OVERVIEW

We are headquartered in Zhejiang Province and were established in 2017. Since our establishment, we have developed to become an Automotive Testing Solutions provider and we have during the Track Record Period worked with leading domestic and international automotive manufacturers and automotive components manufacturers such as BYD Company Limited ("**BYD**"), one of the largest NEV manufacturers in the PRC, and our Customer B, one of the world's largest engine manufacturers and a global leader in power solutions. The automotive testing services market in the PRC is highly competitive with moderate concentration, involving over 1,500 market players. According to the F&S Report, we have a market share of 0.9% amongst all automotive testing solutions providers in the PRC in terms of revenue in 2025. Our Automotive Testing Solutions includes (i) automotive testing services, (ii) testing facility solutions and (iii) sales of automotive components business segments.

Our automotive testing services facilitate the research and development exclusively for new models of ICEVs and NEVs and their constituent components, and our testing outcomes are used to refine designs, functions and system interoperability so as to ensure that new vehicle models are capable of meeting the relevant performance and regulatory standards. Following our testing, these new vehicles are subject to homologation, which is conducted by other qualified institutions. In terms of capabilities, we are able to provide a full range of whole vehicle testing services for both ICEVs and NEVs covering amongst others, EMC testing, extreme temperature testing, vibration testing, salt spray testing, dust testing and sealing testing. Whole vehicle testing is primarily conducted to assess the integrity, reliability and durability of the fully assembled automobile, whether ICEVs or NEVs under specified test conditions, simulating real world stressors to validate overall structural integrity, systemic reliability, and long-term durability. However, the core focus of our automotive testing services is on the powertrain of ICEVs and NEVs.

Since 2022, we have expanded our automotive testing services to cover ADAS testing. ADASs are sophisticated electronic systems integrated into vehicles to enhance driver safety and comfort through utilising a vast array of sensor and camera technology. According to the F&S Report, ADASs are expected to become ever more prevalent in the PRC due to intense competition, which has led auto manufacturers to adopt more sophisticated ADASs to enhance their product offerings. Our ADAS testing involves simulating a vast range of traffic scenarios and environmental conditions in both virtual and real-world settings to ensure the sensors, cameras, and control software perform as intended.

Leveraging on our experience and knowledge in automotive testing and to diversify our business and revenue streams, we developed our testing facility solutions business segment which involves providing customised testing solutions to automotive manufacturers, automotive components manufacturers, research institutes and universities to enable them to develop and/or enhance their testing facilities. We have also expanded our business towards the sales of automotive components which involves supplying products such as urea pumps and TCUs as well as the ancillary calibration services.

In 2021, we obtained the Laboratory Accreditation Certificate*(實驗室認可證書) from the China National Accreditation Service for Conformity Assessment (中國合格評定國家認可委員會) for our Changxing Headquarters and Jinshan Testing Facility which we believe demonstrates our capability and eligibility to provide reliable automotive testing services. In 2024, we were awarded with IATF 16949: 2016 validation which is a recognition that we have adhered to the international quality management system standard for the automotive industry set by the International Automotive Task Force whose members consists of leading automotive companies. Apart from IATF 16949: 2016, we have also obtained various management system standard certifications such as ISO 9001: 2015, ISO 14001: 2015 and ISO 45001: 2018 in 2022 and 2025.

Our principal testing facility is located at our Changxing Headquarters, and additionally we have testing facilities strategically located in key automotive markets, including in Zhejiang, Hubei, Jiangsu and Guangdong Provinces. As at the Latest Practicable Date, we owned more than 480 units of major testing machinery and equipment which are primarily used for our automotive testing services.

The following table sets forth a breakdown of our revenue based on business segments during the Track Record Period:

	Year ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Automotive testing								
ICEV testing	57,496	41.7	59,703	29.2	27,367	36.9	32,816	35.3
NEV testing	45,050	32.7	66,841	32.7	37,974	51.2	28,363	30.5
ADAS testing	10,134	7.4	27,415	13.4	5,503	7.4	7,857	8.5
Sub-total	112,680	81.8	153,959	75.3	70,844	95.5	69,036	74.3
Testing facility solutions	21,666	15.7	45,833	22.4	1,070	1.5	23,201	25.0
Sales of automotive components	3,417	2.5	4,783	2.3	2,239	3.0	621	0.7
Total	**137,763**	**100.0**	**204,575**	**100.0**	**74,153**	**100.0**	**92,858**	**100.0**

For a detailed analysis of the material fluctuations of our revenue during the Track Record Period, please refer to the paragraph headed "Financial information – Revenue" in this document.

COMPETITIVE STRENGTHS

We provide a wide spectrum of comprehensive automotive testing services for automotive manufacturers and automotive components manufacturers

We were founded in 2017 and we offer a wide spectrum of comprehensive automotive testing services for the research and development of new models of ICEVs and NEVs and their constituent components. ICEVs or internal combustion engine vehicles represent the traditional segment of the automotive market in the PRC and continues to play an irreplaceable key role due to the established infrastructure for refueling and maintenance, refueling speed and range. At the same time, NEVs or new energy vehicles represents the future of the automotive market. Due to the growth of new technologies, their range and efficiency have significantly improved and they possess advantages in terms of reducing their impact on the environment.

Our automotive testing services for ICEVs and NEVs focus on analysing the performance and durability characteristics of their core systems, specifically the powertrain so as to assist automotive manufacturers and automotive components manufacturers in developing new vehicles and parts. As the auto industry in PRC has been rapidly changing due to the emergence of new technologies, we have also strived to adapt to the changing market conditions. For instance, with ICEVs, aside from analysing the performance and durability characteristics of the powertrain when using traditional fuels such as gasoline and diesel, we also provide analysis on the basis of using alternative fuel types such as ethanol and hydrogen so as to enable new vehicles to reduce their carbon footprint without

compromising their performance. For NEVs, we assist automotive manufacturers and automotive components manufacturers in improving the efficiency and range of battery systems through battery performance tests in extreme temperature conditions.

With the continued maturation of the PRC automotive market, domestic manufacturers have also strived to adopt other new technologies to improve upon their vehicle offerings, in particular, manufacturers have begun to roll out vehicles with newer and more sophisticated ADASs. Against this backdrop, new opportunities have arisen for automotive testing services providers such as ourselves and in 2022 we began offering ADAS testing services in order to generate useful data for our customers so as to ensure that the ADAS systems can operate safely and seamlessly. For the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, revenue generated from our ADAS testing business segment amounted to approximately RMB10.1 million, RMB27.4 million, RMB5.5 million and RMB7.9 million, which accounted for approximately 7.4%, 13.4%, 7.4% and 8.5% of our total revenue during the corresponding year/period.

To support our comprehensive service offerings, we have also devoted significant investments towards acquiring and maintaining our testing equipment and machinery. These investments in testing equipment and machinery have allowed us to expand our service offerings to new areas in the automotive testing services industry. Furthermore, as advised by F&S, these testing equipment and machinery are capable of not only fulfilling the needs of automotive manufacturers and automotive components manufacturers but also the needs of other players in various other industries which rely on electric motors, battery systems and ICE, such as unmanned aerial vehicle manufacturers.

We believe that our ability to provide a wide spectrum of comprehensive automotive testing services and our ability to take advantage of changing market conditions and trends has been critical to our success. We expect to continue to focus on emerging market trends and to adopt new technologies and testing methodologies in order to better serve the needs of our customers.

We are a reputable Automotive Testing Solutions provider in the PRC and we have well-established business relationships with leading players in the automotive market

We are an Automotive Testing Solutions provider headquartered in Zhejiang Province according to the F&S Report with testing facilities strategically located in multiple locations in the PRC to serve the needs of leading domestic and international players in the PRC.

From our founding in 2017, we have worked with many of the leading domestic and international players in the PRC's automotive market and we have been able to maintain many of these relationships. As at the Latest Practicable Date, the length of our business relationships with our major customers ranged from approximately 0 to 7 years. For example, our largest customer for the year ended 31 December 2024 and our fourth largest customer for the year ended 31 December 2025 comprised of two subsidiaries of BYD. BYD is a company incorporated in the PRC and headquartered in Shenzhen and listed on the Main Board of the Stock Exchange (stock code: 1211) and on the Shenzhen Stock Exchange (stock code: 002594). It is a pioneer and leader in the global new energy vehicle industry. It is also one of the leading rechargeable battery manufacturers in the world. Revenue generated from BYD during the years ended 31 December 2024 and 2025 and the six months ended 30 June 2026 amounted to approximately RMB11.6 million, RMB12.6 million and RMB0.25 million which accounted for approximately 8.4%, 6.1% and 0.27% of our total revenue during the corresponding year/period.

Customer B is our second, third and first largest customer during the years ended 31 December 2024 and 2025, and the six months ended 30 June 2026, and it comprised of 9 subsidiaries. Customer B is a company incorporated and headquartered in Indiana, USA and

is listed on New York Stock Exchange. It is a global power leader that designs, manufactures, distributes and services a broad portfolio of power solutions. Its products include diesel, natural gas, electric and hybrid powertrains and powertrain-related components such as filtration, aftertreatment, turbochargers, fuel systems, controls systems, air handling systems, automated transmissions, electric power generation systems, batteries, electrified power systems, hydrogen generation and fuel cell products. Revenue generated from Customer B during the years ended 31 December 2024 and 2025 and the six months ended 30 June 2026 amounted to approximately RMB11.4 million, RMB17.7 million and RMB18.1 million which accounted for approximately 8.3%, 8.7% and 19.4% of our total revenue during the corresponding year/period.

To serve the needs of these customers, we have also strategically located our testing facilities in key automotive markets. As at the Latest Practicable Date, we had testing facilities located across multiple provinces and cities in the PRC, including Zhejiang, Hubei, Jiangsu and Guangdong Provinces. For details, please refer to "Our testing facilities" in this section. Our testing facilities house some of the latest equipment used in the industry as we have devoted significant investments towards acquiring and maintaining our testing equipment and machinery to ensure our competitiveness. As at the Latest Practicable Date we owned more than 480 units of major testing machinery and equipment which are primarily used for our automotive testing services.

According to the F&S Report, automotive testing services providers face enduring problems as the automotive industry is undergoing a rapid technological evolution that has resulted in vehicles as well as their components becoming more and more complex. While this has led to new market opportunities, it has also resulted in increased pressure on automotive testing services providers to adapt to the changing market conditions and adopt new testing methods and equipment. Moreover, this changing technological landscape has also led to greater regulatory oversight which necessitates extensive testing and validation prior to the mass production of any new vehicle.

