

Linear Capital Newsletter 2025Q4

Feb 9, 2026

Dear Friends & Partners,

Here is the 2025Q4 newsletter for your information. Wish you all a healthy and prosperous Year of the Horse!

--- Observation and Insights ---

The Thaw Was Real. The Snapback Was Faster.

In our last quarterly letter, we wrote that venture capital was “thawing”—but cautiously. That was true in the earlier part of the year: capital returned, but with gloves on.

In Q4, however, we observed something more dramatic: **the gloves came off—selectively**. The recovery of risk appetite did not return evenly across sectors. Instead, it concentrated in a few “credit-worthy” themes where (1) user pain is undeniable, (2) products are becoming buildable, and (3) distribution can be reached without waiting for a perfect macro cycle.

AI-enabled smart hardware is one of those themes. We have seen deals where valuation moved **an order of magnitude within two months** after early traction and narrative alignment. At first glance, this looks irrational. After a second look, it is partly a rational response to two forces colliding:

- **Societal demand is turning acute.** Health management, emotional support, loneliness, companionship—these are no longer “nice-to-haves.” They are becoming everyday necessities.
- **Execution capacity has quietly compounded.** The past decade’s EV supply chain and the explosion of China’s consumer electronics champions (think DJI, Insta360, and the broader ecosystem behind them) have matured upstream suppliers, shortened prototyping cycles, and made mass production less mythical and more routine.

When you combine **new AI capabilities** with a **supply chain that can ship**, you get a rare thing in early-stage investing: *imagination that can be manufactured*.

That said, when the market starts paying for imagination before it pays for fundamentals, our job becomes harder—and more important. We want founders to be ambitious. We do not want them to become prisoners of their last valuation.

A New Kind of “China Curiosity” Is Emerging

One of the most interesting “soft signals” we observed recently: **many overseas investors are shifting from passive surprise to active curiosity**.

In the past, the world “noticed” China’s technology mainly when products arrived at their borders—EVs, batteries, drones, cameras—creating a kind of forced recognition. That recognition was reactive: *“How did this happen so fast?”*

Now the posture is changing. People are increasingly asking proactive questions:

- **Why did China catch up—or leap ahead—in certain technology categories?**
- **What else is compounding quietly right now?**
- **Where is the next discontinuity likely to emerge?**

Historically, the earliest and most aggressive in this curiosity were often U.S. investors. But geopolitics, the pandemic era, weaker capital market feedback loops, and a strong U.S. public market cycle collectively cooled that interest over the last 4–5 years.

What surprised us in Q4 is not “foreign interest” in general—it is **where the inbound interest is coming from now**.

We are seeing **Japanese and Korean corporates** actively reaching out to visit, to understand China’s technology companies, and even to consider allocations to China-facing technology GPs and funds. This is not something we saw in previous years with this level of intensity—and it has become especially noticeable in the last month or two.

Why now?

Because beneath the politeness, we can sense something very human: **anxiety**.

Particularly in AI, robotics, and high-end manufacturing, many Japanese and Korean industry leaders are feeling the pressure of a world being rebuilt faster than legacy advantage can defend.

And when incumbents feel real anxiety, they stop reading reports and start getting on planes.

Context Doesn't Live on Screens. It Lives in the World.

We want to highlight one technical/product trend that we believe deserves disproportionate attention:

Many new “agentic AI” applications are moving toward context-heavy scenarios.

They are increasingly designed to gather and use multimodal inputs—**voice, text, images, video**, and other signals—as their living context.

This is not just a product feature. It is a directional shift in how intelligence is delivered.

The last decade of software lived behind glass: laptops and phones. But “real context” is messy. It is ambient. It is continuous. And it is mostly **off-screen**.

If the next generation of AI agents is truly meant to help humans in meaningful, high-frequency ways, it will need access to what humans are actually experiencing—*not just what humans typed*.

That leads to a conviction we hold strongly:

Hardware is not optional for context. Hardware is the gateway.

Software-only agents can do a lot. But if your agent lives only on a Mac or a phone, it will always be context-starved in the moments that matter most: when hands are busy, when attention is fragmented, when the environment is dynamic, when “now” is the input.

To capture real-world context, we need **sensing, presence, and persistence**—and that is inherently a hardware + software story.

This is why we believe the most important AI products of the next era will not be “apps” in the old sense. They will be **systems**: devices, sensors, interfaces, and agents working together—quietly collecting context, building memory, and delivering help at the right moment.

