and suggestion boxes, providing employees and other stakeholders with accessible platforms to report concerns. We encourage all internal and external stakeholders to report any violations, illegal activities, or actions that may harm the Group's interests, either anonymously or with their identity disclosed. We are committed to maintaining strict confidentiality of all reports and protecting the legal rights of whistleblowers.

During the year, the Group did not experience any corruption-related lawsuits against the Group or its employees that were concluded. Looking ahead, the Group will continue to improve its business ethics and anti-corruption management systems while enhancing internal employee training and awareness campaigns. By fostering a culture of integrity, we aim to further solidify our reputation and competitiveness within the industry.

Innovation and R&D

As an innovation-driven enterprise, the Group places great emphasis on research and development (R&D), viewing it as a critical pillar for driving business growth and enhancing competitiveness. To standardize product development and project management within the R&D process, we have established and implemented a comprehensive set of control measures that cover every stage of R&D projects, from product development to design. These measures are designed to ensure efficiency and quality throughout the development process, improving the conversion rate of R&D outcomes and ensuring that products meet market demands. At the same time, we focus on continuously optimizing the design process to further enhance innovation capabilities and competitive advantages.

We also place significant importance on intellectual property (IP) protection, recognizing it as a foundational element for safeguarding technological innovation and maintaining the Group's core competitiveness. The Group strictly complies with relevant laws and regulations and has established a robust IP management system to ensure comprehensive protection of patents, trademarks, copyrights, and other IP rights throughout the R&D process. Additionally, we actively promote IP awareness among employees, fostering a corporate culture that values and protects innovation. During the year, there were no cases of IP violations involving the Group.

Looking ahead, we will continue to deepen our focus on R&D, delivering more valuable and innovative products to the market while achieving our long-term sustainable development goals.

Product Responsibility

Ensuring product excellence is a core goal of the Group. We have implemented a comprehensive quality management system to ensure that all products undergo rigorous testing before entering the market, meeting high standards of safety and reliability. Furthermore, we actively manage and monitor customer feedback, treating it as a valuable resource for continuous improvement. We take prompt and appropriate actions to address product quality and safety issues, ensuring every piece of feedback is carefully handled and followed up.

Our stringent quality control processes encompass incoming material inspections, in-process production checks, and finished product evaluations, ensuring that every stage of production and delivery adheres to the highest quality standards. This commitment is reflected in the multiple international certifications we have obtained, including ISO 9001:2015 and ISO 14001:2015, showcasing our professionalism in health, safety, and service management.

Customer satisfaction is the foundation of our pursuit of excellence. Through a systematic complaint handling mechanism, we respond promptly to customer feedback and complaints, conducting in-depth analyzes and independent investigations while implementing improvement measures based on findings. To further enhance service quality, we conduct regular customer satisfaction surveys, thoroughly reviewing and optimizing our products and services.

During the year, the Group maintained an exemplary track record: no products were recalled due to safety or health issues, nor were there any major complaints related to product quality. We will continue to adhere to high-quality standards, delivering safe and reliable products while striving to exceed customer expectations and set a benchmark for excellence in the market.

Data Security and Privacy Protection

The Group recognizes the critical importance of data security and privacy protection in business operations and has implemented a comprehensive information security management policy to strengthen security practices, standardize operational processes, and enhance protection capabilities. This policy defines the information security management framework, overseen by the Information Security Committee, which ensures the effective implementation of related measures.

We strictly follow standardized approval processes when handling sensitive or confidential information to ensure data integrity and security. To further safeguard data, all servers and office computers are required to have antivirus, anti-malware, and intrusion prevention software installed as designated by the IT department. Unapproved removal of such software is prohibited. These measures aim to establish a strong data security barrier for the Group's operations.

In the event of internal data breaches or potential violations, employees are required to take immediate remedial actions and report the incidents to the Information Security Team. The team responds quickly, investigating and resolving issues to minimize risks. We will continue to strengthen information security management, ensuring the protection of data privacy while maintaining stable business operations and providing stakeholders with reliable data security guarantees.

Supply Chain Management

The Group recognizes the importance of a sustainable supply chain for long-term development and is committed to building a transparent, efficient, and responsible supply chain management system. When selecting suppliers, we adopt rigorous evaluation criteria, considering factors such as product quality, delivery capabilities, production capacity, and compliance. Only suppliers meeting these standards are included in the approved supplier list. Our procurement policy explicitly outlines expectations and requirements for suppliers, prioritizing partnerships with those committed to sustainability.

The selection process places particular emphasis on suppliers' environmental, health, and safety performance, which are key evaluation metrics. Suppliers are also required to have written policies regulating employee behavior and ethics and to provide transparent reports disclosing major environmental, social, and regulatory risks, along with corresponding mitigation measures. We require suppliers to sign environmental and social responsibility commitments. These commitments ensure that the supplied materials and products meet all environmental protection laws and social responsibility standards.

The Group conducts annual comprehensive evaluations of suppliers, reviewing their compliance, quality, and environmental performance. Suppliers failing to meet collaboration standards are removed from the approved supplier list. For those whose practices conflict with the Group's policies, we suspend cooperation until they complete corrective actions and meet requirements. Additionally, our procurement contracts mandate that suppliers deliver products meeting the Group's quality, safety, and environmental standards while encouraging the use of minimal raw materials, reduced water consumption, and lower environmental impact to support the establishment of a green supply chain.

To further support sustainable development, the Group regularly identifies, evaluates, and monitors environmental and social risks within the supply chain. We require suppliers to establish emergency response measures, such as conducting regular fire and safety drills, to ensure workplace safety. We also consider suppliers' labor policies, including employee compensation, working conditions, hours, leave policies, and equal opportunities, and provide related labor standards training to promote social responsibility.

The Group is dedicated to fostering a green supply chain by integrating environmental principles into every stage of product design, procurement, production, logistics, and recycling. We believe that by collaborating with suppliers, we can achieve business goals while driving sustainable development for the environment and society, creating long-term value for stakeholders.

ENVIRONMENTAL PROTECTION

The Group is committed to sustainable development, striving to balance business growth with environmental protection by integrating environmental goals into daily operations. We comply with local laws and regulations where we operate, establish internal environmental management systems, and implement an ISO 14001:2015-certified environmental management system to control environmental impacts at the source and promote the synergy between economic growth and environmental sustainability.

Emission Management

To address climate change and reduce greenhouse gas (GHG) emissions, the Group has set clear targets and implemented a series of measures. Our targets include:

- By 2026, reduce overall GHG emission intensity by 5% (baseline: 2023).
- By 2026, reduce Scope 2 GHG emission intensity by 6% (baseline: 2023).
- By 2026, reduce Scope 3 GHG emission intensity by 5% (baseline: 2023).

To achieve these goals, we have implemented several emission reduction initiatives, such as optimizing office energy usage, promoting paperless operations to reduce paper consumption, encouraging employees to use public transportation, and replacing unnecessary business travel with video conferencing. Additionally, we are exploring the adoption of electric vehicles to gradually reduce the use of motor vehicles, further lowering carbon and air pollutant emissions associated with transportation.

In waste management, the Group's operations generate minimal hazardous waste; non-hazardous waste is managed through classification, recycling, and reduction measures to minimize environmental impact. We have also set waste reduction targets, committing to gradually decrease total waste volume through improved recycling rates, green supply chain practices, and waste audit mechanisms, ensuring continuous improvement in waste management.

Looking ahead, we will continue to closely monitor GHG emissions and waste discharge, optimizing related strategies to ensure effective implementation of our environmental goals. We are committed to contributing further to climate change mitigation and resource conservation.

Resource Utilization

In resource management, the Group actively improves energy and water efficiency and has established the following energy-saving and water-saving targets:

- By 2026, reduce electricity consumption intensity by 4% (baseline: 2023).

- By 2026, reduce water consumption intensity by 6% (baseline: 2023).

We closely monitor electricity usage at production facilities and offices, implementing measures such as optimizing energy use patterns, deploying smart Internet of Things (IoT) platforms, installing smart lighting systems, and utilizing motion-activated lights for precise energy control. Furthermore, we require employees to turn off electronic devices and unplug equipment during non-working hours to reduce standby energy consumption. We have also implemented zoned lighting in public areas to further minimize energy use.

For water management, we utilize municipal water supplies and do not face challenges in accessing water sources. We continue to promote water-saving measures, such as encouraging employees to turn off taps securely, posting water-saving reminders to raise awareness, and promptly repairing leaks. Additionally, we actively assess the availability of applicable water sources and confirm that no major issues currently affect water use. However, to address potential future water resource challenges, we have integrated water efficiency into core management practices, including regular water audits, process optimizations, and recycling initiatives to ensure continuous improvement in water efficiency.

We believe that through the above energy- and water-saving measures, the Group can effectively reduce resource consumption and achieve environmental goals. At the same time, we will continue exploring innovative solutions to further enhance resource utilization efficiency, contributing positively to environmental protection and sustainable development.

Responding Climate Change

The growing impact of global warming poses significant challenges to business operations. The Group recognizes the physical risks and opportunities associated with climate change and actively identifies, evaluates, and monitors its potential impacts on business, strategies, and financial performance. We are committed to implementing forward-looking measures to mitigate climate-related risks and capture opportunities for sustainable development.

Regarding physical risks, climate change leads to more frequent extreme weather events and changes in precipitation patterns, posing significant challenges to business operations. For example, project planning and execution may be delayed, transportation disruptions and supply chain interruptions may impact product delivery, and adverse effects on labor may ultimately reduce production capacity. To address these risks, we have developed comprehensive crisis and emergency management plans to mitigate the impact of extreme weather events on business operations.

To reduce the harm caused by abnormal weather conditions to employees and business, we have implemented a series of measures, including emergency evacuation plans and safety alert mechanisms, ensuring employees and on-site personnel receive timely guidance. We also adopt flexible work arrangements based on severe weather signals, such as typhoon alerts, prioritizing employee safety. The Group closely monitors daily weather forecasts and promptly notifies employees and relevant personnel to take necessary precautions, minimizing disruptions caused by extreme weather.

Looking ahead, the Group will continue to optimize climate risk management strategies and improve its ability to respond to extreme weather conditions. Simultaneously, we will enhance the identification of climate-related opportunities, driving business transformation and innovation to lay a solid foundation for achieving sustainable development goals.