Our Directors believe that our ability to capture and maintain our business relationships with these leading market players in light of the market conditions mentioned above is a testament to our abilities.

We implement stringent quality control measures to maintain our service standards and ensure precise testing outcomes

As an automotive testing services provider, we believe that the accuracy of our testing outcomes and the testing methodologies we employ are of utmost importance to our customers as it may directly impact upon the design, reliability and performance of new vehicles. Accordingly, we strive to uphold industry standards through a combination of quality control measures including comprehensive policies and procedures, robust training and regular evaluation.

In 2021, we obtained the Laboratory Accreditation Certificate*（實驗室認可證書）from China National Accreditation Service for Conformity Assessment（中國合格評定國家認可委員會）for our Changxing Headquarters and Jinshan Testing Facility. The requirements for accreditation involve operating a testing facility equipped with a reliable management system and possessing the necessary technical competence to consistently producing valid and traceable test results. Such accreditation demonstrates our capability to maintain qualified and properly trained personnel, calibrated and well maintained equipment, adopt validated testing methods, and implement rigorous quality control procedures.

In 2024, we were awarded the IATF 16949:2016 certification which is an automotive sector-specific quality management standard issued by the International Automotive Task Force. Requirements in obtaining the IATF 16949:2016 certification includes demonstration

that the applicant is commented to defect prevention and the reduction of variation and waste in the automotive industry supply chain and assembly process. In 2022 and 2025 we were also awarded the ISO 9001:2015 certification.

As at the Latest Practicable Date, we employed 152 employees in our Automotive Testing Solutions department, of which 149 employees possessed post-secondary degrees or above in the areas of automotive testing and maintenance, mechatronics, vehicle engineering, mechanical design, mechatronic engineering, computer applications, electrical engineering and automation, new energy vehicle technology and etc. Further, the majority of them possess not less than 2 years of experience in the automotive industry.

As the automotive industry has been undergoing rapid technological changes in recent years which has necessitated the adoption of new testing methodologies and equipment, we have strived to provide our employees with continuous training to ensure that they are able to keep abreast of the latest changes in the industry and to ensure that our testing methodologies and outcomes are able to cater to these industry changes. For details as to the training we provide to our employees, please refer to "Employees – Employee training" in this section. We also strive to utilise the latest testing equipment and have measures to ensure that our existing equipment are able to perform within acceptable standards to ensure the accuracy of our testing outcomes.

Aside, as at the Latest Practicable Date, we employed 3 employees in our quality control department to verify the accuracy of our testing outcomes. It is our policy that our quality control staff monitor all aspects of our automotive testing services, from reviewing the testing methodologies to the testing outcomes. Final reports are further reviewed by our senior staff prior to its presentation to customers and any feedback from customers is evaluated and assessed. For details relating to our quality control measures, please refer to "Quality control" in this section.

We believe that our comprehensive approach helps to ensure professionalism, integrity, safety and consistent adherence to our practices across all levels of our Group.

We are led by an experienced management team

Our Group is led by a dedicated and experienced management team which has played a pivotal role in our development. Leading our management team is Mr. Xia, a co-founder who also serves as our chairman, executive Director and general manager. In 2017, sensing business opportunities in the automotive testing services industry, Mr. Xia together with Mr. He founded our Company.

Mr. Xia has over 19 years of experience in the automotive industry where he previously worked as research and development engineer in leading automotive companies. Mr. He, also a co-founder and an executive Director, has over 20 years of experience in the automotive industry and previously worked as an application engineer in leading automotive companies. The remainder of our Group's management team includes Ms. Chen Yan and Mr. Zhao Bo, each of whom is well experienced and possesses diverse expertise and skills covering areas such as management, finance, business development and sales and marketing.

Our Directors believe that, given the industry knowledge and experience of our management team, we will be able to readily respond to and cope with the changing conditions in the automotive testing services industry in the PRC. For further information on the experience and credentials of the management team, please refer to "Directors and Senior Management" in this document.

BUSINESS STRATEGIES

Strengthening our ability to provide automotive testing services

We are a leading provider of automotive testing services in the PRC and according to the F&S Report, the demand for automotive testing services is expected to remain strong driven by intense competition within the PRC's automotive industry. This intense competition in the automotive industry has led many domestic manufacturers to strengthen their product offerings through rapidly adopting the technologies and increasing the rollout speed of new models. Accordingly, we intend to strengthen our ability to provide automotive testing services through enhancing our capabilities in order to capture these business opportunities.

According to the F&S Report, the market size of the automotive testing services industry grew from approximately RMB14.8 billion to approximately RMB22.9 billion for the period between 2020 and 2025, which represented a CAGR of approximately 9.1%. Driven by the factors mentioned above, it is further expected that by 2030 the size of the automotive testing services industry will grow to approximately RMB36.3 billion, which represents a CAGR of approximately 9.7%. However, the F&S Report further provides that automotive testing service providers face a multitude of challenges.

The rapid adoption of new technologies in the automotive industry in the PRC has necessitated a constant and significant demand for capital investment in new testing equipment and facilities. New technologies such as high-voltage battery systems and ADASs often involve complex electronics, software and mechanical systems which require entirely new testing paradigms and costly specialised equipment in order to ascertain their effectiveness and efficacy. It has also led to the obsolescence of many older or existing testing equipment which may not be as effective in generating accurate and/or relevant testing outcomes. This demand for capital investment has been further exacerbated by regulatory challenges as governments have sought to ensure that these new technologies are able to meet safety and environmental regulations.

In connection with the above upgrade and acquire new major testing equipment and machinery to strengthen each type of our automotive testing services:

- To strengthen our ability to provide ICEV testing services, we intend to upgrade our various hydraulic and electric dynamometers at our Changxing Headquarters and acquire new ancillary systems while upgrading their related facilities. At present, our existing hydraulic and electric dynamometers are geared towards reliability testing for passenger cars and light trucks and we intend to upgrade them so as to enable us to perform high performance testing for heavy duty trucks and industrial engines. With the acquisition and upgrade of the ancillary systems and related facilities, we will also be able to meet the latest legal and regulatory requirements for emissions testing.

- To strengthen our ability to provide NEV testing services, we intend to upgrade our various electric motor & electric drive test benches at our Changxing Headquarters and Jiashan Testing Facility. While our current electric motor & electric drive test benches can accommodate and test high-voltage electric motors, the market is gradually transitioning to electric motor & electric drive test benches with even higher power capacity due to its increased versatility and ability in testing, especially for specialised industrial drives.

- To strengthen our ability to provide ADAS testing services, we intend to acquire various new testing equipment and machinery that are capable of testing active safety systems, anti-lock braking system and performing noise, vibration and harshness testing.

- To strengthen our ability to provide whole vehicle testing services which is used in connection with both ICEVs and NEVs, we intend to upgrade the roller test bench at Changxing Headquarters to a four-wheel drive chassis dynamometer as well as the environmental chamber. A four-wheel drive chassis dynamometer has increased versatility when compared to our existing two-wheel drive chassis dynamometer as it is capable of providing testing for all vehicle types (be it all-wheel drive vehicles, four-wheel drive vehicles and two-wheel drive vehicles) as well high performance and electric vehicles.

For further details, please refer to "Future Plans and **[REDACTED]** in this document.

Intensifying our research and development efforts to enhance our capabilities in providing Automotive Testing Solutions to drive our growth

While we have during the Track Record Period primarily focused on providing automotive testing services, we have also leveraged on the extensive experience that we have gained to enhance our capabilities by devoting significant resources in the research and development of new technologies. In recognition of our research and development efforts in 2023, we were awarded the National-level Specialised, Sophisticated and Innovative Little Giant Enterprise*（國家級專精特新小巨人企業), which was valid until 30 June 2026 and the High and New Technology Enterprise*（高新技術企業）in 2023.

For the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, we incurred research and development expenses of approximately RMB10.5 million, RMB11.9 million, RMB3.8 million and RMB4.9 million respectively and as at the Latest Practicable Date, we have received 101 patents and registered 27 software copyrights. Further, we employed 50 personnel to conduct research and development for automotive related technologies. Some of these patents and software copyrights have been used to develop our core technologies. For example, our core technologies have included amongst others:

- a motor testing device and system which has been applied to the construction of high-speed motor test benches and high-speed three-motor test benches;

- an engine pollutant emission testing and analysis software which is utilised for engine emission experiments and analysis; and

- a bench controller and system software which is designed for the control engine test benches.

For details relating to our Group's research and development processes and the other core technologies that we have developed, please refer to "Research and development" in this section. Please also refer to "Statutory and General Information – 2. Intellectual property rights of our Group" in Appendix VI to this document for details relating to our software, copyrights and patents.

The core technologies mentioned above, together with others that we have developed have not been developed in vain but has brought significant benefits to our Group. They have been adapted and supplied to various research institutes and government testing centres in connection with our testing facility solutions projects which often require us to provide customised testing equipment to meet the unique challenges of these customers. Our testing

facility solutions during the Track Record Period primarily involved assisting our customers, which included manufacturers of automobiles and their components, as well as various research institutes and universities who seek to develop their own testing facilities to enhance their research and development capabilities. For the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, our revenue derived from projects relating to testing facility solutions amounted to approximately RMB21.7 million, RMB45.8 million, RMB1.1 million and RMB23.2 million which accounted for approximately 15.7%, 22.4%, 1.5% and 25.0% of our total revenue respectively.

Going forward, we endeavour to continue to intensify our research and development efforts to further develop new technologies which we believe will enhance our capabilities in providing Automotive Testing Solutions and drive our growth.

Expanding our automotive testing services to new industries to diversify our customer and revenue base

For the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, we primarily engaged in the provision of automotive testing services which accounted for approximately 81.8%, 75.3%, 95.5% and 74.3% of our total revenue respectively. Given the potential in the industry, we expect to continue to rely on our provision of automotive testing services to drive our growth in the future. However, we also intend to utilise our skills and experiences to expand to new industries and diversify our customer and revenue base.

In 2022, sensing new opportunities in the automotive testing services industry driven by emerging technologies especially with the "intelligentisation" of the automative industry, we expanded our automotive testing services offerings to cover ADAS testing. ADASs are sophisticated electronic systems integrated into vehicles to enhance driver safety and comfort by automating, adapting, or assisting with driving tasks. Our ADAS testing services has become a significant component of our automotive testing services and for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, it accounted for approximately 7.4%, 13.4%, 7.4% and 8.5% of our total revenue respectively. Accordingly, we believe that we have the ability to adapt to changing market conditions and grasp new business opportunities as and when they arise.