The Great Compression: Building Becomes Cheaper, Talent Becomes Younger

Another Q4 observation is about **people**, not technology.

We are seeing new and younger talent flock into the market. The best founders are still rare—always. But the base rate of “high-potential weirdness” is rising.

Why?

Because the barrier to implementation is collapsing.

What used to require a full-stack team and months of engineering can increasingly be prototyped by a small team—sometimes a single founder—using modern tooling and “vibe coding” workflows to translate intent into working software at extreme speed. The technology barrier is still high, but you don't need, say 4 genius to do one job - instead maybe one plus three agents.

When building becomes cheaper, two things happen:

- **More experiments get shipped.**
- **More founders with unconventional profiles become viable.**
They may not have the “golden resume,” but they have something that matters more in a discontinuity: a stubborn clarity about how the future should feel.

Cheaper building also means noisier markets. When anyone can ship something, the world gets flooded with “demos.” The real filter becomes **distribution, retention, unit economics, and taste**.

That is why our job remains the same even as the tools change: to find founders who can turn speed into substance.

Frontier Tech, With a Problem-Solving Lens

A quick clarification, because we have used words like “imagination” and “taste,” and we do not want to be misunderstood.

Linear is, at its core, a **frontier tech fund**. We follow foundational model progress and the evolution of agentic AI closely—because capability breakthroughs matter, and they continuously reshape what is possible. At the same time, we are also living through a period of **technology democratization**: implementation is getting cheaper, tooling is getting stronger, and barriers to building are falling.

We respect that democratization. In fact, we think it is a feature—not a bug—because it unlocks creativity and enables more founders to express a strong view of the future through working products. But our focus is not technology for technology’s sake.

Our focus is sharper:

How can technology be used to solve real problems better and faster—and at scale?

In this framing, technology is essential, but instrumental. It is the capability and the engine. The enduring advantage often comes from the problem choice, the product intuition, the systems integration, and the founder’s insistence on a better way—especially where AI meets the physical world.

Discipline in a Hot Pocket

Q4 reminded us that markets do not move in straight lines. They move in moods. And moods cluster.

When capital returns, it does not return evenly. It returns in bursts—often to the narratives that feel most inevitable.

AI-enabled hardware and embodied robotics are increasingly being treated as “inevitable narratives.” That can be true—and still be dangerous.

So, we will repeat a principle we keep returning to:

A great company can be a bad deal at the wrong price. And a high price is not just a number—it is future constraint.

We want founders to raise enough to win. We want them to avoid valuations that turn the next round into a cliff. In this market, where enthusiasm can surge faster than liquidity, we believe pragmatic founders will be rewarded—not just by investors, but by survival.

Fund VI: Preparing for the Next Chapter

While Q4 brought new energy in certain sectors, we have been equally focused on preparing for our next chapter.

In the coming weeks, we plan to **begin the fundraising process for Fund VI**. Between now and then, we have been spending significant time doing what we believe is the only sensible way to start: **sharing updates early and listening carefully**.

We have been actively engaging with our existing LPs, as well as a set of respected potential new LPs with whom we have been in conversation over the last few years. The intent is straightforward:

- **Provide thoughtful updates** on what we are seeing in the market and how our strategy is evolving;
- **Understand sentiment**—what excites, what concerns, and what today’s decision-making constraints look like inside real institutions;
- **Build a strong foundational base of alignment** so that we can kick off Fund VI with clarity and long-term partnership in mind.

For us, strategic alignment is specific. It means our focus areas—**AI + Hardware**, **AI + Software**, and **AI for Science**—match what you are genuinely interested in exploring as China and China-related opportunity sets. It also means we remain highly oriented toward teams building for **global markets from day one**—global companies by design, regardless of where the founders are based.

If Fund VI is relevant to your mandate and priorities for the coming cycle, ****we would welcome a conversation**. There is no rush—****we simply want to start the dialogue in a thoughtful, low-pressure way, consistent with the trust we have been building over time**.

To those who have been with us for a while: we hope we have earned the right to ask for your continued support—not as a transaction, but as a continuation of shared conviction. We believe the best partnerships compound. And we hope we can go a very long way together.

Best regards,

Harry

--- Investments ---

We closed 9 new deals in Q4 2025.