PEOPLE-CENTRIC

The Group adheres to a "people-centric" philosophy, aiming to create a fair, respectful, and safe work environment while providing comprehensive support for employees' professional development and well-being. We firmly believe that employees are the cornerstone of sustainable corporate development. Therefore, we have established a series of policies and measures to ensure compliance in employment, training and development, and occupational health and safety, enabling every employee to realize their potential in an optimal environment.

Employment Compliance

In employment management, we uphold principles of fairness and impartiality, strictly implementing transparent recruitment and promotion policies to ensure all employees have equal opportunities in hiring, promotion, compensation, benefits, and career development. We do not tolerate any form of discrimination, including on the basis of gender, sexual orientation, disability, age, race, nationality, family status, or other legally protected characteristics. We actively promote diversity and inclusion within the organization.

The Group strictly complies with labor laws and regulations and is committed to safeguarding employees' fundamental rights. We believe that respecting every employee's legal rights is a cornerstone of sustainable corporate development. As such, we have established comprehensive internal policies that explicitly prohibit the employment of child labor and any form of forced labor, serving as fundamental principles for business operations. We implement rigorous recruitment verification measures, requiring applicants to provide valid identification documents such as ID cards, birth certificates, and driver's licenses to ensure compliance in the hiring process. If cases of child labor or forced labor are discovered, we immediately provide protection, contact relevant authorities, and handle the situation appropriately in accordance with the law.

We have developed a competitive compensation system, structuring salaries based on employees' skills, experience, qualifications, and job requirements, with annual reviews to ensure market competitiveness. To support employees' long-term career development, we have clearly defined processes for recruitment, transfers, rewards, and exit interviews in our human resource management practices. We actively address and manage issues related to employee turnover to ensure talent stability aligns with organizational growth.

Training and Development

To support employees' professional and personal growth, we have established the Yuejiang Training Management System to standardize and guide training activities while improving training quality. Based on business needs, we develop annual training plans, offering internal training courses, external learning opportunities, and job-specific professional resources. We also invite external experts to deliver specialized lectures, helping employees expand their knowledge and skills. Additionally, we provide educational subsidies, tuition reimbursements, and exam leave to encourage lifelong learning.

We regularly organize team-building activities and workshops to strengthen team cohesion and promote a mentoring program to foster collaboration and exchange among employees. We believe that investing in employees' learning and development not only enhances individual capabilities but also drives the Group's long-term growth.

Occupational Health and Safety

Ensuring employee health and safety is a top priority for the Group. We strictly comply with relevant laws and regulations, establishing comprehensive occupational health and safety policies, including safety management and inspection plans, to identify and address potential risks. During the past operational period, we maintained an excellent safety record with no major incidents or significant health-related claims.

We are committed to providing employees with a safe working environment and ensuring all equipment is in safe operation. We have implemented a clear and efficient system for reporting and handling potential hazards, injuries, and illnesses, with corrective actions or penalties for unsafe behaviors. To further enhance safety, we provide necessary protective equipment and develop emergency response measures, including plans for fire, explosion, and other emergencies. Regular drills and fire evacuation exercises ensure all employees are familiar with emergency procedures.

We also prioritize safety training, providing comprehensive safety education for new hires and employees transitioning to new roles. Specific risks associated with their work are addressed through targeted training programs. We emphasize daily safety inspections, requiring employees to integrate safety checks into their routine responsibilities. Smoking is strictly prohibited in the workplace, and spills and debris are promptly cleared to prevent accidents such as slips and falls.

Looking ahead, we will continue to refine our occupational health and safety mechanisms, enhance employee awareness of safety risks and response capabilities, and create a safe, healthy, and comfortable working environment to protect the well-being of all employees.

COMMUNITY INVESTMENT

The Group firmly believes that sustainable corporate development is closely tied to the prosperity and advancement of the community. We are committed to nurturing the next generation of technology innovators, promoting educational accessibility, and engaging in public welfare initiatives to provide diverse learning opportunities for young people and support community development.

To inspire young people's interest in technology, we have launched a robot public welfare experience program, inviting young participants to visit our headquarters and experience immersive collaborative robot demonstrations. This program not only sparks curiosity about AI technology but also ignites enthusiasm for exploring future technological advancements. Looking forward, we will continue increasing investments in community education, collaborating with schools to establish dedicated scholarships, encouraging technological innovation, and providing young people with more resources and support to help them grow into innovative technology professionals.

Additionally, we actively participate in charitable donations and philanthropic activities to support the community through practical actions. We plan to organize at least one donation event annually, including the donation of public welfare books and secondhand items to promote resource recycling. We will also host an annual charity bazaar to encourage employee participation in public welfare initiatives, spreading compassion throughout a broader community.

We believe that community progress is closely tied to our efforts. In the future, we will continue deepening community engagement through educational, charitable, and philanthropic activities, promoting sustainable community development, and contributing to a shared future with the community.

KPIS TABLE

Environmental Aspect

Indicators	Unit	2024
Air Pollutant		
NOx	Kg	1.86
SOx	Kg	0.03
PM	Kg	0.14
GHG		
Scope 1 Direct Emission	t-CO2e	4.99
Scope 2 Indirect Emission	t-CO2e	1,424.00
Total GHG Emission	t-CO2e	1,428.99
GHG Emission Intensity	t-CO2e/million RMB of revenue	3.82
Energy Consumption		
Direct Energy Consumption	MWh	20.39
Direct Energy Consumption Intensity	MWh	1,762.44
Indirect Energy Consumption	MWh	1,782.83
Indirect Energy Consumption Intensity	MWh/million RMB of revenue	4.77
Water Resource		
Water Consumption	Tonnes	10,048.00
Water Consumption Intensity	Tonnes/million RMB of revenue	26.89
Waste		
Non-hazardous Waste	Kg	5,740.20
Non-hazardous Waste Intensity	Kg/million of RMB revenue	15.36

Social Aspect

Indicators		Unit	2024
Employment			
Total Employees		People	560
By Gender	Male	People	416
	Female	People	144
By Age	<30	People	226
	31–50	People	333
	>50	People	1
By Employment Type	Full-time	People	560
	Part-time	People	0
Employee Turnover Rate		%	38.69
By Gender	Male	%	41.38
	Female	%	31.14
By Age	<30	%	40.52
	31–50	%	37.25
	>50	%	66.67
Training and Development			
Total Number of Trained Employees		People	383
Employees Training Coverage		%	68.39
By Gender	Male	%	71.15
	Female	%	60.42
By Employees Level	Senior Management	%	100.00
	Middle Management	%	42.86
	General Employees	%	69.40
Hours of Training per Employee		Hour	11.05
By Gender	Male	Hour	12.34
	Female	Hour	7.34
By Employees Level	Senior Management	Hour	10.21
	Middle Management	Hour	1.94
	General Employees	Hour	12.00

Indicators		Unit			2024
Occupational Health and Safety			**2024**	**2023**	**2022**
Number of working days lost due to work-related injuries		Days	0	0	115
Number of employees who died on the job		People	0	0	0
Proportion of employees who die on the job		%	0	0	0
Supplier					
Number of Suppliers		Unit			737
By Geographical Region	China	Unit			732
	Oversea	Unit			5
Customer Service And Product Responsibility					
% of products recalled due to health and safety issues		%			0
Number of product and service complaints		Case			386
Anti-corruption					
Number of corruption lawsuits filed against the Company and its employees that have been concluded		Case			0

HKEX ESG REPORTING GUIDE CONTENT INDEX

Aspects, General Disclosure and KPIs	Description	Section
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Protection – Emission management
A1.1	The types of emissions and respective emissions data.	KPIS Table – Environmental Aspect
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	KPIS Table – Environmental Aspect
A1.3	Total hazardous waste produced and intensity.	KPIS Table – Environmental Aspect
A1.4	Total non-hazardous waste produced and intensity.	KPIS Table – Environmental Aspect
A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental Protection – Emission management
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Protection – Emission management
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Protection – Resource Utilization
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	KPIS Table – Environmental Aspect
A2.2	Water consumption in total and intensity.	KPIS Table – Environmental Aspect
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Protection – Resource Utilization
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Protection – Resource Utilization
A2.5	Total packaging material used for finished products and per unit produced.	the Company's business basically does not involve packaging materials

Aspects, General Disclosure and KPIs	Description	Section
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Environmental Protection – Resource Utilization
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection – Resource Utilization
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	People-Centric
B1.1	Total workforce by gender, employment type, age group and geographical region.	KPIS Table – Social Aspect
B1.2	Employee turnover rate by gender, age group and geographical region.	KPIS Table – Social Aspect
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	People-Centric – Occupational Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	KPIS Table – Social Aspect
B2.2	Lost days due to work injury.	KPIS Table – Social Aspect
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	People-Centric – Occupational Health and Safety
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	People-Centric – Training and Development
B3.1	The percentage of employees trained by gender and employee category.	KPIS Table – Social Aspect

Aspects, General Disclosure and KPIs	Description	Section
B3.2	The average training hours completed per employee by gender and employee category.	KPIS Table – Social Aspect
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	People-Centric – Employment Complaince
B4.1	Description of measures to review employment practices to avoid child and forced labour.	People-Centric – Employment Complaince
B4.2	Description of steps taken to eliminate such practices when discovered.	People-Centric – Employment Complaince
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Quality First – Supply Chain Management
B5.1	Number of suppliers by geographical region.	KPIS Table – Social Aspect
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Quality First – Supply Chain Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Quality First – Supply Chain Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Quality First – Supply Chain Management
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Quality First
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	KPIS Table – Supply Aspect

Aspects, General Disclosure and KPIs	Description	Section
B6.2	Number of products and service-related complaints received and how they are dealt with.	Quality First – Product Responsibility; KPIS Table – Social Aspect
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Quality First – Innovation and R&D
B6.4	Description of quality assurance process and recall procedures.	Quality First – Product Responsibility
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Quality First – Data security and Privacy Protection
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Quality First – Business Ethics
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Quality First – Business Ethics KPIS Table – Social Aspect
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Quality First – Business Ethics
B7.3	Description of anti-corruption training provided to directors and staff.	Quality First – Business Ethics
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
B8.1	Focus areas of contribution.	Community Investment
B8.2	Resources contributed to the focus area.	Community Investment