According to the F&S Report, many of the testing equipment and methodologies applicable to automotive testing can be applied to various other areas. For example, our ICEV testing focuses on the powertrain which comprises the ICE, transmission, driveshaft, fuel system and exhaust system, as such, it is also applicable to other types of vehicles and machinery which possess an ICE related powertrain such as certain types of ships and boats, aircrafts and industrial and agricultural equipment. Our experiences in NEV powertrain focused testing which comprises a battery, electric motor and electric control system may have even more broad-based applications as these components are used in all manner items, from household appliances to personal electronics and various types of industrial and commercial equipment.

Our capabilities in ADAS testing perhaps represent the greatest potential in allowing us to diversify our customer and revenue base. ADASs rely on a variety of sensors and cameras, as such it has applications in robotics and unmanned vehicles which also utilise sensors and cameras to perceive real-world conditions. According to the F&S Report, various companies in the PRC and globally have begun conducting experiments on ADS or rolling out ADS vehicles which do not require human input such as in the form of robotaxis. Furthermore, the PRC has grown to be a global leader in robotics and unmanned vehicles through the support of numerous government policies and investments as such, there is significant market potential available to testing service providers such as ourselves.

According to the F&S Report, it is not uncommon for testing service providers to offer services across multiple industries and many of the services offered by industry leading players span across the automotive, industrial and electronics industries. We believe that given our success in capturing the market opportunities in ADAS testing and our skills and experience overall that we will be able to expand our business to new industries which have synergy with us to generate growth for our Group.

BUSINESS AND REVENUE MODEL

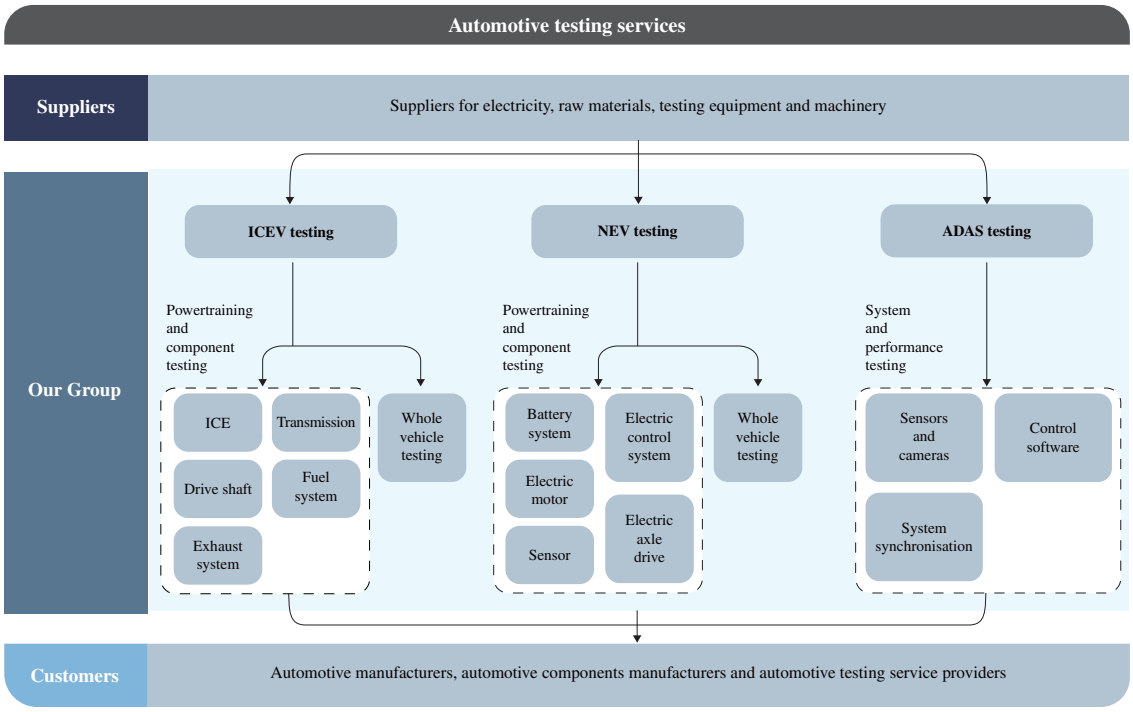
Our business is underpinned by the structural transformation of the automotive industry towards electrification and intelligent systems. While the provision of our automotive testing services is engaged on a project-by-project basis, our business model is characterised by high levels of customer retention and recurring demand driven by the continuous technological iteration cycles of new vehicles.

Our automotive testing services are integrated into the early-stage research and development workflows of our customers, prior to mandatory homologation. As automotive manufacturers accelerate their transition to NEV platforms, the complexity and frequency of automotive testing have grown significantly. Automotive manufacturers faced constraints including the highly capital-intensive nature of maintaining internal testing facilities, and a deficit in the multidisciplinary technical expertise required for effective testing. By engaging our Group, the automotive manufacturers can effectively mitigate these high costs and technical barriers. Our Group also provide powertrain and component testing to our customers, including automotive components manufacturers. Our powertrain and component testing include, among others, (i) testing on ICE, transmission system and fuel system for ICEVs and (ii) testing on electric motor, battery system, electric control system and sensor for NEVs. The automotive components testing conducted by us is solely for new vehicle models. Our testing services support the early-stage research and development workflows of our customers by continuous data generation to refine component performance to meet expected standards.

By providing automotive testing services that ensure capability of meeting regulatory standards and performance optimisation, we have developed our customer base. Our long-term engagements are secured through framework agreements, enabling us to capture continuous revenue streams across the multi-year development of our customers' vehicle platforms. With a robust pipeline driven by tightening regulatory standards and a constant demand for technological innovation, we serve as a research and development partner of our customers.

We are an Automotive Testing Solutions provider offering (i) automotive testing services, (ii) testing facility solutions and (iii) sales of automotive components.

Our customers were mainly leading domestic and international automotive manufacturers and automotive components manufacturers in the PRC. Our automotive testing primarily focuses on the powertrain of ICEVs and NEVs. ICEVs or internal combustion engine vehicles are conventional vehicles that rely on fossil fuels to generate mechanical energy in order to power the vehicle. NEVs comprising BEVs, PHEVs and EREVs, are vehicles that rely on electric energy to power electric motors as a means to generate motion. Due to the emergence of new technologies, we have also been providing ADAS testing services since 2022. ADASs involve the use of electronic systems integrated into vehicles to enhance driver safety and comfort and rigorous testing is required to ensure these systems are well integrated and capable of meeting the necessary requirements. The following chart summarises our Group's business model in respect of our automotive testing services during the Track Record Period:



Our provision of testing facility solutions primarily involves providing automotive manufacturers, automotive components manufacturers, research institutes and universities with customised solutions to enable them to develop and/or upgrade their own testing facilities through supplying to them relevant testing equipment and machinery, as well as providing a variety of advisory and construction services based on our own experiences. For our sales of automotive components business segment, we supply components such as urea pumps and TCUs as well as the ancillary calibration services.

The following table sets forth a breakdown of our revenue by business segments during the Track Record Period:

	Year ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Automotive testing								
ICEV testing	57,496	41.7	59,703	29.2	27,367	36.9	32,816	35.3
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ADAS testing	10,134	7.4	27,415	13.4	5,503	7.4	7,857	8.5
Sub-total	112,680	81.8	153,959	75.3	70,844	95.5	69,036	74.3
Testing facility solutions	21,666	15.7	45,833	22.4	1,070	1.5	23,201	25.0
Sales of automotive components	3,417	2.5	4,783	2.3	2,239	3.0	621	0.7
Total	**137,763**	**100.0**	**204,575**	**100.0**	**74,153**	**100.0**	**92,858**	**100.0**

Automotive testing

Testing and validation plays a vital role in the developmental lifecycle of new vehicles and is performed prior to the manufacturing and production stage. It is a comprehensive and systematic process used to evaluate, refine, verify, and ensure that a vehicle, its components and parts, and its primary systems along with various subsystems can be properly integrated and meet predetermined standards for performance, safety, reliability, durability, and regulatory compliance.

Throughout our provision of automotive testing services, we collaborate closely with our customers to monitor and verify the validity of the test data, our testing results are strictly contingent upon the client's final review and confirmation, so we do not assume responsibility for operational incidents or safety liabilities arising from inaccurate or unreliable test results. During the Track Record Period and up to the Latest Practicable Date, our Group had not been subject to any claims or disputes arising from the provision of our services.

Our automotive testing services can be categorised into three segments, namely (i) ICEV, (ii) NEV and (iii) ADAS testing. For ICEV and NEV testing, we primarily focus on their powertrain which in the case of ICEVs comprises the ICE, transmission, drive shaft, fuel system and exhaust system and in the case of NEVs comprises of the three core electric systems being the battery pack or system, electric motor and electric control system.

Aside, we also provide a full range of whole vehicle testing services covering amongst others, road testing, EMC testing, extreme temperature testing, vibration testing, salt spray testing, dust testing and sealing testing. Whole vehicle testing is primarily conducted to assess the integrity, reliability and durability of the fully assembled automobile, whether ICEVs or NEVs under specified test conditions, simulating real world stressors to validate overall structural integrity, systemic reliability, and long-term durability. For example, dust and sealing testing is used to assess how well a vehicle can withstand the penetration of particulate matter into crucial areas of vehicles and are conducted in environmental chambers, climate chambers, sand and dust chambers, and salt spray chambers. These comprehensive trials allow manufacturers to uncover complex integration issues, optimize full-vehicle performance, and de-risk the development cycle prior to market launch. These testing outcomes serve to refine and ensure full vehicle reliability and to identify and mitigate risks downstream.

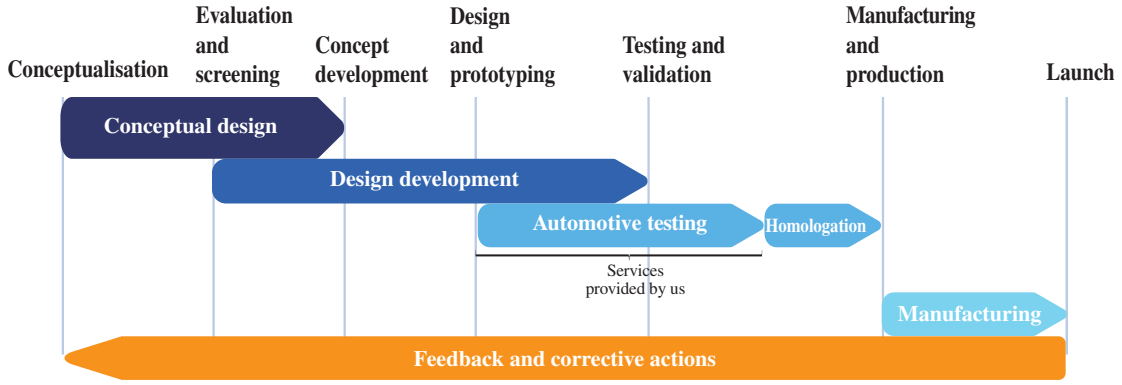
As for our ADAS testing, we provide testing data to our customers on the ability of electronic systems to perceive the environment, process data and make decisions, and their ability to assist drivers/coordinate with various vehicle functions.