- **Odyss (Trace X)**
 - Trace X is developing the AI Health Guardian, an intelligent necklace designed for effortless, proactive health monitoring that, unlike reactive, manual-entry products, enables passive diet tracking and real-time intervention to turn self-discipline into a natural, positive routine; with over 70% of the global population being sub-healthy, 2.5 billion adults overweight, and 890 million obese, combined with rising post-COVID health awareness and advances in AI + sensors, Trace X is well positioned to capture this expanding market, leveraging active sensing and large-model AI to offer hands-free diet monitoring, supported by a 1995-born founding team that blends AI and hardware expertise.

- **Yumfit**
 - Yumfit is an AI-powered diet and health management app that helps users easily manage their eating habits, health goals, and lifestyle through intelligent personalization; it leverages the rising trend of AI Agents in vertical applications by adopting a deep, Agent-driven approach integrated with gamification and community features to offer an engaging and emotionally resonant health experience, and is backed by a founding team of MIT and Johns Hopkins graduates with strong product vision and execution capabilities—CEO Yin Yifeng, the first Chinese engineer at Hugging Face, brings cutting-edge insights into LLM and Agent applications, while co-founder Song Hang, a serial entrepreneur backed by a16z, complements with strong business acumen.

- **Deeplink (Superlinear)**
 - Deeplink is pioneering an AI-powered "People-Finding Agent" that automates the search for potential clients, partners, experts, and KOLs by replacing manual searches and costly databases with an end-to-end agentic solution—from intent parsing to evaluation and outreach—delivering significant gains in speed and accuracy; the opportunity is vast, with 1.34M sales reps in North America alone representing a \$700M market and additional potential in influencer marketing,

recruiting, and consulting, while the founder is distinguished by his resilience, integrity, and rapid learning honed through real entrepreneurial challenges, and the team holds a first-mover advantage and a clear go-to-market strategy, though execution, differentiation, and global expansion remain key challenges, overall addressing a major, validated pain point with strong founder drive and the potential to become the leading brand in AI-powered people discover.

- **Cocomo (Ludens AI)**

- Cocomo is a home-centered companion robot designed to be both an intelligent playmate for children and a shared experience platform for families, combining physical interaction with emotional engagement to create meaningful family connections; as companion AI robotics represents a high-potential category for AI transformation, with the emergence of large models set to redefine user interaction and unlock significant consumer hardware opportunities, Cocomo targets Japan—an initially mature market for such products, as evidenced by Lovot’s success—differentiating itself by focusing on family interaction rather than individual companionship and blending playful physical interaction with emotional bonding, while leveraging China’s AI and supply chain strengths with Japan’s design sensibility, supported by the founder’s deep understanding of the Japanese market, local partners, and design collaborations, a cross-border approach that provides a strong execution and commercialization foundation.

- **BTRY**

- BTRY is pioneering next-generation ultra-thin solid-state battery technology, with its proprietary architecture integrating three defining advantages: 1-minute ultrafast charging, thermal stability up to 150 °C, and an ultra-thin 0.1 mm form factor, which enables seamless integration into compact devices such as smart cards, logistics tags, sensors, and wearables, unlocking new possibilities for product design and functionality in emerging sectors like IoT, medical devices, and next-generation consumer electronics that demand compact, durable, and high-performance energy solutions.

- **Automata.ooo**

- Automata.ooo is a South Korea-based B2B AI-native SaaS company specializing in developing and leveraging AI Agents to provide tailored, modular software solutions for enterprises.
- South Korea's IT services market is projected to surge to \$61.9 billion by 2030, driven by an urgent demand for digital transformation across finance, manufacturing, and retail sectors. Automata targets a critical gap that standard SaaS cannot fill: the need for deeply customized enterprise software. By addressing this high-value pain point, Automata is positioned to capture significant shares in a market where enterprise willingness to pay is exceptionally

high.

- Automata fundamentally disrupts the traditional software outsourcing model with its proprietary AI-native engine. By combining Harmony (a modular business function library) with HarmonyFlow (a multi-agent automation system), the company delivers bespoke B2B solutions significantly faster and cheaper than human-intensive competitors. This "Agent on Rails" architecture allows for scalable, automated reasoning and execution, creating a strong technological moat.

- **Dealism**

- Dealism is an AI-powered sales assistant founded by the former COO & President of Youzan. It is designed to automate customer communication and conversion for sales professionals across channels like WhatsApp. Dealism stands out by aiming to "digitize sales expertise" rather than just record data. Unlike traditional CRMs, Dealism uses AI to replicate the nuance, tone, and timing of top-tier sales professionals, enabling millions of messaging-based sellers to automate complex communication and significantly boost conversion rates.
- The founder possesses a rare blend of technical literacy and executive commercial prowess. The team aligns with our investment criteria, combining intense passion with a sophisticated methodology for building AI-native applications. We believe Dealism has the potential to define the vertical agent category.