INDEPENDENT AUDITOR'S REPORT

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To the members of SHENZHEN DOBOT CORP LTD
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of SHENZHEN DOBOT CORP LTD (the "Company") and its subsidiaries (the "Group") set out on pages 89 to 172, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Revenue recognition In 2024, SHENZHEN DOBOT CORP LTD recorded a revenue of RMB373.7 million in the consolidated financial statements, representing an increase of RMB86.9 million or 30% as compared to the revenue in 2023, which was mainly derived from the sales of six-axis cobots and integrated cobots products. The Group distributes cobot products through direct sales and distributors, and recognises revenue from the sales of goods at the point of transfer of control. Taking into consideration that there was a significant increase in revenue during the year and the large amount of revenue was sold to distributors or attributable to overseas markets, inappropriate revenue recognition might have a material effect on the financial statements. Therefore, revenue recognition was identified as a key audit matter. Relevant disclosures are included in note 2.4 Material accounting policies, note 4 Operating segment information and note 5 Revenue, to the consolidated financial statements.	Our audit procedures to address this matter included the following: – Understood, assessed and tested the design and the operating effectiveness of the controls in relation to revenue; – Obtained key sales contracts, checked and identified contractual terms in relation to transfer of control and revenue recognition, and assessed whether the accounting policies on revenue recognition was appropriate; – Tested sales transactions recorded before and after the balance sheet date, on sample basis, by tracing to the supporting documents such as delivery orders, logistics documents, customer acceptance documents and export declarations to assess whether relevant revenue had been recognised in correct accounting periods; – Tested, on sample basis, the timing and amount of revenue recognition are appropriate by checking to the supporting documents such as sales order, delivery orders, logistics documents, customer acceptance documents, bank statements, export declarations and sales invoices; – Conducted analytical review procedures by comparing revenues and gross profit margins with prior years and analysed the reasonableness of the fluctuations; – Performed site visit and background check for selected customers; – Checked whether there was any significant reversal of revenue or sales returns after the reporting period; and – Checked the adequacy of the disclosures of revenue included in the notes to the consolidated financial statements.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Inventory provision	
As at 31 December 2024, the carrying amount of inventories was RMB137.5 million in the consolidated financial statements, comprising gross amount of RMB164.2 million, and impairment provision of RMB26.7 million. The inventories were stated at the lower of cost or net realisable value. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. Management periodically performed stock take to identify damaged, slow moving and obsolete inventories. The determination of the net realisable value reflects management's best estimate of the likely sales prices and the physical condition of inventories, based on the categories and ageing of the inventories. The amount of inventory impairment loss has a significant impact on the financial statements and is subject to significant management judgements and estimates. Therefore, impairment provision for inventories was identified as a key audit matter. Relevant disclosures are included in note 2.4 Material accounting policies, note 3 Significant accounting judgements and estimates and note 17 Inventories, to the consolidated financial statements.	Our audit procedures to address this matter included the following: – Understood, assessed and tested the design and the operating effectiveness of the controls in relation to the processes of impairment provision for inventories; – Conducted confirmation procedures and performed stocktaking for inventories, observed the condition of inventories in stock-take to identify obsolete and damaged inventories; – Obtained the inventory impairment provision calculation workings, reviewed the key estimations used in determining the net realizable value and re-calculated the amount of the inventory impairment provision; – Compared and analysed the inventory impairment provision with those of comparable companies within the same industry; – Checked the adequacy of the disclosures of inventory provision included in the notes to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Man Lok Chau.

Ernst & Young
Certified Public Accountants
Hong Kong
24 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	5	**373,678**	286,749
Cost of sales		**(199,699)**	(161,905)
Gross profit		**173,979**	124,844
Other income and gains	5	**41,296**	43,831
Selling and distribution expenses		**(138,033)**	(127,389)
Administrative expenses		**(88,823)**	(53,065)
Research and development expenses	6	**(71,792)**	(70,527)
Impairment losses on financial and contract assets, net		**(2,678)**	(4,002)
Other expenses		**(6,147)**	(1,535)
Finance costs	7	**(1,821)**	(1,957)
LOSS BEFORE TAX	6	**(94,019)**	(89,800)
Income tax expense	10	**(1,344)**	(13,481)
LOSS FOR THE YEAR		**(95,363)**	(103,281)
Attributable to:			
Owners of the parent		**(95,363)**	(103,281)
Non-controlling interests		**–**	–
		(95,363)	(103,281)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic and diluted *(RMB)*		**(0.26)**	(0.29)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
LOSS FOR THE YEAR		**(95,363)**	(103,281)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**198**	86
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(95,165)**	(103,195)
Attributable to:			
Owners of the parent		**(95,165)**	(103,195)
Non-controlling interests		**–**	–
		(95,165)	(103,195)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**177,198**	189,770
Right-of-use assets	15	**32,992**	33,831
Intangible assets	14	**3,315**	2,255
Deferred tax assets	18	**4,299**	1,902
Prepayments, deposits and other receivables	20	**24,786**	5,278
Trade receivables	19	**578**	–
Total non-current assets		**243,168**	233,036
CURRENT ASSETS			
Inventories	17	**137,520**	141,520
Trade and bills receivables	19	**79,490**	41,608
Contract assets	22	**512**	325
Prepayments, deposits and other receivables	20	**52,922**	30,844
Financial assets at fair value through profit or loss	21	**95,517**	174,383
Restricted bank deposits	23	**2,321**	2,210
Cash and cash equivalents	23	**883,758**	110,962
Total current assets		**1,252,040**	501,852
CURRENT LIABILITIES			
Trade and bills payables	24	**40,687**	30,907
Other payables and accruals	25	**76,044**	41,792
Financial liabilities at fair value through profit or loss		**–**	80
Interest-bearing bank loans	26	**201,658**	57,790
Lease liabilities	15	**4,989**	4,874
Contract liabilities	27	**6,841**	10,939
Tax payable		**2,305**	14,415
Total current liabilities		**332,524**	160,797
NET CURRENT ASSETS		**919,516**	341,055
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,162,684**	574,091

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank loans	26	16,150	–
Deferred income	28	168,002	189,569
Deferred tax liabilities	18	749	559
Lease liabilities	15	3,671	4,533
Provision	29	6,823	6,127
Total non-current liabilities		195,395	200,788
Net assets		967,289	373,303
EQUITY			
Equity attributable to owners of the parent			
Share capital	30	400,000	360,000
Reserves	31	567,289	13,303
		967,289	373,303
Non-controlling interests		–	–
Total equity		967,289	373,303

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Share capital RMB'000 (note 30)	Capital reserve RMB'000	Share-based payment reserve RMB'000 (note 32)	Accumulated losses RMB'000	Exchange fluctuation reserve RMB'000	Total equity RMB'000
As at 1 January 2023	360,000	103,300	54,593	(62,859)	–	455,034
Loss for the year	–	–	–	(103,281)	–	(103,281)
Exchange differences on translation of foreign operations	–	–	–	–	86	86
Total comprehensive loss for the year	–	–	–	(103,281)	86	(103,195)
Share-based payments (note 32)	–	–	21,464	–	–	21,464
As at 31 December 2023	360,000	103,300	76,057	(166,140)	86	373,303

	Share capital RMB'000 (note 30)	**Capital reserve RMB'000**	**Share-based payment reserve RMB'000 (note 32)**	**Accumulated losses RMB'000**	**Exchange fluctuation reserve RMB'000**	**Total equity RMB'000**
As at 1 January 2024	**360,000**	**103,300**	**76,057**	**(166,140)**	**86**	**373,303**
Loss for the year	**–**	**–**	**–**	**(95,363)**	**–**	**(95,363)**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**198**	**198**
Total comprehensive loss for the year	**–**	**–**	**–**	**(95,363)**	**198**	**(95,165)**
Issue of share capital (note 30)	**40,000**	**622,795**	**–**	**–**	**–**	**662,795**
Share-based payments (note 32)	**–**	**–**	**26,356**	**–**	**–**	**26,356**
As at 31 December 2024	**400,000**	**726,095***	**102,413***	**(261,503)***	**284***	**967,289**

* These reserve accounts comprise the consolidated reserves of RMB567,289,000 (2023: RMB13,303,000) in the consolidated statement of financial position

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(94,019)**	(89,800)
Adjustments for:			
Finance costs	7	**1,821**	1,957
Interest income	5	**(2,082)**	(2,313)
Loss on disposal of items of property, plant and equipment	6	**2,780**	404
Loss on disposal of intangible assets	6	**–**	195
Depreciation of property, plant and equipment		**26,572**	25,556
Amortisation of intangible assets		**1,133**	758
Impairment of trade receivables		**2,628**	3,909
Impairment of contract assets		**67**	35
(Reversal of impairment)/impairment of other receivables		**(17)**	58
Write-down of inventories to net realisable value	6	**10,832**	17,071
Depreciation of right-of-use assets		**5,763**	7,016
Investment income from financial assets at fair value through profit or loss	5	**(189)**	(2,657)
Fair value gains on financial assets at fair value through profit or loss	5	**(4,104)**	(4,132)
Fair value losses on financial liabilities at fair value through profit or loss	6	**–**	771
Equity-settled share-based payments	6	**26,356**	21,464
		(23,922)	(19,708)
Increase in inventories		**(13,889)**	(29,320)
(Increase)/decrease in restricted bank deposits		**(111)**	6,979
Increase in trade and bills receivables		**(41,088)**	(5,081)
Increase in contract assets		**(254)**	(278)
Increase in prepayments, deposits and other receivables		**(6,990)**	(10,552)
Increase in trade and bills payables		**9,780**	13
Increase/(decrease) in other payables and accruals		**25,218**	(19,513)
Decrease in contract liabilities		**(4,659)**	(24,639)
Decrease in deferred income		**(21,567)**	(17,146)
Cash generated used in operations		**(76,019)**	(119,245)
Income tax paid		**(15,661)**	(38,455)
Net cash flows used in operating activities		**(91,680)**	(157,700)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**2,082**	2,313
Purchases of items of property, plant and equipment		**(12,451)**	(11,306)
Purchase of intangible assets		**(2,193)**	(52)
Proceeds from disposal of property, plant and equipment		**4,426**	424
Purchase of financial assets at fair value through profit or loss		**–**	(370,251)
Proceeds from disposal of financial assets at fair value through profit or loss		**83,251**	392,548
Acquisition of a subsidiary		**–**	(71,540)
Prepayments for an equity investment		**(16,000)**	–
Net cash flows from/(used in) investing activities		**59,115**	(57,864)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**218,091**	57,790
Interest paid		**(1,492)**	(1,498)
Capital contribution by shareholders		**654,932**	–
Listing expenses paid		**(2,137)**	–
Payments of lease liabilities		**(5,907)**	(6,536)
Repayment of financial liabilities at fair value through profit or loss		**(171)**	–
Repayment of bank loans		**(58,073)**	(21,619)
Net cash flows from financing activities		**805,243**	28,137
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**772,678**	(187,427)
Cash and cash equivalents at beginning of year		**110,962**	297,763
Effect of foreign exchange rate changes, net		**118**	626
CASH AND CASH EQUIVALENTS AT END OF YEAR		**883,758**	110,962
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	**229,607**	92,547
Time deposits with original maturity of less than three months when acquired	23	**654,151**	18,415
Cash and cash equivalents as stated in the consolidated statements of financial position	23	**883,758**	110,962

NOTES TO FINANCIAL STATEMENTS

31 December 2024

1. CORPORATE AND GROUP INFORMATION

The Company is a joint stock company with limited liability incorporated in Shenzhen, the People's Republic of China (the "PRC") on 30 July 2015. The registered office address of the Company is 1003, Building 2, Chongwen Park, Nanshan Zhiyuan, No. 3370 Liuxian Avenue, Taoyuan Street, Nanshan District, Shenzhen, the PRC.