Our ADAS testing is conducted outside our testing facilities and is usually conducted on public roads located in Suzhou or other venues as requested by our customers that can be temporarily closed off with critical layouts including long straight roads and intersections under a fee-based arrangement with the road owners. However, the testing procedures are exclusively managed by our personnel and utilise our own specialised testing equipment.

We normally set up our customised testing scenarios based on our customer's specifications and utilise specialised testing equipment. After assembling the instruments, we then execute the tests in accordance with our customer's specifications or the relevant regulatory standards, and provide our customer's with the testing data upon completion.

Developmental lifecycle of new automotive vehicles

Set out below is a flowchart detailing our role and position in the developmental lifecycle of new models of automotive vehicles:



Conceptualisation

Automotive manufacturers and automotive components manufacturers will from time to time seek to upgrade or develop new product offerings and may engage in market research or use customer feedback to identify weaknesses in their own product offerings and/or to address changing market needs. At this stage, a product concept will be identified with different elements such as basic functionality being established.

Evaluation and screening

Once a product concept is identified, it is evaluated and screened to determine for feasibility of manufacturing and market entry. Screening typically focuses on the market potential, product profitability, and customer acceptance, and ideas that do not meet these criteria or fail the evaluation will be eliminated.

Concept development

At the concept development stage, the product concepts are further refined to create a design that further outlines the product's functions, features, and target market.

Design and prototyping

After finalising a product's design, prototypes will be developed to validate design items and to initially test the product's functionality and usability.

Testing and validation

Testing and validation in the automotive industry comprises (i) automotive testing and (ii) homologation. Automotive testing is first carried out by service providers such as ourselves to ensure that the prototypes and its components and systems can function in accordance with predetermined standards. The types of testing and the methodologies to be employed will also be discussed with the customer at this point. For details as to the types of testing we provide, please refer to the descriptions below.

Feedback would be given to the customer to further refine the design, subsequently homologation is carried out to demonstrate that the vehicle design can meet the relevant government regulations and standards before engaging in manufacturing and production.

Manufacturing and production

Following the automotive testing and validation stage, full manufacturing and production of the newly developed vehicle begins.

Launch

The final stage in the developmental lifecycle of new automotive vehicles is the product market entry. Automotive manufacturers and automotive components manufacturers will adopt various marketing strategies to ensure a successful launch. Further development and/or refinement may continue after launch based on feedback by users.

ICEV or internal combustion engine vehicle testing services

Our ICEV testing centres on its powertrain which includes the ICE, transmission, drive shaft, fuel system, and exhaust system for multiple vehicle types. The key evaluation areas include engine performance analysis (power and torque), fuel consumption efficiency, and powertrain durability under various operational loads and environmental conditions. Another critical element of our ICEV testing includes conducting comprehensive exhaust emissions analyses, which measures pollutants such as carbon dioxide, nitrogen oxides, and particulate matter to ensure that vehicles can comply with stringent national and international environmental regulations. These analyses are essential to ensure mechanical reliability and to ensure that the vehicle is engineered to meet stringent environmental regulations.

Aside from the above, we also possess comprehensive testing capabilities covering both conventional and alternative fuels. Conventional fuels include fuel types such as gasoline and diesel and alternative fuels include fuel types such as methanol, ethanol, compressed natural gas, liquefied natural gas and hydrogen. Through our testing protocols, we can ascertain engine power output, combustion efficiency, emission characteristics, and component compatibility under conventional and alternative fuels. This supports our customers in advancing both traditional and clean energy powertrain technology research and development.

NEV or new energy vehicle testing services

Our NEV testing covers various types of electric vehicles, including BEVs, EREVs and PHEVs and focuses on their powertrain which comprises the three core electric systems being the battery pack or system, electric motor and electric control system to analyse their performance and efficiency. We also focus on the functionality of the onboard charging system and the effectiveness of the vehicle's overall energy management and regenerative braking strategies. These systems are all critical elements in the development of new models of NEVs and their testing ensures that they will be capable of meeting design specifications.

In terms of the battery systems, our tests assess their capabilities in terms of performance (charge/discharge rates, capacity), safety (thermal runaway, impact resistance, short-circuit protection), and durability (cycle life and degradation). As for the electric motor and electric control system, we primarily focus on performance and reliability testing and we also test for the electric axle transmission efficiency and durability, electric drive assembly integration and operating condition adaptation testing.

As the "heart" and "power source" of new energy vehicles, the testing of the three electric core systems holds irreplaceable importance. From a safety perspective, battery thermal runaway and other malfunctions can cause catastrophic accidents. Rigorous testing enables the early detection of potential risks such as insulation performance, short-circuit protection, and resistance to extreme temperatures, thereby fortifying the vehicle's safety foundation. From a performance perspective, the three electric core systems directly determine the vehicle's range, power response speed, energy consumption levels, and smoothness of power transitions. Precise testing provides data support and optimization conditions for technological iteration and product development, enabling efficient matching under various operating conditions and helping products achieve performance breakthroughs.

ADAS or advanced driver-assistive systems testing services

ADASs are sophisticated electronic systems integrated into vehicles to enhance driver safety and comfort by automating, adapting, or assisting with driving tasks. Common examples include automatic emergency braking, adaptive cruise control, and lane-keeping assist. Due to the advancement of new technologies, various companies have also begun conducting experiments on ADS or automated driving systems, being vehicles which are capable of operating with reduced or with no human input. Through the adoption of the ADASs mentioned above, it is possibly to significantly reduce accidents caused by human error, furthermore ADASs can also help to reduce driver fatigue during long-distance driving and enhance travel comfort.

ADAS testing is a complex validation process that assesses the functionality, reliability, and safety of the above systems regardless of the vehicle type. Our ADAS testing involves simulating a vast range of traffic scenarios and environmental conditions in both virtual and real-world settings to ensure the sensors and cameras, and control software perform as intended. In general, the key technical architecture of ADAS comprises three layers:

- the perception layer which collects road conditions, vehicle, pedestrian, and environmental data through cameras, millimetre-wave radar, lidar, etc.;
- the decision layer processes data using algorithms and predefined logic to assess collision risks, lane departure situations, and generate driving strategies; and
- the execution layer coordinates steering, braking, and powertrain systems to implement warning or assistive control commands.

The perception layer is validated through assessing the sensor and camera recognition accuracy for pedestrians, obstacles, and traffic signs. The decision-making layer is validated through assessing the algorithm's response logic in sudden scenarios (e.g., sudden braking of the preceding vehicle and/or pedestrians crossing). While the execution layer is validated through analysing the synchronisation between the vehicle's steering, braking and powertrain systems.

Additionally, adaptability testing for intelligent cockpit controls is also required. For example, voice controls must be tested for recognition accuracy in noisy environments and with different language inputs to avoid command delays or accidental trigger operations; gesture controls must be validated for recognition stability under varying lighting conditions (bright/dim light) and to prevent control failures that could disrupt vehicle driving logic. This ensures seamless integration between the intelligent cockpit interface, ADAS functions, and the overall vehicle operating system, guaranteeing stable performance of the infotainment system in real-world usage scenarios.

Testing facility solutions

Leveraging on our experiences in the industry and in developing our own testing facilities, we offer to our customers testing facility solutions. Our testing facility solutions primarily involve providing customised solutions to facilitate our customers in developing their own testing facilities by supplying testing systems and equipment, testing facility advisory services and engineering construction services.

Our customised testing facility solutions begin with testing facility advisory services, by conducting an in-depth evaluation of the client's specifications to engineer and design the overarching system and technical logic. Next, we focus on supplying testing systems and equipment through the targeted development or strategic procurement of requisite subsystems. Finally, we execute engineering construction services by overseeing the physical on-site assembly and conducting rigorous testing to ensure the successful provision of testing facility solutions or the delivery of the integrated testing facility.

Supply of testing systems: We supply test benches for ICEV and NEV testing together with other equipment and systems based on the needs of our customers. These testing systems are capable of addressing a wide spectrum of testing needs from reliability and performance development to calibration of various auto components.

Test facility advisory services: We advise customers who seek to develop their own testing facilities through drawing upon our own extensive experiences. Our test facility advisory services involve providing comprehensive design planning for the development of buildings and facilities. This encompasses site evaluation, functional zoning (experimental areas/auxiliary zones/office spaces) to develop a compliance-driven design that is capable of meeting relevant safety and environmental regulations. We also tailor configurations and system interfaces to align with our customers testing requirements and growth strategies, incorporating future expansion provisions to ensure testing facilities are built with long-term sustainability in mind.

Engineering construction services: We also provide laboratory utility infrastructure construction services (HVAC, plumbing, centralised gas supply and electrical systems), auxiliary equipment configuration (safety protection, data acquisition and vibration/noise reduction) and full project implementation. In essence, it is a systems integration process, which involves system design, matching and assembling different subsystems using specific technical logic to fulfill the overall functional needs of the system. While we control the core system design and integration logic, we procure certain hardware components such as motors and inverters and outsource physical on-site installation work to external providers, and all outsourced work is under the supervision and guidance of our project management personnel.

Our comprehensive testing facility solutions allow for us to be a one-stop provider and serve to eliminate risks associated with the use of multiple suppliers and ensure the functionality and operational stability of the testing facilities of our customers.

While facilitating our customers in developing their in-house testing capabilities could reinforce our customers' reliance on our Group's ecosystem and deepen our long-term cooperation, empowering our customers with in-house testing facilities may result in self-sufficiency in certain testing functions which may reduce their future need for our outsourced testing services. Notwithstanding this, it is in line with industry practice for automotive testing solutions providers to provide testing facility solutions to their customers according to F&S.

Sales of automotive components

As an Automotive Testing Solutions provider, we have an in-depth knowledge as to the effectiveness and durability of many of the components used by our customers. In light of this knowledge, we expanded our business to include the sales of automotive components by sourcing our components for sale to our customers as well as the ancillary calibration services.