- **Creaseed (AgentWoods)**

- Creaseed is an AI-powered business management platform for creators, founded by core members of TikTok's Ads GenAI team. Leveraging a multi-agent architecture combined with long-term memory systems and automation tools, it streamlines the entire commercial lifecycle for small-to-medium content creators (specifically nano and micro-creators)—covering everything from deal sourcing and commercial negotiation to final content delivery.
- Unlike traditional agencies or superficial AI wrappers, Creaseed utilizes a proprietary multi-agent system and "AI Alias" framework to automate the entire commercial lifecycle for nano and micro-creators—from sourcing deals and negotiating to final content delivery. This approach directly captures the surging demand from North American brands for scalable, intelligent, and cross-cultural marketing automation.
- The team combines rapid execution with a sophisticated grasp of content virality. They are true innovators, choosing to reconstruct the creator workflow from first principles rather than building incremental improvements. This rare fusion of technical prowess and market instinct positions Creaseed to dominate the infrastructure landscape for the creator's economy.

- **AnyVerse Dynamics (无界动力)**
 - Anyverse Dynamics is an embodied AI company building a general-purpose intelligent brain, distinguished by its focus on real-world deployment as the primary driver of technological breakthrough. The company employs a unique "Dual-Loop" strategy: combining a General Foundation Model with a Mass-Production Expert Model.
 - By synthesizing real-robot reinforcement learning with innovative world models, Anyverse achieves rapid generalization and high-fidelity operation in complex physical environments. This approach effectively bridges the "sim-to-real" gap, pioneering the industrialization of embodied AI. The founder exemplifies the rare "Systems Architect + Commercial Strategist" archetype, combining relentless execution with the decisiveness required to navigate complex, high-stakes industrial challenges.

We have 10 portfolio companies that completed subsequent financing in Q4 2025, with total new money of US\$194.5M raised.

- 2025Q4 was an exceptionally active quarter for fundraising. Despite the broader macro environment, **10 of our portfolio companies successfully completed follow-on rounds**, securing a total of **US\$194.5 million** in fresh capital. This financing velocity validates the quality of assets we are holding.
- The market appetite for our high-conviction bets remains very strong. One breaking surprise is coming from one early startup which we just invested half a year ago at US\$20M valuation, and now they are closing three consecutive follow-on rounds simultaneously which will bring the company's valuation to US\$200M. All the three rounds are to be led by reputable institutions in the market. The deals are closing now and we will share more aftermath.

Highlights of Holdings

- Swiss battery startup company **BTRY** invested in by Linear Capital, has completed an oversubscribed seed funding round to accelerate the industrialization of its ultra-thin solid-state batteries.
- Linear Capital and Sequoia Capital China jointly led a 300 million yuan angel funding round for **AnyVerse Dynamics (无界动力)**. The company focuses on building a "general-purpose brain" and "operational intelligence" for robots, aiming to overcome key bottlenecks in the coordination of hands, eyes, and cognitive systems.
- Linear Capital participated in the \$15 million Angel funding round of **Dealism**. The company focuses on overseas markets and is dedicated to creating highly personalized AI sales agent.
- Linear Seed Round Lead Project **Deep Principle** completed an over 100 million yuan

Series A funding round.

- Linear Pre-A Round Lead Project [White Rino.ai](#) completed a new round of financing. With this round, the company has secured three rounds of financing within 2025, surpassing \$100 million in total annual funding.
- Linear Capital led the first funding round for [OdysLife \(Trace X\)](#). The company released an introductory video for the world's first truly Always-On smart necklace in December.