During the year, The Company and its subsidiaries (collectively referred to as the "Group") was principally engaged in the design, development, manufacture and commercialisation of collaborative robots.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place and date of registration and place of operations	Registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Qingdao Yuejiang Intelligence Technology Co., Ltd. 青島越疆智能科技有限公司*	Mainland China 27 February 2020	RMB20,000,000	100%	–	Manufacture of collaborative robots
Yuejiang Intelligent Robot (Suzhou) Co., Ltd. 越疆智能機器人(蘇州)有限公司*	Mainland China 22 July 2021	RMB6,000,000	100%	–	Sale of collaborative robots
Shenzhen Dobot Software Co., Ltd. 深圳市越疆科技軟件有限公司*	Mainland China 26 July 2018	RMB5,000,000	100%	–	Manufacture of collaborative robots
Rizhao Yuejiang Intelligence Technology Co., Ltd. 日照市越疆智能科技有限公司*	Mainland China 21 October 2020	RMB5,000,000	100%	–	Manufacture of collaborative robots
DOBOT HK LIMITED	Hong Kong 16 August 2021	HKD10,000	100%	–	Investment holding
Qingdao Yuejiang Robotics Co., Ltd. 青島越疆機器人有限公司*	Mainland China 26 April 2020	RMB71,965,300	–	100%	Holding the land for production base
DOBOT USA LLC	United States 26 October 2022	US$1,000,000	–	100%	Sale of collaborative robots
DOBOT Europe GmbH	Germany 4 May 2023	Euro 500,000	–	100%	Sale of collaborative robots
DOBOT JAPAN	Japan 17 February 2023	JPY 20,000,000	–	100%	Sale of collaborative robots
DOBOT NORTH AMERICA LLC	The United States 25 October 2022	US$1,000,000	–	100%	Investment holding

* These entites are registered as a limited liability company in the People's Republic of China (the "**PRC**").

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board (the "IASB"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention except for certain financial instruments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i. e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2. ACCOUNTING POLICIES *(Continued)*

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current (the "2020 Amendments")
Amendments to IAS 1	Non-current Liabilities with Covenants (the "2022 Amendments")
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The nature and the impact of the revised IFRS are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

2. ACCOUNTING POLICIES *(Continued)*

2.2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.3. ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in financial statement*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for reporting periods beginning on or after 1 January 2026
3 Effective for reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is described below.

2. ACCOUNTING POLICIES *(Continued)*

2.3. ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

IFRS 18 replaces IAS 1 *Presentation of financial statement*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of financial statement*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRSs. IFRS 18 and the consequential amendments to other IFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated financial statement*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Some of the Company's subsidiaries are considering the application of IFRS 19 in their specified financial statements.

Amendments to IFRS 9 and IFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES *(Continued)*

2.3. ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES *(Continued)*

2.3. ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

- IFRS 10 *Consolidated financial statement*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Investment in an associate

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in an associate is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of an associate is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of an associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's investment in the associate, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of an associate is included as part of the Group's investment in an associate at Fair value measurement.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Fair value measurement

The Group measures its certain financial instruments at fair value at the end of each of the reporting period Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. at fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the reporting period.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; *(If the Group is itself such a plan)* and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation *(Continued)*

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	**Shorter of remaining lease terms and estimated useful lives**
Buildings	3.17% to 4.75%
Furniture and fixtures	19% to 32%
Electronic equipment and others	9.5% to 32%
Motor vehicles	19% to 32%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each of the reporting period.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each of the reporting period. Intangible assets are amortised on the straight-line basis over the following useful economic lives:

Software	3 to 5 years

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (i. e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Factory, office and laboratory	1 to 5 years
Leasehold land	30 to 50 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Group as a lessee *(Continued)*

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the a of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e. g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office and employee dormitory (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Initial recognition and measurement (Continued)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss. Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date at the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i. e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-imonth ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, interest-bearing bank and other borrowings, financial liabilities measured at amortised cost and financial liabilities measured at fair value through profit or loss.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, loans and borrowings)

After initial recognition, trade and other payables and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss and other comprehensive income.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Financial liabilities at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss and other comprehensive income.

The Group provides for warranties in relation to the sale of products for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns. The warranty-related cost is revised annually.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries and an associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries and an associate, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the reporting period.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed. Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Revenue recognition

Revenue from contracts with customers.

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers. (Continued)

(a) *Sale of products*

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customers, generally on delivery or acceptance of the products as agreed in the sales contracts.

For some contracts, the Group provides installation and commissioning services that are bundled together with the sale of products to the customers. The installation and commissioning services significantly modify or customise the goods, therefore, the products and the services are highly interrelated and instead combined as one single performance obligation which is satisfied at a point in time.

(b) *Product related supporting services*

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

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i. e., transfers control of the related goods or services to the customer).

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

The Group operates share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value of share awards is determined by an external valuer using the probability weighted expected return method and valuation models. Further details are included in note 32 to the Financial Statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Share-based payments *(Continued)*

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

The financial statement is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i. e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates of the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statement requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statement:

Research and development expenses

All research costs are charged to the statement of profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred. Determining the amounts of development costs to be capitalised requires the use of judgements and estimation.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Judgements *(Continued)*

Classification of financial assets

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets. In determining the business model, the Group considers how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within) and, in particular, the way those risks are managed. In determining whether cash flows are going to be realised by collecting the financial assets' contractual cash flows, it is necessary for the Group to consider the reason, timing, frequency, and value of sales prior to the maturity date.

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgement on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision against obsolete and slow-moving inventories

The Group reviews the condition of its inventories at the end of each reporting period and makes provisions against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use based on sales forecasts. Such sales forecasts are prepared based on agreements or orders on hand and estimated sales in the foreseeable future based on historical experiences with its customers and current market conditions of the robots industry. Management estimates the net realisable value for those obsolete and slow-moving inventories based primarily on the latest invoice prices and current market conditions. The estimation is reassessed at the end of each reporting period. The provision against obsolete and slow-moving inventories requires the use of judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such difference will impact on the carrying value of inventories and the write-down of inventories recognized in the periods in which such estimates have been changed.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i. e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i. e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 19 to the financial statement.

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their services and products and only has one reportable operating segment.

The information reported to the directors, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

(a) Revenue from external customers

	2024 **RMB'000**	2023 RMB'000
Mainland China	**172,738**	117,221
Overseas (including HongKong, Macau, and Taiwan of China)	**200,940**	169,528
Total revenue	**373,678**	286,749

The revenue information above is based on the locations of the customers.

(b) Non-current assets

Most of the Group's non-current assets are located in Mainland China. Thus, no geographic information is presented.

Information about major customers

No revenue from sales to any single customer amounted to 10% or more of the Group's revenue during the year.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024	2023
	RMB'000	RMB'000
Revenue from contracts with customers	**373,678**	286,749

Revenue from contracts with customers

(a) Disaggregated revenue information

	2024	2023
	RMB'000	RMB'000
Types of goods or services		
Sale of products	**372,075**	285,671
Services	**1,603**	1,078
	373,678	286,749
Geographical markets		
Mainland China	**172,738**	117,221
Overseas (including HongKong, Macau, and Taiwan of China)	**200,940**	169,528
	373,678	286,749
Timing of revenue recognition		
Goods transferred at a point in time	**372,075**	285,671
Services transferred at a point in time	**1,603**	1,078
Total revenue from contracts with customers	**373,678**	286,749

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue from contracts with customers *(Continued)*

(a) Disaggregated revenue information *(Continued)*

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024	2023
	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale Products	**9,840**	34,291

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of products

The performance obligation is satisfied upon delivery and acceptance of products and payment is generally due within 2 months from delivery, where payment in advance is normally required.

Product related supporting services

The performance obligation is satisfied at the point in time when services are completed and payment is generally due upon completion of the services and customer acceptance.

As the original expected duration of the contracts from customers of the Group is within one year or less, the Group applies the practical expedient of not disclosing the transaction price allocated to the remaining performance obligation.

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

	2024 **RMB'000**	2023 RMB'000
Other income		
Bank interest income	**2,082**	2,313
Government grants*	**33,380**	32,915
Investment income from financial assets at fair value through profit or loss	**189**	2,657
Revenue from sales of raw materials	**806**	238
Others	**537**	419
Total other income	**36,994**	38,542
Gains		
Fair value gains on financial assets at fair value through profit or loss	**4,104**	4,132
Foreign exchange gains, net	**198**	1,157
Total gains	**4,302**	5,289
Total other income and gains	**41,296**	43,831

* The Group has received certain government grants related to assets and income. Certain of the grants related to assets and income have future related costs expected to be incurred and require the Group to comply with conditions attached to the grants and the government to acknowledge the compliance of these conditions. The grants related to assets were recognised in profit or loss over the useful lives of the relevant assets. The grants related to income have been received to compensate for the Group's research and development costs and are recognised in the statement of profit or loss on a systematic basis over the periods that the costs, for which they are intended to compensate, are expensed.