Our sales of automotive components business segment primarily focuses on applications for commercial vehicles and construction and agricultural machinery. During the Track Record Period, we sold automotive components such as urea pumps, TCUs and RSS, while developing range extender systems along with range extender controllers. Urea pumps are used in connection with other systems to handle and breakdown diesel exhaust fluids while TCUs is an automotive electronic control unit that calculates how and when to change gears in vehicles with automatic transmissions, and RSSs is a contactless electronic device that measures how fast a gear or shaft is spinning. As for the range extender systems and the range extender controllers, they are auxiliary, fuel-based power units used to charge the battery in certain NEVs while driving. Our ability to supply a wide range of software and hardware systems to our customers is a value added service which generates synergy with

our other business segments as it allows for us to not only provide testing data on the components used by our customers but also to actually supply components which are effective and durable.

While the automotive components, including the controller and the core software are designed by our Company, we procure the sub-component such as the printer circuit board and the outer casing to external suppliers. We are responsible for conducting the final assembly and testing in-house before the products are delivered to our customers.

In connection with the above, we developed an assembly line in our Changxing Headquarters for our urea pumps. During the Track Record Period, we have also invested in a company which produces automotive components such as range extender systems and range extender controllers.

Our portfolio of product encompassed 6 stock keeping unit of automotive components. Set out below are examples of the automotive components which we sold and/or are developing during the Track Record Period:

Urea pump

TCU

Range extender system

In relation to our calibration services, the provision of our ancillary calibration services is specifically tailored to the electronic control units of the automotive components. By fine-tuning the controller that govern systems such as TCUs, engines, and motors, we ensure that the automotive components operate stably and reliably, delivering optimal fuel efficiency and power while fully complying with regulatory standards and client specifications.

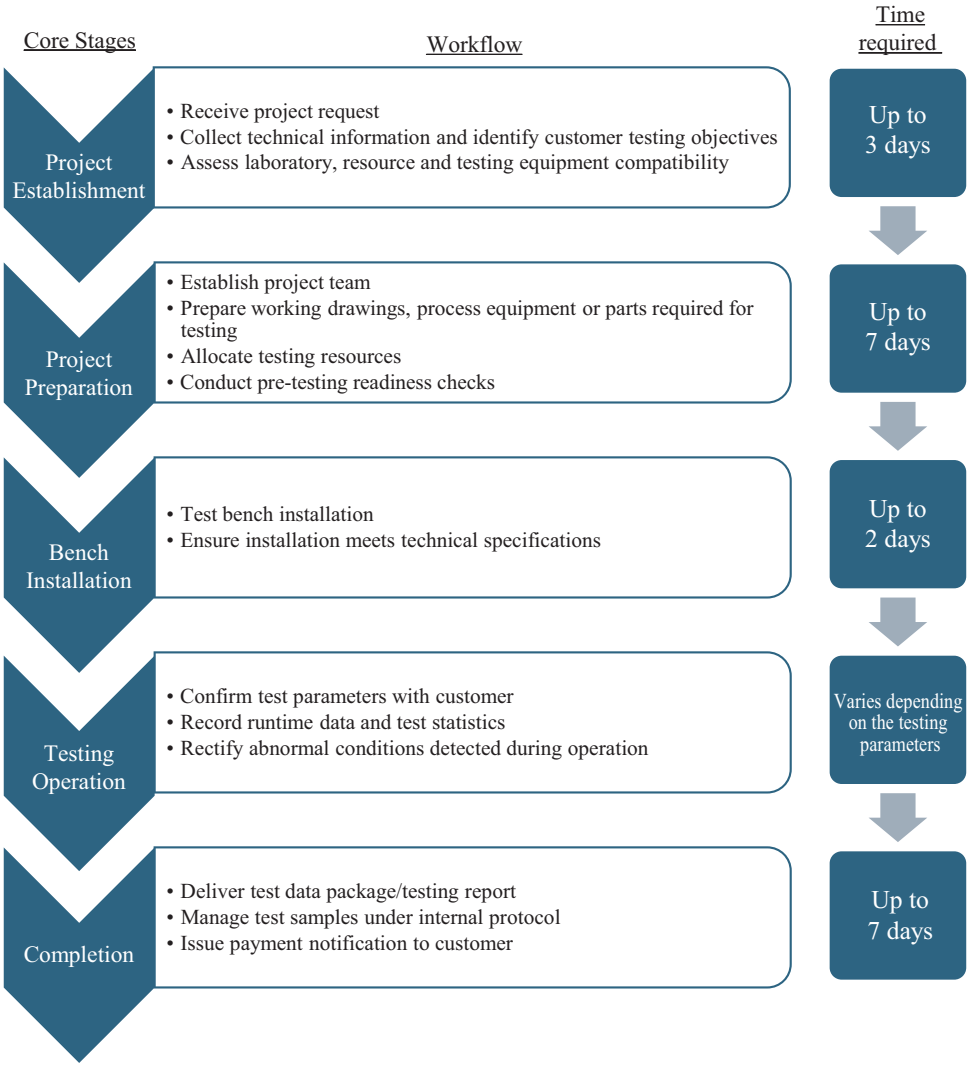
The table below sets out the sales volume, average selling price and revenue of our automotive components which we sold, and the calibration services which we provide during the Track Record Period:

	Year ended 31 December								Six months ended 30 June							
	2024				2025				2025				2026			
	Sales volume	Average selling price	Revenue	Percentage to total revenue	Sales volume	Average selling price	Revenue	Percentage to total revenue	Sales volume	Average selling price	Revenue	Percentage to total revenue	Sales volume	Average selling price	Revenue	Percentage to total revenue
	(pieces)	*(RMB)*	*(RMB'000)*		*(pieces)*	*(RMB)*	*(RMB'000)*		*(pieces)*	*(RMB)*	*(RMB'000)*		*(pieces)*	*(RMB)*	*(RMB'000)*	
Urea pump	978	754	737	0.5%	2,508	700	1,756	0.9%	1,938	687	1,331	1.8%	810	767	621	0.7%
TCU	86	950	82	0.1%	2,920	950	2,774	1.3%	953	950	905	1.2%	–	–	–	–
RSS	63	50	3	0.0%(Note)	65	45	3	0.0%(Note)	65	45	3	0.0%(Note)	–	–	–	–
Calibration services	–	–	2,595	1.9%	–	–	250	0.1%	–	–	–	–	–	–	–	–
Total/ Average	**1,127**	**585**	**3,417**	**2.5%**	**5,493**	**565**	**4,783**	**2.3%**	**2,956**	**561**	**2,239**	**3.0%**	**810**	**767**	**621**	**0.7%**

Note: the revenue from sale of RSS accounted for approximately 0.002%, 0.001%, 0.004% and nil to the total revenue for the year ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively.

Operation flow

The following flowchart illustrates the principal stages of our automotive testing projects work during the Track Record Period:



- ***Project establishment:*** Our automotive testing projects generally commence upon receipt of a customer's request (which we would primarily obtain by way of a customer's invitation for quotation) whereby the customer specifies its intended testing objectives, scope, delivering date and technical parameters. Upon receiving notification of award for tender or customer's confirmation on our quotation, we will collect the relevant information regarding the customer's product specifications, performance targets, and regulatory requirements, with a view to developing a comprehensive understanding of the testing objectives. We will then conduct a detailed assessment of the compatibility and availability of our laboratory facilities, test benches, and related equipment resources to determine project feasibility and to allocate suitable testing resources.

- ***Project preparation:*** Following confirmation of the project scope and technical requirements, we will then assemble a multidisciplinary project team comprising engineers, test specialists/technicians, and project management personnel. The project team would identify appropriate testing methodologies, prepare detailed working drawings and testing procedures, and, where necessary, design or fabricate customised process equipment and components to meet the specific needs of the test programme. Concurrently, we will arrange for and calibrate testing instruments, measurement systems, and other supporting facilities required to ensure that the testing process can be conducted in accordance with the defined technical standards and safety requirements.

- ***Bench installation:*** During this stage, we will install the designated test bench and ancillary systems in accordance with the approved working drawings and test specifications. This process includes the integration of mechanical, electrical, and software sub-systems to ensure that the installed bench fully satisfies the functional requirements stipulated by the customer. Installation activities are carried out by qualified personnel under strict adherence to our internal quality control procedures and safety protocols, with the objective of delivering a fully operational test bench ready for subsequent testing and validation operations.

- ***Testing operation:*** Upon completion of the installation process, we will commence the testing operation stage. During this phase, our project management personnel will maintain continuous communication with the customer to confirm test parameters and operating conditions, and subsequently initiates the bench tests in accordance with the agreed test plan. Throughout the testing process, our project team monitors and records real time operating data, test statistics, and runtime logs, which are periodically communicated to the customer. In the event that any abnormalities or deviations are detected, we will promptly organises technical personnel to identify, analyse, and rectify the issues to ensure the testing process proceeds safely and effectively. The powertrain system may be tested once or undergo multiple rounds of testing within the same project depending on the customer's specification and the nature of the order. For instance, standard performance testing is typically completed in a short timeframe as a single test but calibration testing requires repeated rounds of testing over a certain period, during which our technical engineer continuously adjust the parameters until all performance targets are fully satisfied.

- ***Completion:*** Following the completion of the testing operation stage, we carry out verification procedures to confirm that the tests have been conducted in accordance with the customer's requirements. We validate and finalise the testing statistics together with our customer and, where requested, issue a formal testing report summarising the test outcomes and performance data. In situations where no formal report is required, the verified test data and statistics are handed over directly to our customer. Upon acceptance of either our formal testing report or our verified test data and statistics, we will issue a payment notification to the customer for settlement. This stage signifies the completion of the project and the formal delivery of services.

OUR TESTING FACILITIES

Our Company was founded in 2017 and is headquartered in Zhejiang Province. Since our establishment, we have leveraged on our growing success and have expanded our operations to multiple locations in the PRC, testing facilities in Hubei, Jiangsu, Zhejiang, and Guangdong Provinces, in order to better serve the testing needs of our customers, who are generally location-specific but operate within the broader regional clusters.

Our testing facilities in the PRC are strategically located in key automotive markets. According to the F&S Report, Zhejiang, Hubei, Jiangsu and Guangdong Provinces are major automotive hubs in the PRC. Furthermore, based on data relating to the PRC's automotive industry production capacity in 2023, the Yangtze Delta region, which comprises Anhui, Jiangsu, Shanghai and Zhejiang, accounted for approximately 28.1%; the Central region, which comprises Hubei, Hunan, Henan and Jiangxi, accounted for approximately 14.8%; and Pearl River Delta region, which comprises Guangdong, accounted for approximately 13.2% of the production share of automotive vehicles respectively.