- Other Updates from the Linear Family -

Contact and Media Reports about Linear Capital

- Linear Angel Round Project [Ling.ai](#) completed a 200-million-yuan Pre-A series financing round. The funds will be used for product R&D, global market expansion, and further improvements to its developer platform and content ecosystem.
- Linear Angel Round Lead Project [ReaVis](#) completed a tens of millions of yuan Series B financing round led by Lanpu Capital. The funds will be used to deepen the research and development of its "RV Parallel Vector Ghost-image Free Technology" expand laboratory and production line scale, and accelerate the large-scale application of HUDs across multiple scenarios.
- Linear Angel Round Lead Project [Wonsor](#) completed an over 100-million-yuan Series A+ financing round. The funds will be used for new product research and development, establishing China's first large-scale, high-quality, and compliant industrial safety sensor production base, as well as for overseas business expansion.
- Linear Angel Round Project [Agile Robots](#) officially launched the full-size industrial humanoid robot Agile ONE, which enables safe and efficient collaboration with humans and other automated systems, marking a key step toward the industrial-scale application of humanoid robots.
- Linear Angel Round Project [Agile Robots](#) acquired the automation engineering business of Thyssenkrupp. Agile Robots will reposition this business to explore more niche markets.
- The founder of Linear Pre-Seed Round Lead Project [RIVR](#), Marko Bjelonic, and Gus Leung, the head of supply chain project management for the China region, were interviewed by CYZONE. They shared insights into the development journey, technical features, and commercial applications of the wheel-legged robot.
- Linear Angel Round Project [TARS](#) held a live-streamed technology debut. The world's first robot capable of autonomous embroidery was officially unveiled, establishing the company as the world's first to overcome the technical challenges of thread-based manufacturing in robotics.
- Linear Seed Round Lead Project [Deep Principle](#) partnered with 24 top global research institutions including MIT, Harvard, Princeton, Stanford, Cambridge, and Oxford to

co-author a paper that benchmarks the capabilities of LLMs for Science. This release was in perfect sync with OpenAI's related work, gaining widespread attention and discussion overseas.

- Linear Capital was ranked 9th in the "[Top 30 Chinese Early-Stage Investment Institutions of 2025](#)" by Zero2IPO Research's Annual China Equity Investment Ranking. Linear Capital's Founder and CEO, Wang Huai, was also selected for the "[Top 10 Chinese Early-Stage Investors](#)" list.
- Linear Capital's Founder and CEO, Wang Huai, was honored in "[Top 30 Angel Investors of 2025](#)" list jointly launched by GEW and Zero2IPO Research.
- Linear Capital was honored as "[Top 10 Best Early-Stage Venture Capital Institutions in the Yangtze River Delta Region for 2025](#)" by ChinaVenture.
- Linear Capital's Founder and CEO, Wang Huai, was honored on ChinaVenture's 2025 investor list as "[Top 50 Best Early-Stage Investors](#)".
- Linear Capital was honored on TMTPost's 2025 Venture Capital Pioneer List in multiple categories: "[Investment Pioneer – Top 20 Early-Stage Investment Institutions](#)", "[Exit Pioneer – Top 15 Early-Stage Investment Institutions](#)", "[Post-Investment Management Pioneer – Top 20](#)", "[Top 20 in AI Agent Field](#)", and "[Top 20 in Embodied/Smart Robotics Field](#)".
- Linear Capital was honored as "[Top 12 Best Early-Stage Technology Investment Institutions in China for 2025](#)" by Jazzyyear on the "2025 China Technology Industry Investment List". Linear Capital's Founder and CEO, Wang Huai, was honored as "[Top 30 Best Early-Stage Technology Scouts of 2025](#)".
- Linear Capital was honored as the "[Best Artificial Intelligence Investment Institution](#)" and "[Best Embodied Intelligence Investment Institution](#)" in the IPO Morning Post's 2025 Best Investment Institution List.
- Linear Capital was honored as "[Top 20 Comprehensive Early-Stage Investment Institutions](#)" and "[Top 20 Most Active Early-Stage Investment Institutions](#)" by QMP Technology.

Events We Hosted and Joined

- Linear Capital has launched its new frontier tech salon brand event, "[Linear Tech \$\pi\$](#) ", and the first session was held in Shanghai, featuring guests from companies such as TEA.AI, Final Round, Macaron AI, and Moonshot AI. They joined Linear Capital's Managing Director Zheng Can and Senior Director Bai Zeren to discuss practical cases of implementing AI Agents in their respective fields.
- Linear Capital hosted the second session of its frontier tech salon "[Linear Tech \$\pi\$](#) " in Shenzhen, inviting guests from Rokid, Odyss, D-Robotics, BENEBLUE, and CGL to join its investment team in discussing "N+1 Possibilities for AI-Powered Consumer Hardware".
- Linear Capital hosted its "[2025 AGM](#)" in Beijing, gathering over 150 top-tier LPs

from around the globe and founders from its portfolio companies to review and discuss the opportunities and challenges presented by frontier technologies, particularly AI.

Best regards,

Linear Team