Other government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	2024 RMB'000	2023 RMB'000
Cost of inventories and services sold*		**199,699**	161,905
Research and development costs*****		**71,792**	70,527
Depreciation of property, plant and equipment**	13	**26,572**	25,556
Depreciation of right-of-use assets**	15	**5,763**	7,016
Amortisation of intangible assets**	14	**1,133**	758
Loss on disposal of property, plant and equipment***		**2,780**	404
Loss on disposal of intangible assets***		**–**	195
Lease payments in respect of short-term leases	15	**999**	1,092
Impairment of trade receivables		**2,628**	3,909
(Reversal of impairment)/impairment of other receivables		**(17)**	58
Impairment of contract assets	22	**67**	35
Write-down of inventories to net realisable value****		**10,832**	17,071
Fair value loss on financial liabilities at fair value through profit or loss		**–**	771
Share-based payment expenses		**26,356**	21,464
Product warranty provision		**4,624**	2,798
Listing expenses		**32,554**	–
Auditor's remuneration		**1,800**	1,571
Employee benefit expenses (excluding directors' and chief executive's remuneration (note 8))			
– Wages and salaries		**145,850**	120,301
– Pension scheme contributions		**5,944**	5,075
Total		**151,794**	125,376

6. LOSS BEFORE TAX *(Continued)*

* The amounts disclosed for cost of inventories sold included the write-down of inventories to net realisable value.

** The depreciation of property, plant and equipment, amortisation of intangible assets, and right-of-use assets are included in "Cost of sales", "Selling and distribution expenses", "Administrative expenses", and "Research and development expenses" in profit or loss.

*** The amounts are included in "other expense" in profit or loss.

**** The amounts are included in "cost of sales" in profit or loss.

***** According to IAS 38.54, any expenditure on research or the research phase of an internal project must be expensed as incurred. IAS 38.57 requires capitalization of expenditure incurred during the development phase of an internal project, only when all of the criteria (as set out in the accounting policies for research and development costs in Note 2.4) can be met. The Group determines that capitalisation of development costs starts when the prototype of the product is available and there are established demands for the product. There are only immaterial development costs incurred after that point until the commercialisation of the product, therefore, no research and development costs were capitalised during the reporting period.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2024	2023
	RMB'000	RMB'000
Interest on bank loans	**1,492**	640
Interest on lease liabilities	**329**	459
Accretion of interest expense	**–**	858
Total	**1,821**	1,957

8. DIRECTORS' REMUNERATION

Directors' and chief executive's remuneration as recorded during the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), section 383 (1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is set out below:

	2024	2023
	RMB'000	RMB'000
Fees	**216**	216
Other emoluments:		
Salaries, allowances and benefits in kind	**3,807**	3,405
Pension scheme contributions	**65**	59
Equity-settled share option expense	**5,956**	3,539
Total	**10,044**	7,219

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2024	2023
	RMB'000	RMB'000
Mr. Li Yibin	**72**	72
Mr. Zhou Runshu	**30**	72
Dr. Hou Lingling	**72**	72
Mr. Ng Jack Ho Wan	**42**	–
Total	**216**	216

Mr. Ng Jack Ho Wan was appointed on 31 May 2024. Mr. Zhou Runshu resigned as independent non-executive director with effect from 31 May 2024.

There were no other emoluments payable to the independent non-executive directors during the year.

8. DIRECTORS' REMUNERATION *(Continued)*

(b) Directors and the chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Share-based payment expenses RMB'000	Total remuneration RMB'000
2024					
Executive director, supervisor and chief executive:					
Mr. Liu Peichao*	**–**	**867**	**13**	**–**	**880**
Mr. Wang Yong	**–**	**1,459**	**13**	**5,466**	**6,938**
Mr. Lang Xulin	**–**	**735**	**13**	**–**	**748**
Mr. Li Liuwei	**–**	**425**	**13**	**299**	**737**
Ms. Wan Ying	**–**	**321**	**13**	**191**	**525**
Ms. Ma Jingxian	**–**	**–**	**–**	**–**	**–**
Non-executive director:					
Mr. Jing Liang	**–**	**–**	**–**	**–**	**–**
Total	**–**	**3,807**	**65**	**5,956**	**9,828**
2023					
Executive director, supervisor and chief executive:					
Mr. Liu Peichao*	–	593	12	–	605
Mr. Wang Yong	–	1,325	12	3,189	4,526
Mr. Lang Xulin	–	739	12	–	751
Mr. Li Liuwei	–	417	12	216	645
Ms. Wan Ying	–	331	11	134	476
Ms. Ma Jingxian	–	–	–	–	–
Non-executive director:					
Mr. Jing Liang	–	–	–	–	–
Total	–	3,405	59	3539	7,003

* Mr. Liu Peichao was appointed as a director and the chief executive officer of the Company and the chairman of the Board with effect from July 2015.

8. DIRECTORS' REMUNERATION *(Continued)*

(b) Directors and the chief executive *(Continued)*

During the reporting period, restricted share units were granted to certain directors through share incentive platforms, further details of which are included in the disclosures in note 32 to the financial statement. The fair value of such awarded shares, which has been recognised in profit or loss, was determined as at the date of grant and the amount included in the financial statement is included in the above directors' remuneration disclosures.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

During both years, no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the reporting period included one executive directors (2023: one director), details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining four (2023: four) highest paid employees who are neither director nor chief executive of the Company during the reporting period are as follows:

	2024	2023
	RMB'000	RMB'000
Salaries, bonuses, allowances and benefits in kind	**2,636**	2,610
Pension scheme contributions	**109**	157
Share-based payment expenses	**6,274**	5,481
Total	**9,019**	8,248

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2024	2023
HK 1,500,001 to HK 2,000,000	**1**	2
HK 2,000,001 to HK 2,500,000	**2**	–
HK 2,500,001 to HK 3,000,000	**–**	2
HK 3,000,001 to HK 3,500,000	**1**	–
Total	**4**	4

9. FIVE HIGHEST PAID EMPLOYEES *(Continued)*

During the year, restricted share units were granted to four non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 32 to the financial statements. The fair value of such shares, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX

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

Mainland China

The provision for corporate income tax in Mainland China is based on the statutory rate of 25% of the taxable profits determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008. Shenzhen Dobot Corp LTD (the "Company") is qualified as a high and new technology enterprise and was subject to income tax at a preferential tax rate of 15% for the year ended 31 December 2024.

The Company was approved as a "High and New Technology Enterprise" and entitled to a preferential income tax rate of 15% during 2024. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Overseas subsidiaries

No income tax on the overseas subsidiaries has been provided as there were no assessable profit arising in such overseas tax jurisdictions during the reporting period.

	2024 **RMB'000**	2023 RMB'000
Current income tax	**3,551**	14,778
Deferred income tax	**(2,207)**	(1,297)
Total tax charge for the year	**1,344**	13,481

10. INCOME TAX *(Continued)*

Overseas subsidiaries *(Continued)*

A reconciliation of the tax expenses applicable to profit before tax using the statutory rate for the jurisdictions in which the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable tax rates to the effective tax rates, are as follows:

	2024 **RMB'000**	2023 RMB'000
Loss before tax	**(94,019)**	(89,800)
Tax charge at the statutory tax rate of 25%	**(23,505)**	(22,450)
Entities subject to lower statutory income tax rate	**10,660**	7,976
Additional deductible allowance for qualified research and development expenses	**(8,629)**	(8,755)
Temporary differences and tax losses not recognised	**14,383**	31,956
Expenses not deductible for tax	**8,435**	4,754
Tax charge at the Group's effective rate	**1,344**	13,481

11. DIVIDENDS

No dividend was paid or declared by the Company during the year.

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 360,983,607 (2023: 360,000,000) in issue during the year, as adjusted to reflect the rights issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the year ended 31 December 2024 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue.

The calculations of basic and diluted loss per share are based on:

	2024 **RMB'000**	2023 RMB'000
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculations	**(95,363)**	(103,281)

	Number of shares **2024**	2023
Shares	**'000**	'000
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**360,984**	360,000

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Electronic equipment and others RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024							
At 1 January 2024							
Cost	143,167	13,386	1,438	69,770	8,966	2,375	239,102
Accumulated depreciation	(8,529)	(7,518)	(1,045)	(28,083)	(4,157)	–	(49,332)
Net carrying amount	134,638	5,868	393	41,687	4,809	2,375	189,770
At 1 January 2024, net of accumulated depreciation	134,638	5,868	393	41,687	4,809	2,375	189,770
Additions	–	1,897	–	6,121	72	6,072	14,162
Transfer from inventories*	–	5,000	–	2,057	–	–	7,057
Transfer	–	709	–	602	7,132	(8,443)	–
Disposals	–	(121)	–	(7,085)	–	–	(7,206)
Depreciation provided during the year	(4,769)	(4,203)	(216)	(15,275)	(2,109)	–	(26,572)
Exchange realignment	–	(13)	–	–	–	–	(13)
At 31 December 2024, net of accumulated depreciation	129,869	9,137	177	28,107	9,904	4	177,198
At 31 December 2024							
Cost	143,167	20,192	1,438	63,593	16,170	4	244,564
Accumulated depreciation	(13,298)	(11,055)	(1,261)	(35,486)	(6,266)	–	(67,366)
Net carrying amount	129,869	9,137	177	28,107	9,904	4	177,198

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Buildings RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Electronic equipment and others RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2023							
At 1 January 2023							
Cost	142,515	12,332	1,438	53,832	7,244	2,274	219,635
Accumulated depreciation	(3,631)	(4,669)	(793)	(13,958)	(2,136)	–	(25,187)
Net carrying amount	138,884	7,663	645	39,874	5,108	2,274	194,448
At 1 January 2023, net of accumulated depreciation	138,884	7,663	645	39,874	5,108	2,274	194,448
Additions	–	1,557	–	2,601	762	5,731	10,651
Transfer from inventories*	–	–	–	11,055	–	–	11,055
Transfer	875	–	–	3,795	960	(5,630)	–
Disposals	(223)	(31)	–	(574)	–	–	(828)
Depreciation provided during the year	(4,898)	(3,321)	(252)	(15,064)	(2,021)	–	(25,556)
At 31 December 2023, net of accumulated depreciation	134,638	5,868	393	41,687	4,809	2,375	189,770
At 31 December 2023							
Cost	143,167	13,386	1,438	69,770	8,966	2,375	239,102
Accumulated depreciation	(8,529)	(7,518)	(1,045)	(28,083)	(4,157)	–	(49,332)
Net carrying amount	134,638	5,868	393	41,687	4,809	2,375	189,770

* When the products are used for promotion, exhibition and training purposes, the products are transferred from inventories to property, plant and equipment and depreciated over three years.