Our Changxing Headquarters, which is located in Zhejiang Province is the largest of all our testing facilities covering a floor area of approximately 26,188.3 sq.m and possess extensive testing equipment that can cater to the majority of the types of automotive testing that we conduct, including whole vehicle testing, ICEVs and NEVs. It is also home to our Jiashan Testing Facility which is intended to focus on NEV testing, in particular, the testing of three core electric systems of NEVs. Our Jiashan Testing Facility is our third largest testing facility and it covers a floor area of approximately 4,282.1 sq.m.. It commenced operation on a limited basis during the year ended 31 December 2025, and entered official operation in July 2026. As at the Latest Practicable Date, some of our testing machinery and equipment relocated from our Jinshan Testing Facility are still undergoing testing.

Hubei Province is home to our Wuhan Testing Facility which primarily focuses on ICEV testing, in particular, testing of heavy-duty ICE testing and is capable of carrying out a variety of performance, emissions, calibration and durability tests relating ICEs. It is our second largest testing facility and it covers a floor area of approximately 8,725.9 sq.m.

Shanghai was home to our Jinshan Testing Facility which primarily focused on NEV testing, in particular, testing of the three core electric systems of NEVs. It covered a floor area of approximately 4,844.9 sq.m. Pursuant to an agreement dated 1 December 2025, the lease was terminated by mutual agreement, and we are obligated to vacate the premises by 31 July 2026. Our Jinshan Testing Facility was closed down on 20 July 2026. While our customers are location-specific, our customers in Shanghai generally accept testing to be conducted within the Yangtze Delta region. As such, the relocation of our Jinshan Testing Facility to our Changxing Headquarters and Jiashan Testing Facility both in Zhejiang Province will not lead to a loss of our customers in Shanghai. For details please refer to "Properties – Jinshan Testing Facility" in this section.

Jiangsu Province is home to our Rugao Testing Facility which is located in the hydrogen energy town built by the Rugao Municipal Government. Our Rugao Testing Facility primarily focuses on ICEV testing, in particular, HICEV testing and is capable of carrying out the performance development, calibration, durability and emission tests for HICEV. It can also conduct tests for various other ICEs which utilises other alternative fuels. It covers a floor area of approximately 615 sq.m.

Guangdong Province is home to our Huangpu Testing Facility which primarily focuses on NEV testing. It also possesses facilities for carrying out performance and durability testing for high-speed motors, electric drive assemblies and gearboxes. Our Huangpu Testing Facility covers a floor area of approximately 357 sq.m,, and is operated by our wholly-owned subsidiary Shanghai Jundao, in the venue leased and provided by CART Testing & Certification Company Limited（中汽檢測技術有限公司）("**CART**"), an Independent Third Party, pursuant to a cooperation agreement.

The primary reason for entering into the cooperation agreement is to leverage CRAT's existing and mature infrastructure in Guangzhou to establish a testing base close to our regional customers, saving significant construction time and costs compared to building a

facility from the ground up. It is also built upon a proven track record of prior collaboration with CRAT. Operationally, CRAT provides us with the venue and utility such as water and electricity for our testing operation, but we maintain independent business operations.

Set out below are the salient terms of the cooperation agreement:

Period of lease	1 March 2023 to 31 December 2027
Roles and responsibilities of our Company	Our Company is responsible for the construction (including the purchase and upgrade of testing equipment), safety management, and the maintenance of the testing facility
Roles and responsibilities of CRAT	CRAT is responsible for providing the venue, and utility such as water and electricity for the testing facility
Costs and expenses	Our Company is required to pay CRAT a monthly technical service fee and the costs for actual utility usage

OEE of our testing facilities

During the Track Record Period, we have provided a variety of automotive testing services to our customers using a variety of test equipment and machinery located at our testing facilities. Set out below is a table detailing the OEE of our testing facilities during the Track Record Period:

	Year ended						Six months ended					
	31 December 2024			31 December 2025			30 June 2025			30 June 2026		
	Effective operating time[1], [2]	Maximum operating time[2], [3]	OEE[4]	Effective operating time[1], [2]	Maximum operating time[2], [3]	OEE[4]	Effective operating time[1], [2]	Maximum operating time[2], [3]	OEE[4]	Effective operating time[1], [2]	Maximum operating time[2], [3]	OEE[4]
	(hours)	*(hours)*	*(%)*	*(hours)*	*(hours)*	*(%)*	*(hours)*	*(hours)*	*(%)*	*(hours)*	*(hours)*	*(%)*
Changxing Headquarters	61,191	133,443	45.9	74,017	151,601	48.8	31,309	52,613	59.5	39,325	62,563	62.9
Wuhan Testing Facility	9,565	20,597	46.4	15,471	38,580	40.1	6,811	14,677	46.4	5,761	16,332	35.3
Jinshan Testing Facility[5]	52,578	105,003	50.1	90,880	147,571	61.6	44,309	58,193	76.1	38,118	45,276	84.2
Jiashan Testing Facility[6], [7]	–	–	–	2,845	4,000	71.1	–	–	–	19,711	28,329	69.6
Rugao Testing Facility	1,916	5,619	34.1	650	6,811	9.5	226	877	25.8	203	651	31.2
Huangpu Testing Facility	12,871	26,944	47.8	14,741	27,872	52.9	7,477	14,239	52.5	8,068	11,554	69.8
Overall	138,121	291,606	47.4	198,604	376,435	52.8	90,132	140,599	64.1	111,186	164,705	67.5

Notes:

(1) The effective operating time represents the number of hours our testing facilities are in active operation, which only includes the actual test run and the period when valid data is collected. It does not include force majeure time, as well as the time for equipment and facility troubleshooting or repairs, non-running tests, meetings and personnel training, repetitive work resulting in invalid data, lag time, unscheduled test bench time, data analysis and processing time, time for test bench installation, pre-test preparations, engine part replacement and installation, engine maintenance, routine inspections, etc..

(2) Force majeure time means the time beyond our control, including statutory holidays, time allocated for scheduled annual testing facilities maintenance, force majeure events and non-billed hours, which refers to the time contracted for under an automotive testing services project that falls outside of the work scope as agreed upon with our customers.

(3) The maximum operating time of our testing facilities for the Track Record Period is calculated based on the maximum number of available hours of operation per year/period, after excluding force majeure time.

(4) OEE for the Track Record Period is calculated based on the effective operating time divided by the maximum operating time of our testing facilities.

(5) Pursuant to the agreement dated 1 December 2025, the lease for our Jinshan Testing Facility was terminated by mutual agreement, and we shall vacate the premises by 31 July 2026 and it was closed down on 20 July 2026.

(6) Our Jiashan Testing Facility had no operation for the year ended 31 December 2024. While it commenced operations on a limited basis during the year ended 31 December 2025, it is expected to have a stable OEE similar to our other testing facilities during the Track Record Period in or around July 2026, when certain testing machinery and equipment are relocated from our Jinshan Testing Facility to our Jiashan Testing Facility.

(7) For the year ended 31 December 2025, as our Jiashan Testing Facility had only commenced operation a limited basis, it is estimated that the maximum effective operating time and maximum operating time for full operation for our Jiashan Testing Facility would be 53,102 and 87,411, such that our maximum OEE for full operation would be approximately 60.8%.

For the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, the average OEE of our testing facilities was approximately 47.4%, 52.8%, 64.1% and 67.5% respectively.

The relatively low OEE at our Rugao Testing Facility is primarily because our Rugao Testing Facility focuses primarily on HICEV testing, and this type of testing is still in the research and development stage, so our testing processes often uncover novel technical limitations, and the continuous modifications significantly limit the continuous operating time of our test benches. As such, we have employed a conservative operational strategy of strictly monitoring and limiting engine operation in order to ensure testing safety and data accuracy. The OEE of our Rugao Testing Facility further decreased from approximately 34.1% to approximately 9.5% for the year ended 31 December 2025, which was mainly attributable to the fact that investment in HICEV technology was currently tempered by budgetary constraints and evolving market demand. While we remain committed to long-term capability building, we are developing a pioneering HICEV test bench validation capability in our Rugao Testing Facility to support future business development.

The OEE of our Wuhan Testing Facility also experienced some fluctuations during the Track Record Period primarily due to the shift in the major type of testing conducted. For the year ended 31 December 2024, our Wuhan Testing Facility focused more on emissions testing and durability or reliability testing that maintains higher OEE through continuous operation. Specifically, these testings generally operate under established working conditions and require less downtime for change of physical parts, and the engine can run continuously and stably if they remain in normal condition, resulting in a higher overall OEE. For the year ended 31 December 2025 and the six months ended 30 June 2026, our Wuhan Testing Facility focused more on mapping testing, which involves the fine-tuning of engine settings across various conditions, and requires frequent pauses to analyse data, adjust parameters, and change physical parts, which significantly reduces the total active running time and results in a lower overall OEE.

More broadly, our testing facilities focus on research and development for new vehicle models rather than mature commercial products. As such, our testing cycles require extensive non-operating procedures, including complex test bench configurations, continuous

data analysis and mandatory regulatory idle periods such as six-hour engine cool-downs. Consequently, our effective operating time is inherently limited and theoretically cannot approach 100%. This is in contrast to mass production testing which has high operational efficiency through repetitive tasks and lean management, whereas our testing must prioritise data accuracy and rigorous calibration.

Nevertheless, as advised by F&S, the industry average of OEE is between 45% to 58%, and the OEE across our other testing facilities remain either above or in line with the industry average. We are also advised by F&S that our methodologies and assumptions used in calculating our OEE are in-line with industry norms which exclude significant portions of the time which is not effective operating time, resulting in a lower effective operating time.

Despite our average OEE remain either above or in line with the industry average, it is subject to fluctuations throughout the year. We may have limited capacity to take on additional orders during the periods of higher OEE, whereas our customers may not have new orders during periods of lower OEE. Furthermore, when our customers request full testing services, we may face capacity constraints or a lack of specialised testing equipment, such that we may subcontract a portion of the testing services to Independent Third Parties. For details, please refer to "Subcontracting" in this section.

To address these, we plan to allocate our **[REDACTED]** toward upgrading our ICEV, NEV, and ADAS testing capabilities, as it will resolve our capacity mismatch, bridge our testing technological gaps, and enable us to capture more orders. For details, please refer to "**[REDACTED]**" in this document.

Major testing machinery and equipment

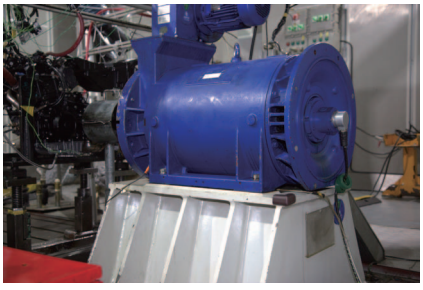
As at the Latest Practicable Date, we owned more than 480 units of major testing machinery and equipment which are primarily used for our automotive testing services. However, depending on our capacity and the types of testing required, we would enter into short term lease agreements with independent third parties to lease certain testing machinery and equipment.

Set out as below are brief descriptions of the major types of testing machinery and equipment used and owned by us during the Tracks Record Period:

ICEV testing and NEV testing equipment

Engine dynamometer test bench

Used for testing engine performance, emissions, calibration, reliability and durability under controlled operating conditions.



Roller test bench (components: environmental chamber, chassis dynamometer, sunlight simulation)

Used for whole vehicle performance, fuel economy and emission testing under simulated road load conditions.

Emissions measurement system

Used for measuring exhaust emissions, including carbon dioxide, nitrogen oxides, and particulate matter.

Alternative fuel test system

Used for validating engine performance and emission characteristics under gasoline, diesel and alternative fuels.

Battery performance test system

Used for evaluating battery capacity, charge/discharge rate and energy efficiency.

Electric motor & electric drive test bench

Used for testing performance, efficiency and durability of electric motors and electric drive systems.

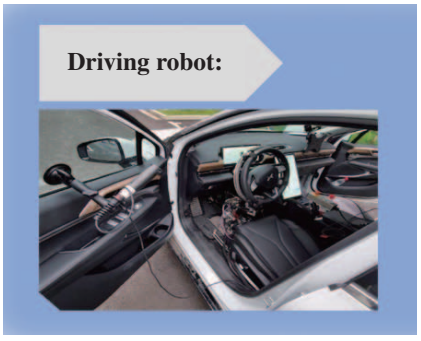
Thermal management test platform

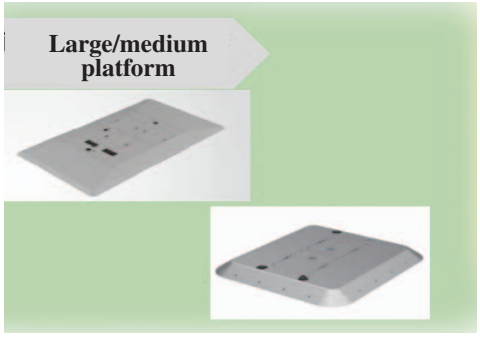
Used for validating battery and electric drive thermal management performance across various temperature ranges.

ADAS testing equipment

Proving ground ADAS test equipment

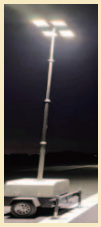
Used for real-world functional testing of ADAS features such as automatic emergency braking and adaptive cruise control.





Soft dummy vehicle

Target objects



Mobile streetlights

Detector for signal

DGPS base station

WIFI communication base station

On average, our owned testing machinery and equipment have an estimated economic useful life of between three to ten years. We adopt a straight-line depreciation method when calculating the remaining economic useful life of our testing machinery and equipment. Set out below is a table detailing the remaining economic useful life of all of our relevant machinery and equipment used for our Automotive Testing Solutions:

Type of machinery and equipment	**Number of units**	**Remaining average economic useful life** *(approximate)*
ICEV testing equipment	598	7.0
NEV testing equipment	367	8.6
ADAS testing equipment[(1)]	19	9.8
Whole vehicle testing equipment[(2)]	12	9.1
Auto parts manufacturing equipment	8	9.0

Notes:

(1) Our ADAS testing is conducted outside our testing facilities and is usually conducted on public roads located in Suzhou or other venues as requested by our customers that can be temporarily closed off with critical layouts including long straight roads and intersections under a fee-based arrangement with the road owners. However, the testing procedures are exclusively managed by our personnel and utilise our own specialised testing equipment.

(2) Whole vehicle testing equipment refers testing machinery and equipment which are used in connection with both ICEV and NEV testing. The whole vehicle testing equipment is treated as a standalone category, and the calculation does not overlap with ICEV and NEV equipment.

CUSTOMERS

During the Track Record Period, our customers were mainly leading domestic and international automotive manufacturers, automotive components manufacturers, other automotive testing service providers and research institutes and universities located in the PRC. However, during the Track Record Period, we also expanded our customer base to

include auto manufacturers and testing equipment manufacturers in Japan and Malaysia. For details, please refer to "Financial Information – Revenue by geographical location of customers" in this document.

Our customers primarily engage us for automotive testing services in order to refine the designs, functions and system inter-operability of new models of ICEVs and NEVs so as to ensure that they are able to meet required performance and/or reliability standards. Our customers would also engage us to provide testing facility solutions. Further, international automotive manufacturers would also engage our automotive testing services for their new vehicle to be manufactured in the PRC.

The following table sets forth a breakdown of our revenue by customer type during the Track Record Period:

	Year ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	Revenue *(RMB'000)*	% of total	Revenue *(RMB'000)*	% of total	Revenue *(RMB'000)*	% of total	Revenue *(RMB'000)*	% of total
Automotive components manufacturers	57,480	41.7%	83,813	40.9%	36,215	48.8%	53,346	57.4%
NEV manufacturers	28,454	20.6%	33,885	16.6%	18,126	24.4%	9,445	10.2%
Automotive testing service providers	24,331	17.7%	39,192	19.2%	15,013	20.3%	13,626	14.7%
ICEV manufacturers	17,465	12.7%	16,091	7.9%	3,092	4.2%	7,917	8.5%
Research institutes and universities	10,033	7.3%	31,594	15.4%	1,707	2.3%	8,524	9.2%
Total	137,763	100.0%	204,575	100.0%	74,153	100.0%	92,858	100.0%

The following table sets forth a breakdown of our gross profit and gross profit margin by customer type:

Customer type	Year ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	Gross profit *(RMB'000)*	Gross profit margin *(%)*	Gross profit *(RMB'000)*	Gross profit margin *(%)*	Gross profit *(RMB'000)*	Gross profit margin *(%)*	Gross profit *(RMB'000)*	Gross profit margin *(%)*
Automotive components manufacturers	16,792	29.2%	25,954	31.0%	10,180	28.1%	18,056	33.8%
NEV manufacturers	6,508	22.9%	6,892	20.3%	2,180	12%	1,113	11.8%
Automotive testing service providers	10,823	44.5%	10,530	26.9%	7,022	46.8%	2,658	19.5%
ICEV manufacturers	7,718	44.2%	3,724	23.1%	974	31.5%	639	8.1%
Research institutes and universities	2,787	27.8%	4,492	14.2%	551	32.3%	1,940	22.8%
Total	44,628	32.4%	51,592	25.2%	20,907	28.2%	24,406	26.3%

Automotive components manufacturers

Automotive components manufacturers refer to companies who primarily produce components for the auto industry. The automotive testing services we provide to them covers a wide spectrum of products due to the diversity of components that they provide. However, our services are mostly centered on performance and functionality testing, mechanical and material properties testing and environmental and durability testing through simulating real-world use.

NEV manufacturers

NEV manufacturers refer to auto manufacturers who primarily manufacture and sell NEVs. The automotive test services which we provide to them are primarily centered on its powertrain which comprises the three core electric systems being the battery pack or system, electric motor and electric control system.

Automotive testing service providers

Automotive testing service providers refer to other automotive testing service providers who may subcontract in part or in whole their works to us either due to capacity issues or where they lack the requisite specialised skills to fulfill the requirements of their customers.

Considering our Group's profile in the automotive testing industry, our experience in providing automotive testing services in the PRC, our strategic network of testing facilities across the PRC that places us in close proximity to our customers in the PRC, and the fact that we possess specialised testing equipment such as our testing benches which are capable of testing advanced electric motors that generate extreme power and massive torque, which many other automotive testing service providers may not possess, our Directors are of the view that it is reasonable that other automotive testing service providers subcontract their works to our Group.

ICEV manufacturers

ICEV manufacturers refer to auto manufacturers who primarily manufacture and sell ICEVs. The automotive testing services which we provide to them are primarily centered on its powertrain which comprises the ICE, transmission, drive shaft, fuel system and exhaust system which represents the integral part of any ICEV.

Research institutes and universities

Research institutes and universities refer to institutions who engage in automotive research and development or other related works and in general, we provide to them testing facility solutions services whereby we provide specialised testing equipment, test facility advisory and/or engineering construction services for the development of their own testing facilities.

Overseas customers

We have expanded our services to overseas customers, which are primarily auto manufacturers and testing equipment manufacturers in Japan and Malaysia. Our services provided to these overseas customers principally consist of testing facility solutions. We became acquainted with these overseas customers by virtue of our business relationship with their PRC affiliated entities. Furthermore, we have built a solid track record of providing reliable and high-quality testing facility solutions. During the Track Record Period, our revenue generated from the provision of testing facility solutions to our Group's overseas

customers amounted to approximately RMB3.9 million, RMB3.8 million, RMB0.05 million and nil, representing 2.8%, 1.9%, 0.1% and nil of our total revenue for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026.

As at the Latest Practicable Date, the existing international tariffs, export sanctions, and trade restrictions have no material impact on our operations or financial condition as our major business operations are primarily PRC-based. However, our business to overseas customers may be indirectly affected by future escalations in these trade barriers. If stricter policy is imposed, and there is increased tariff, the automotive manufacturers may choose to defer the development of new vehicle models, which could lead to a decline in demand for our services.

Recurring Customers

We have a strong base of recurring customers. For the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, our Group served a total of 144, 173, 96 and 84 customers respectively, of which 18, 46, 47 and 55 customers respectively were recurring customers. Revenue generate from such recurring customers amounted to approximately RMB68.2 million, RMB101.5 million, RMB51.2 million and RMB66.4 million respectively, representing approximately 49.5%, 49.6%, 69.0% and 71.5% of our Group's total revenue.

Customer base by business segment

Automotive testing services

ICEV testing: Our customers for this business segment are mainly ICEV manufacturers and automotive components manufacturers. They engage us to conduct performance testing to support their product development. We also provide services to other automotive testing service providers to supplement their testing capabilities.

NEV testing: Our customers for this business segment are mainly NEV manufacturers and automotive components manufacturers. Their primary business need is to fulfill development and testing requirements for the powertrains and core electric systems of electric vehicles.

ADAS testing: Our customers for this business segment are mainly ICEV and NEV manufacturers and automotive components manufacturers. They engage us to test the safety and functionality of their intelligent driving systems prior to commercial application.