14. INTANGIBLE ASSETS

	Software RMB'000
31 December 2024	
At 1 January 2024:	
Cost	3,949
Accumulated amortisation	(1,694)
Net carrying amount	2,255
At 1 January 2024, net of accumulated amortisation	2,255
Additions	2,193
Amortisation provided during the year	(1,133)
At 31 December 2024, net of accumulated amortisation	3,315
At 31 December 2024:	
Cost	6,142
Accumulated amortisation	(2,827)
Net carrying amount	3,315

14. INTANGIBLE ASSETS *(Continued)*

	Software RMB'000
31 December 2023	
At 1 January 2023:	
Cost	4,092
Accumulated amortisation	(936)
Net carrying amount	3,156
At 1 January 2023, net of accumulated amortisation	3,156
Additions	52
Disposals	(195)
Amortisation provided during the year	(758)
At 31 December 2023 net of accumulated amortisation	2,255
At 31 December 2023:	
Cost	3,949
Accumulated amortisation	(1,694)
Net carrying amount	2,255

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of land and buildings. Leases of land and buildings generally have lease terms between 1 and 50 years.

15. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(a) Right- of-use assets

The carrying amounts of right-of-use assets and the movements during the reporting period are as follows:

	Buildings RMB'000	Leasehold land RMB'000	Total RMB'000
At 1 January 2024	**8,819**	**25,012**	**33,831**
Additions	**7,126**	**–**	**7,126**
Depreciation charge	**(4,990)**	**(773)**	**(5,763)**
Other reduction	**(2,198)**	**–**	**(2,198)**
Exchange realignment	**(4)**	**–**	**(4)**
At 31 December 2024	**8,753**	**24,239**	**32,992**
At 1 January 2023	10,307	25,787	36,094
Additions	6,013	–	6,013
Depreciation charge	(6,241)	(775)	(7,016)
Other reduction	(1,260)	–	(1,260)
At 31 December 2023	8,819	25,012	33,831

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the reporting period are as follows

	2024 **RMB'000**	2023 RMB'000
Carrying amount at 1 January	**9,407**	10,747
Additions	**7,126**	6,013
Accretion of interest recognised during the year	**329**	459
Other reduction	**(2,198)**	(1,276)
Lease payment	**(5,907)**	(6,536)
Exchange realignment	**(97)**	–
Carrying amount at 31 December	**8,660**	9,407
Analysed into:		
Current portion	**4,989**	4,874
Non-current portion	**3,671**	4,533

15. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 **RMB'000**	2023 RMB'000
Lease payments in respect of short-term leases	**999**	1,092
Interest on lease liabilities	**329**	459
Depreciation charge of right-of-use assets	**5,763**	7,016
Total amount recognised in profit or loss	**7,091**	8,567

(d) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 33 and 39, respectively, to the financial statements.

16. INVESTMENT IN AN ASSOCIATE

Investment in an associate

	2024 **RMB'000**	2023 RMB'000
Share of net assets	**208**	208
Goodwill on acquisition	**930**	930
Subtotal	**1,138**	1,138
Provision for impairment	**(1,138)**	(1,138)
Total	**–**	–

16. INVESTMENT IN AN ASSOCIATE *(Continued)*

Investment in an associate *(Continued)*

As of 31 December 2024, particular of the Group's associate are as follows:

Name	Particulars of issued shares held	Place and date of registration and place of operations	Percentage of ownership interest attributable to the Group	Principal activities
Zhejiang Tiexi intelligent technology Co., LTD. ("Zhejiang Tiexi")	Ordinary shares	PRC/ Mainland China 2016/4/20	1.83%	Automated grinding and polishing

Zhejiang Tiexi is considered as an immaterial associate of the Group.

Although the Company holds less than 20% of the equity voting rights in Zhejiang Tiexi, it has significant influence over Zhejiang Tiexi as it has the power to participate in the financial and operating policy decisions of Zhejiang Tiexi by appointing a director in the board.

17. INVENTORIES

	2024 **RMB'000**	2023 RMB'000
Raw materials	**52,306**	50,680
Work in progress	**14,561**	27,554
Finished goods	**67,027**	53,895
Goods in transit	**3,626**	9,391
Total	**137,520**	141,520

18. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	2024		
	Right-of-use assets RMB'000	Fair value change of financial assets at fair value through profit and loss RMB'000	Total RMB'000
At 31 December 2023	954	620	1,574
Credited/(debited) to profit or loss	(142)	170	28
At 31 December 2024	812	790	1,602

Deferred tax assets

	2024			
	Unrealized gains and losses RMB'000	Lease liabilities RMB'000	Fair value adjustments RMB'000	Total RMB'000
At 31 December 2023	1,879	1,026	12	2,917
Credited/(debited) to profit or loss	2,411	(164)	(12)	2,235
At 31 December 2024	4,290	862	–	5,152

18. DEFERRED TAX *(Continued)*

Deferred tax liabilities

	2023		
	Right-of-use assets RMB'000	Fair value change of financial assets at fair value through profit and loss RMB'000	Total RMB'000
At 31 December 2022	1,633	60	1,693
Credited/(debited) to profit or loss	(679)	560	(119)
At 31 December 2023	954	620	1,574

Deferred tax assets

	2023			
	Unrealized gains and losses RMB'000	Lease liabilities RMB'000	Fair value adjustments RMB'000	Total RMB'000
At 31 December 2022	82	1,707	–	1,789
Credited/(debited) to profit or loss	1,797	(681)	12	1,128
At 31 December 2023	1,879	1,026	12	2,917

18. DEFERRED TAX *(Continued)*

Deferred tax assets *(Continued)*

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**4,299**	1,902
Net deferred tax liabilities recognised in the consolidated statement of financial position	**749**	559

Deferred tax assets have not been recognised in respect of the following items:

	2024 RMB'000	2023 RMB'000
Tax losses	**536,383**	414,720
Deductible temporary differences	**225,417**	242,021
	761,800	656,741

The Group has accumulated tax losses in Mainland China of RMB505,583,000 aggregate as at 31 December 2024, which will expire in one to ten years to offset against future taxable profits of the companies in which losses were incurred. The Group also has accumulated tax losses in the United States, Germany and Hong Kong of RMB26,889,000 in aggregate as at 31 December 2024, which can be carried forward indefinitely to offset against future taxable profits of the companies in which losses were incurred. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

19. TRADE AND BILLS RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	82,381	47,443
Impairment	(9,269)	(6,876)
Net carrying amount	73,112	40,567
Bills receivables*	6,956	1,041
	80,068	41,608
Analysed into:		
Current portion	79,490	41,608
Non-current portion	578	–

* Bills receivable is subject to impairment under the general approach and the impairment is considered to be minimal.

The Group's trading terms with its certain customers are on credit, and the credit period is generally 30 to 90 days. Some customers were granted more than credit period of one year, depending on the specific payment terms in each contract. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

19. TRADE AND BILLS RECEIVABLES *(Continued)*

An ageing analysis of the trade receivables as at the end of each of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024	2023
	RMB'000	RMB'000
Within 1 year	**68,834**	34,907
1 to 2 years	**3,360**	5,456
2 to 3 years	**918**	204
Total	**73,112**	40,567

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024	2023
	RMB'000	RMB'000
At beginning of year	**6,876**	10,280
Impairment losses, net (note 6)	**2,628**	3,909
Amount written off as uncollectible	**(235)**	(7,313)
At end of year	**9,269**	6,876

An impairment analysis is performed at the end of each of reporting period using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Trade receivables for which the counterparties failed to make the demanded repayments are defaulted receivables. The Group has provided full impairment for the defaulted receivables. The Company estimated that the expected loss rate for its trade receivables due from subsidiaries is minimal.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

19. TRADE AND BILLS RECEIVABLES *(Continued)*

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2024

	Gross carrying amount RMB'000	Expected credit loss rate	Expected credit losses RMB'000
Defaulted receivables	**1,101**	**100.00%**	**1,101**
Other trade receivables aged:			
Current	**56,020**	**4.22%**	**2,365**
Past due:			
Within 1 year	**15,847**	**4.22%**	**669**
Between 1 and 2 years	**4,277**	**21.43%**	**917**
Between 2 and 3 years	**3,223**	**71.48%**	**2,304**
Over 3 years	**1,913**	**100.00%**	**1,913**
	82,381	**11.25%**	**9,269**

As at 31 December 2023

	Gross carrying amount RMB'000	Expected credit loss rate	Expected credit losses RMB'000
Defaulted receivables	1,101	100.00%	1,101
Other trade receivables aged:			
Current	31,217	5.22%	1,631
Past due:			
Within 1 year	5,614	5.22%	293
Between 1 and 2 years	7,158	23.78%	1,702
Between 2 and 3 years	1,430	85.73%	1,226
Over 3 years	923	100.00%	923
	47,443	14.49%	6,876

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Current		
Value-added tax recoverable	13,831	15,949
Receivables in respect of listing proceeds	21,490	–
Prepayments	15,291	12,339
Other receivables and deposit	2,724	2,987
Less: Impairment of other receivables and deposit	(414)	(431)
Total	52,992	30,844
Non-current		
Value-added tax recoverable	4,004	4,090
Other receivables and deposits	1,759	1,076
Prepayments for property, plant and equipment	3,023	112
Prepayments for an equity investment	16,000	–
Total	24,786	5,278

Receivables in respect of listing proceeds of HK$23,207,000 (equivalent to approximately RMB21,490,000) in aggregate, were transferred from our underwriters to our fundraising account (Hong Kong dollar bank account) in Hong Kong on 21 January 2025.

Other receivables had no historical default. The financial assets included in the above balances relating to receivables were categorised in stage 1 at the end of each of the year. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. As at 31 December 2024, the Group estimated the expected credit losses for other receivables to be RMB414,000.

Other receivables are unsecured, non-interest-bearing and are collectable within one year.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

The movements in the loss allowance for impairment of other receivables are as follows:

	2024	2023
	RMB'000	RMB'000
At beginning of year	**431**	373
Impairment losses, net (note 6)	**(17)**	58
At end of year	**414**	431

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	RMB'000	RMB'000
Other unlisted investments, at fair value	**95,517**	174,383
Total	**95,517**	174,383

The above unlisted investments were structured deposits and certificate deposits issued by banks in Mainland China. They are classified and measured at fair value through profit or loss as they are not held within the business model with the objective to collect contractual cashflows nor the business model with the objective of both collecting contractual cashflows and selling.

As at 31 December 2024, certificate deposits of RMB40,000,000 were secured for the Group's bank loans (note 26).

22. CONTRACT ASSETS

	2024	2023
	RMB'000	RMB'000
Contract assets arising from:		
Warranty retention receivables	**630**	376
Total	**630**	376
Impairment	**(118)**	(51)
Net carrying amount	**512**	325

Contract assets are initially recognised for the revenue earned from sales of products and the receipt of retention consideration is conditional on expiration of the warranty period. Upon expiration of the warranty period, the amounts recognised as contract assets are reclassified to trade receivables.

The expected timing of recovery or settlement for all the contract assets at the end of reporting period is within one year.

The movements in the loss allowance for impairment of contract assets are as follows:

	2024	2023
	RMB'000	RMB'000
At beginning of year	**51**	16
Impairment losses, (note 6)	**67**	35
At end of year	**118**	51

23. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

	2024 RMB'000	2023 RMB'000
Cash and bank balances	**229,607**	92,547
Time deposits	**654,151**	18,415
Restricted bank deposits	**2,321**	2,210
Subtotal	**886,079**	113,172
Less:		
Restricted bank deposits	**(2,321)**	(2,210)
Cash and cash equivalents	**883,758**	110,962
Denominated in		
RMB	**194,414**	68,449
USD	**31,302**	39,879
JPY	**2,659**	3,973
EUR	**7,698**	865
HKD	**650,000**	–
INR	**6**	6
	886,079	113,172

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and restricted bank balances are deposited with creditworthy banks with no recent history of default.

* As at 31 December 2024 the restricted bank deposits of RMB1,500,000 were frozen due to the dispute between the Group and a third party. As of 31 December 2024, the dispute is still under trial and the restricted amount is still frozen.

24. TRADE AND BILLS PAYABLES

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days.

	2024 RMB'000	2023 RMB'000
Trade payables	40,687	30,907
Total	40,687	30,907

An ageing analysis of the trade payables as at the end of each reporting period, based on the invoice date, is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	40,687	30,907
Total	40,687	30,907

25. OTHER PAYABLES AND ACCRUALS

	2024 RMB'000	2023 RMB'000
Payroll payable	32,541	25,314
Other tax payables	7,990	3,113
Payables for non-current assets	2,503	3,702
Other payables	33,010	9,663
Total	76,044	41,792

Other payables are non-interest-bearing and have no fixed terms of settlement

26. INTEREST-BEARING BANK LOANS

	2024			2023		
	Effective interest rate (%)	**Maturity**	**RMB'000**	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured*	**0.9-1.12**	**2025**	**39,860**	1.22-1.51	2024	49,803
Bank loans – unsecured	**2.37-2.58**	**2025**	**159,898**	1.83	2024	7,987
Current portion of long term bank loans – unsecured	**2.45**	**2025**	**1,900**			–
Total – current			**201,658**			57,790
Non-current						
Bank loans – unsecured	**2.45**	**2026**	**16,150**			–
Total – non-current			**16,150**			–
Total			**217,808**			57,790

* The secured loan was secured by the Group's certificate deposits of RMB40,000,000

27. CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Advances from customers		
Sale of goods	**6,841**	10,939
Analysed for reporting purposes as:		
Current liabilities	**6,841**	10,939
	6,841	10,939

28. DEFERRED INCOME

	2024 RMB'000	2023 RMB'000
Government grant*	**168,002**	189,569
At beginning of year	**189,569**	143,466
Grants received during the year	**6,020**	72,700
Released to the statement of profit or loss during the year	**(27,587)**	(26,597)
At end of year	**168,002**	189,569

* The Group's deferred government grants represented government grants received for projects and are credited to the statement of profit or loss on a straight-line basis over the expected lives of the related assets or recognised as income on a systematic basis over the periods that the costs, which they are intended to compensate, are expensed.

29. PROVISION

	Warranties RMB'000
At 1 January 2023	6,558
Additional provision	2,798
Amounts utilised during the year	(3,229)
At 31 December 2023	6,127
At 1 January 2024	**6,127**
Additional provision	**4,624**
Amounts utilised during the year	**(3,928)**
At 31 December 2024	**6,823**

The Group generally provides warranties of 12 to 18 months to its customers on certain of its products for general repairs of defects occurring during the warranty period. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

30. SHARE CAPITAL

Shares

	2024 RMB'000	2023 RMB'000
Issued and fully paid:		
400,000,000 (2023: 360,000,000) ordinary shares of RMB1 each	**400,000**	360,000

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January 2023	360,000,000	360,000
At 31 December 2023 and 1 January 2024	**360,000,000**	**360,000**
Issue of new shares*	**40,000,000**	**40,000**
At 31 December 2024	**400,000,000**	**400,000**

* The shares of the Company were listed on the Main Board of Hong Kong Stock Exchange on 23 December 2024 and publicly issued a total of 40,000,000 shares at the price of HK$18.80 per share. The total proceeds were HK$752,000,000 (equivalent to RMB695,358,000), and after deducting capitalized issuance expense of RMB32,563,000, the amount of RMB40,000,000 was included in share capital and RMB622,795,000 was included in share premium. The proceeds from international placement of the Company of HK$23,207,000 (as stated note 20, RMB21,490,000 in aggregate) are temporarily deposited in the account of the Company's underwriter on 31 December 2024, and transferred into the Company's fundraising account in Hong Kong on 21 January 2025.

31. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 93 of the financial statements.

(i) Capital reserve

The capital reserve of the Group represents the difference between the value of the paid-up capital and the consideration received, as well as the reserves resulting from transactions with non-controlling interests.

31. RESERVES *(Continued)*

(ii) Share-based payment reserve

The share-based payment reserve of the Group represents the share-based compensation reserve due to equity-settled share-based payment transactions, details of which were set out in note 32 to the financial statements.

32. SHARE-BASED PAYMENTS

Share Award Scheme

The Group approved and adopted the share award scheme (the "Share Award Scheme") for certain employees of the Group ("Share Incentive Participants") in order to recognise the contributions of the Share Incentive Participants to the growth and development of the Group, and incentivise them to further promote the development of the Group.

In order to implement the Share Award Scheme, Shenzhen Yuejiang Consulting Partnership (Limited Partnership) ("Yuejiang LP"), Shenzhen Qimo Investment Partnership (Limited Partnership) ("Qimo LP"), Shenzhen Chumo Consulting Partnership (Limited Partnership) ("Chumo LP") and Shenzhen Lumo Consulting Partnership (Limited partnership) ("Lumo LP") were established and designated as share incentive platforms to hold the shares specially awarded to the eligible participants as the ultimate beneficial owners. The Group has no control over the share incentive platforms.

On 31 December 2018, the Group granted 768,672 (equal to 27,525,106 shares after conversion into a joint stock company) restricted share units ("RSUs") of the Company to 12 eligible employees at a subscribed price of RMB1.00. On 31 January 2022, the Group granted 144,937 (equal to 5,190,002 shares after conversion into a joint stock company) restricted share units of the Company to 49 eligible employees at a subscribed price of RMB52.42. On 1 June 2023, the Group granted 12,345,000 restricted share units of the Company to 83 eligible employees at a subscribed price of RMB1.39. On 31 December 2023, the Group granted 1,866,400 restricted share units of the Company to 16 eligible employees at a subscribed price of RMB1.39. On 4 December 2024, the Group granted 4,876,400 restricted share units of the Company to 25 eligible employees at a subscribed price of RMB1.39.

All of the RSUs granted to the Share Incentive Participants shall be subject to both a listing-based condition (the "IPO Condition") as well as service conditions. The IPO Condition would be satisfied when the ordinary shares of the Company are successfully listed on a recognised stock exchange.

The fair value of the RSUs granted on 31 December 2018, 31 January 2022, 1 June 2023, 31 December 2023 and 4 December 2024 were estimated at RMB2.99, RMB5.93, RMB7.01, RMB7.55 and RMB9.83 per share after conversion into a joint stock company, respectively, by an independent professionally qualified valuer.

32. SHARE-BASED PAYMENTS *(Continued)*

Share Award Scheme *(Continued)*

The fair values of the RSUs granted were estimated as at the grant date by using discounted cash flow method and hybrid method, as well as equity allocation based on option pricing model, taking into account the terms and conditions upon which the RSUs were granted. The following table lists the significant inputs to the fair value model used:

	31 December 2018	31 January 2022	1 June 2023	31 December 2023	**4 December 2024**
Risk-free interest rate (%)	2.96	2.30	2.29	2.17	**1.34**
Volatility (%)	41.17	39.64	40.30	31.32	**49.08**

Share Award Scheme

The movements of the outstanding RSUs granted under the Share Award Scheme during the year were as follows:

	Number of shares
At 1 January 2024	**28,825,510**
Granted during the year	**4,876,400**
Forfeited during the year	**(1,614,482)**
Vested during the year	**(13,766,251)**
At 31 December 2024	**18,321,177**
At 1 January 2023	15,697,970
Granted during the year	14,211,400
Forfeited during the year	(884,314)
Vested during the year	(199,546)
At 31 December 2023	28,825,510

The aforesaid transactions have been accounted for as share-based payment transactions. During the year ended 31 December 2024, the Group recognised share award expense of RMB25,936,000 (2023: RMB20,712,000).

32. SHARE-BASED PAYMENTS *(Continued)*

Share Option Scheme

The Group approved a share option scheme in 2018. Pursuant to the Share Option Scheme, the Group proposed to grant 1.58% of the share options in the original equity structure to the Company through Qimo Investment, one of the share incentive platforms. 40%, 30% and 30% of the share options will be vested when the vesting condition is met over the three years. The vesting of share options is also subject to the IPO Condition. The IPO Condition would be satisfied when the ordinary shares of the Company are successfully listed on a recognised stock exchange.

On 31 December 2018, the Group granted 114,378 (equal to 4,096,000 shares after conversion into a joint stock company) share options which will vest in instalments over the next three years. The exercise price is RMB8.74 per share.

The fair value of share options granted was estimated at RMB98.77 per share option at the grant date using the Black-Scholes model. The following table lists the key inputs to the model used:

	31 December 2018
Risk-free interest rate (%)	2.58-2.91
Volatility (%)	33.93-37.10

	Number of shares
At 1 January 2024	**1,529,415**
Forfeited during the year	**–**
Vested during the year	**(1,529,415)**
At 31 December 2024	**–**

	Number of shares
At 1 January 2023	1,529,415
Forfeited during the year	–
At 31 December 2023	1,529,415

The aforesaid transactions have been accounted for as share-based payment transactions. During the year ended 31 December 2024, the Group recognised share option expenses of RMB420,000 (2023: RMB752,000).

33. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 December 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB4,831,000 (2023: RMB6,013,000), respectively, in respect of lease arrangements for factory, office and laboratory premises.

During the year ended 31 December 2023, the Group had offset the payables for property, plant and equipment with the deferred income in the amount of RMB63,250,000, based on agreements with government authorities.

(b) Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest bearing bank borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2024	**57,790**	**9,407**	**67,197**
Changes from financing cash flow	**158,526**	**(5,907)**	**152,619**
Changes from non-financing cash flow	**–**	**4,831**	**4,831**
Accretion of interest	**1,492**	**329**	**1,821**
At 31 December 2024	**217,808**	**8,660**	**226,468**
At 1 January 2023	21,619	10,748	32,367
Changes from financing cash flow	35,531	(6,536)	28,995
Changes from non-financing cash flow	–	4,736	4,736
Accretion of interest	640	459	1,099
At 31 December 2023	57,790	9,407	67,197

33. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS *(Continued)*

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	2024	2023
	RMB'000	RMB'000
Within operating activities	**999**	1,092
Within financing activities	**5,907**	6,536
Total	**6,906**	7,628

34. PLEDGE OF ASSETS

Details of the Group's restricted bank deposits and pledged certificate deposits are included in note 23 and note 21 to the financial statement.

35. COMMITMENTS

The Group had the following capital commitments at the end of each of the reporting period.

	2024	2023
	RMB'000	RMB'000
Contracted, but not provided for:		
Purchase of items of property, plant and equipment	**3,162**	1,624

The Group had the following short-term lease commitments at the end of the reporting period. The future lease payments for these non-cancellable lease contracts are falling due as follows:

	2024	2023
	RMB'000	RMB'000
Within one year	**346**	438

36. RELATED PARTY TRANSACTIONS

(a) In addition to the directors' and chief executive's remuneration detailed in notes 8 to the financial statements, The Group had no significant transactions with related parties during the year.

(b) Outstanding balances with related parties

	2024 RMB'000	2023 RMB'000
Mr. Xiang Guanglong*	–	14

* Mr. Xiang Guanglong were appointed as directors of the Company with effect from July 2017 to December 2022. Non-trade in nature, included in "Prepayments, deposits and other receivables" in the consolidated statement of financial position.

(c) Compensation of key management personnel of the Group

	2024 RMB'000	2023 RMB'000
Salaries, bonuses, allowances and benefits in kind	3,807	3,405
Pension scheme contributions	65	59
Equity-settled share-based payment expenses	5,956	3,539
	9,828	7,003

Further details of directors' and the chief executive's remuneration are included in note 8 to the consolidated financial statements.

37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	2024	2023
	RMB'000	RMB'000
Financial assets		
Financial assets at fair value through profit or loss:		
Structured deposits and Certificates of deposit	**95,517**	174,383
Financial assets at amortised cost:		
Trade and bills receivables	**80,068**	41,608
Financial assets included in other receivables and other assets	**25,559**	3,632
Restricted bank deposits	**2,321**	2,210
Cash and cash equivalents	**883,758**	110,962
	991,706	158,412
Financial liabilities		
Financial liabilities at fair value through profit or loss:		
Derivative financial instruments	**–**	80
Financial liabilities at amortised cost:		
Trade and bills payables	**40,687**	30,907
Financial liabilities included in other payables and accruals	**35,513**	13,365
Lease liabilities	**8,660**	9,407
Interest-bearing bank loans	**217,808**	57,790
	302,668	111,469

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

All the carrying amounts of the Group's financial instruments approximate to their fair values due to the short-term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the reporting period, the finance department analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager. The valuation process and results are discussed with the directors of the Company once a year for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the financial assets and financial liabilities at fair value through profit and loss have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

Fair value hierarchy

Financial assets:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Structured deposits and Certificate Deposits	**–**	**95,517**	**–**	**95,517**

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Structured deposits and Certificate Deposits	–	174,383	–	174,383

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, financial assets at fair value through profit or loss and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations.

The following table demonstrates the sensitivity at the end of each of the reporting period to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

	Increase/ (decrease) in basis points %	Increase/ (decrease) in profit before tax RMB'000	(Decrease)/ increase in equity RMB'000
Year ended 31 December 2024			
If RMB weakens against the USD	**5**	**5,430**	**5,430**
If RMB strengthens against the USD	**5**	**(5,430)**	**(5,430)**
If RMB weakens against the EUR	**5**	**6,485**	**6,485**
If RMB strengthens against the EUR	**5**	**(6,485)**	**(6,485)**
If RMB weakens against the HKD	**5**	**32,764**	**32,764**
If RMB strengthens against the HKD	**5**	**(32,764)**	**(32,764)**
Year ended 31 December 2023			
If RMB weakens against the USD	5	3,357	3,357
If RMB strengthens against the USD	5	(3,357)	(3,357)

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk

The Group trades only with recognised and creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and financial assets included in prepayments, other receivables and other assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

For other receivables and other assets, management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The Directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the reporting period.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade and bills receivables*	–	–	–	89,337	89,337
Financial assets included in other receivables and other assets	25,973	–	–	–	25,973
Restricted bank balances	2,321	–	–	–	2,321
Cash and cash equivalents	883,758	–	–	–	883,758
	912,052	–	–	89,337	1,001,389

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Maximum exposure and year-end staging *(Continued)*

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	–	–	–	48,484	48,484
Financial assets included in other receivables and other assets	4,063	–	–	–	4,063
Restricted bank balances	2,210	–	–	–	2,210
Cash and cash equivalents	110,962	–	–	–	110,962
	117,235	–	–	48,484	165,719

* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

At the end of each of the reporting period, the Group had no significant concentrations of credit risk which are disclosed in note 19 to the financial statement.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e. g., trade receivables) and projected cash flows from operations. The maturity profile of the Group's financial liabilities as at the end of each of the reporting period, based on the contractual undiscounted payments, is as follows:

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

As at 31 December 2024

	Less than 12 months or on demand RMB'000	**1 to 5 years RMB'000**	**Total RMB'000**
Trade and bills payables	**40,687**	**–**	**40,687**
Financial liabilities included in other payables and accruals	**35,513**	**–**	**35,513**
Lease liabilities	**4,279**	**3,633**	**7,912**
Interest-bearing bank loans	**203,150**	**16,150**	**219,300**
	283,629	**19,783**	**303,412**

As at 31 December 2023

	Less than 12 months or on demand RMB'000	1 to 5 years RMB'000	Total RMB'000
Trade and bills payables	30,907	–	30,907
Financial liabilities included in other payables and accruals	13,365	–	13,365
Lease liabilities	10,715	3,473	14,188
Interest-bearing bank loans	58,430	–	58,430
	113,417	3,473	116,890

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the reporting period.

The asset-liability ratios as at the end of each of the reporting period are as follows:

	2024 **RMB'000**	2023 RMB'000
Total assets	**1,495,208**	734,888
Total liabilities	**527,919**	361,585
Asset-liability ratio	**35%**	49%

* The asset-liability ratio is calculated by dividing total liabilities by total assets.

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**18,514**	28,130
Right-of-use assets	**4,984**	5,421
Other intangible assets	**2,413**	1,066
Investment in subsidiaries	**57,934**	57,247
Prepayments, deposits and other receivables	**17,402**	958
Trade receivables	**578**	–
Total non-current assets	**101,825**	92,822
CURRENT ASSETS		
Inventories	**32,594**	36,763
Trade and bills receivables	**193,485**	139,709
Contract assets	**512**	325
Prepayments, deposits and other receivables	**167,039**	97,256
Financial assets at fair value through profit or loss	**95,517**	174,383
Restricted bank deposits	**1,500**	1,389
Cash and cash equivalents	**827,291**	52,073
Total current assets	**1,317,938**	501,898
CURRENT LIABILITIES		
Trade and bills payables	**93,016**	95,610
Other payables and accruals	**116,728**	33,735
Financial liabilities at fair value through profit or loss	**–**	80
Interest-bearing bank loans	**132,005**	–
Lease liabilities	**2,654**	–
Contract liabilities	**5,426**	2,952
Tax payable	**–**	10,672
Total current liabilities	**349,829**	143,049
NET CURRENT ASSETS	**968,109**	358,849
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,069,934**	451,671

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT LIABILITIES		
Interest-bearing bank loans	**16,150**	–
Deferred income	**7,903**	9,442
Deferred tax liabilities	**749**	559
Lease liabilities	**2,599**	2,794
Provision	**6,823**	6,127
Total non-current liabilities	**34,224**	18,922
Net assets	**1,035,710**	432,749
EQUITY		
Equity attributable to owners of the parent		
Share capital	**400,000**	360,000
Reserves (Note)	**635,710**	72,749
Total equity	**1,035,710**	432,749

Note: A summary of the Company's reserves is as follows:

	Capital reserve RMB'000	Share-based payment reserve RMB'000	Accumulated loss RMB'000	Total RMB'000
At 1 January 2024	104,453	76,057	(107,761)	72,749
Loss for the year	–	–	(86,190)	(86,190)
Total comprehensive loss for the year	–	–	(86,190)	(86,190)
Issue of shares	622,795	–	–	622,795
Share-based payments	–	26,356	–	26,356
At 31 December 2024	727,248	102,413	(193,951)	635,710

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to share capital when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

41. EVENTS AFTER THE RELEVANT PERIOD

No significant events have occurred in respect of any period subsequent to 31 December 2024.

42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 24 March 2025.