Testing facility solutions

Our customers for this business segment are mainly ICEV and NEV manufacturers, automotive components manufacturers, and research institutes and universities. They procure our services to build or upgrade their internal testing facilities. Research institutes and universities procure our services to facilitate testing for their academic and commercial research projects.

Sales of automotive components

Our customers for this business segment are mainly automotive components manufacturers. They procure specific parts such as urea pumps and TCU as well as our ancillary calibration services.

Salient terms of typical framework agreements with our customers

Salient terms of agreements for our automotive testing services

We do not generally enter into any long term agreement with our customers, which our Directors believe is in line with the general market practice of our industry. However, we may enter into framework agreements with our customers which set out the general terms and conditions on which we provide our solutions and services. After entering into a framework agreement, our customers would issue a separate task order to us which will specify the specific types of tests required. The salient terms of our typical framework agreements are as follows:

Scope	We shall provide testing solutions and services, including product testing, report issuance, and certificate application, based on specific task orders placed by our customer
Term and renewal	Our framework agreements typically last for one year, some contracts may include an automatic one-year renewal clause unless one party objects
Pricing	Fees are generally calculated based on a time-charge basis with reference to the relevant schedule of fees
Payment	Payments are generally to be settled by way of bank transfers
Credit term	We generally granted our customers a credit period of 30-180 days after the issuance of our invoices
Customer's responsibilities	The customer is responsible for supplying the test prototypes and fulfilling their payment obligations within the agreed timeframe
Warranty	Generally should any test results be incorrect due to our fault, we are obligated to conduct a re-test free of charge
Our potential liability	We have potential liabilities including penalty for test delays caused by equipment failures, and indemnification for damages in cases of severe delays, breach of confidentiality, unauthorised subcontracting, or failure to provide adequate bench resources
Fee rates	Fees are generally calculated based on the actual number of usage of testing facilities and the testing cycle

Salient terms of agreements for our testing facility solutions

Scope	We shall provide testing equipment procurement, testing facility solutions, installation, and related technical training services for testing facilities
Term and renewal	The duration of the contract generally cover the equipment delivery, execution phase and to completion date

Pricing	Fees are generally calculated based on a fixed lump-sum contract total for the testing equipment, hardware, and associated technical services
Payment	Payments are generally to be settled by way of milestone instalments
Credit term	We generally granted our customers a credit period of 30 days following the achievement of specific project milestones
Customer's responsibilities	The customer is responsible for processing scheduled milestone payments, formally inspecting and accepting the equipment upon delivery, and providing necessary site access and conveniences for our technical personnel during the installation and debugging process
Warranty	We generally provide a two to three years warranty period in accordance with the contract covering the delivered hardware and systems
Our potential liability	We face liabilities for breaches including daily penalties for delayed delivery, contract penalty for severe non-performance, and damages resulting from product defects

Salient terms of agreements for our sales of automotive components

Scope	We shall provide specified automotive components in accordance with the customer's technical requirements and scheduled delivery orders
Term and renewal	The contract term typically lasts for one year
Pricing	Fees are generally calculated based on fixed unit prices multiplied by the total ordered quantities of the specified automotive components
Payment	Payments are generally to be settled by way of bank transfer
Credit term	We generally granted our customers a credit period of 30 days after issuance of our invoices
Warranty	We offer unconditional replace or refund of defective goods within seven working days
Our potential liability	We have potential liabilities including penalty for delayed deliveries, fixed monetary fines for quality breaches

Five largest customers

During the Track Record Period, the revenue from five largest customers in each year/period amounted to approximately RMB48.4 million, RMB86.9 million and RMB46.9 million which accounted for approximately 35.2%, 42.4% and 50.4% of our total revenue respectively. As at the Latest Practicable Date, the length of our business relationships with our five largest customers ranged from 0 to 7 years.

The following tables set out details regarding our revenue generated from our five largest customers during the Track Record Period and their respective backgrounds:

Year ended 31 December 2024

Ranking	Customer	Principal business nature	Principal services/product provided	Year of commencement of business relationship	Typical credit terms and payment method	Total sales *(RMB'000)*	Approximate % of total revenue
1.	BYD Company Limited [(1)]	Automobile business	ICEV testing, NEV testing, ADAS testing, testing facility solutions, sales of automotive components	2023	30 days - 6 months, telegraphic transfer	11,625	8.4%
2.	Customer B [(2)]	Powertrain & engine systems	ICEV testing, NEV testing, ADAS testing, sales of automotive components	2021	90 days, telegraphic transfer	11,391	8.3%
3.	Customer C [(3)]	Power management solutions	ICEV testing, NEV testing, ADAS testing, testing facility solutions	2019	120 days, telegraphic transfer	10,580	7.7%
4.	Zhejiang CFMOTO Power Co., Ltd.*（浙江春風動力股份有限公司）[(4)]	Recreational vehicles & engines	ICEV testing	2019	30 days, telegraphic transfer	8,259	6.0%
5.	Customer E [(5)]	Higher education & research	Testing facility solutions	2022	Prepayment, telegraphic transfer	6,592	4.8%
					Total:	48,447	35.2%

Year ended 31 December 2025

Ranking	Customer	Principal business nature	Principal services/product provided	Year of commencement of business relationship	Typical credit terms and payment method	Total sales *(RMB'000)*	Approximate % of total revenue
1.	Customer F [(6)]	Construction of public facilities & project investment	Testing facility solutions	2023	7 - 365 days, telegraphic transfer	28,288	13.8%
2.	Customer G [(7)]	Automotive manufacturing	NEV testing, ADAS testing	2024	30 days- 6 months, telegraphic transfer	19,876	9.7%
3.	Customer B [(2)]	Powertrain & engine systems	ICEV testing	2021	90 days, telegraphic transfer	17,701	8.7%
4.	BYD Company Limited [(1)]	Automobile business	ICEV testing, NEV testing	2023	30 days- 6 months, telegraphic transfer	12,553	6.1%
5.	Customer H [(8)]	Testing services	ADAS testing	2025	10 days, telegraphic transfer	8,466	4.1%
						86,884	42.4%

Six months ended 30 June 2026

Ranking	Customer	Principal business nature	Principal services/product provided	Year of commencement of business relationship	Typical credit terms and payment method	Total sales *(RMB'000)*	Approximate % of total revenue
1.	Customer B [(2)]	Powertrain & engine systems	ICEV testing, NEV testing, ADAS testing, sales of automotive components	2021	90 days, telegraphic transfer	18,052	19.4%
2.	Zhejiang CFMOTO Power Co., Ltd.* (浙江春風動力股份有限公司)[(4)]	Recreational vehicles & engines	ICEV testing	2019	30 days, telegraphic transfer	10,388	11.2%
3.	Customer I [(9)]	Automotive testing	ICEV testing	2019	10 - 30 days, telegraphic transfer	7,342	7.9%
4.	Customer G [(7)]	Automotive manufacturing	NEV testing, ADAS testing	2024	30 days-6 months, telegraphic transfer	6,169	6.6%
5.	Xingyi Shuneng Technology (Jiangsu) Co., Ltd.* (星翼數能科技(江蘇)有限公司) [(10)]	Research and development of clean energy technologies	Testing facility solutions	2026	Prepayment, telegraphic transfer	4,939	5.3%
						46,890	50.4%

Notes:

(1) BYD Company Limited ("**BYD**") is a joint stock company incorporated in the PRC in 1995, headquartered in Shenzhen of Guangdong province and was listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1211) in 2002 and the Shenzhen Stock Exchange (stock code: 002594) in 2011 with a registered capital of approximately RMB9.12 billion respectively. The company primarily engages in automobile business which mainly include new energy vehicles, handset components and assembly services, rechargeable batteries and photovoltaics business. During the years ended 31 December 2024 and 2025 and the six months ended 30 June 2026, our Group generated revenue from 2 subsidiaries of BYD consisting of:

a. BYD Auto Industry Co., Ltd. is a limited liability company incorporated in the PRC in 2006, headquartered in Shenzhen with a registered capital of approximately USD3.76 billion. The company primarily engages in the research, development, and manufacturing of automobiles and related components; and

b. BYD Auto Co., Ltd. is a limited liability company incorporated in the PRC in 1997, headquartered in Xi'an with a registered capital of approximately RMB4.38 billion. The company primarily engages in the production of passenger vehicles and moulds.

(2) Customer B is a company incorporated and headquartered in IN, USA in 1919 and is listed on the New York Stock Exchange. The company primarily engages in the business of designs, manufactures, sells and services diesel and alternative fuel engines, generators and related components and technology. During the years ended 31 December 2024 and 2025 and the six months ended 30 June 2026, our Group generated revenue from nine group entities of Customer B consisting of:

a. a limited liability company incorporated in the PRC in 2007, headquartered in Beijing with a registered capital of approximately RMB2.29 billion. The company primarily engages the light-duty business that produces diesel engines for commercial and passenger vehicles, and the heavy-duty business that produces diesel and natural gas engines;

b. a limited company incorporated in the PRC in 2005, headquartered in Wuhan of Hubei province with a registered capital of approximately USD73.55 million. The company primarily engages in the research and development of engine power systems;

c. a limited liability company incorporated in the PRC in 2008, headquartered in Beijing with a registered capital of USD9.7 million. The company primarily engages in the manufacturing aftertreatment technology and products for both on-highway and off-highway engines;

d. a limited liability company incorporated in the PRC in 2013, headquartered in Hubei province with a registered capital of RMB60.0 million. The company primarily engages in the production of aftertreatment technology and product for on-highway and off-highway engines;.

e. a limited liability company incorporated in the PRC in 1997, headquartered in Beijing with a registered capital of USD189.8 million. The company primarily engages in the manufacture of engines, generator sets, alternators, filtration systems, turbocharging systems, emission solutions, and fuel systems;

f. a limited liability company incorporated in the PRC in 1996, headquartered in Hubei province with a registered capital of USD100.62 million. The company primarily engages in production of on-highway engines and off-highway engines, which are widely used in trucks, buses, construction machinery, generator sets;

g. a limited liability company incorporated in the PRC in 2008, headquartered in Wuhan of Hubei province with a registered capital of RMB52.4 million. The company primarily engages in manufacturing of computers, communications and other electronic equipment;

h. a limited company incorporated in the PRC in 2008, headquartered in Wuxi of Jiangsu province with a registered capital of USD6 million. The company primarily engages in manufacturing of vehicles; and

i. a limited company incorporated in the PRC in 2005, headquartered in Xi'an of Shaanxi province with a registered capital of USD24 million. The company primarily engages in sales and manufacturing of engines and other components.

(3) Customer C is a limited liability company incorporated in the PRC in 1997, headquartered in Shanghai with a registered capital of USD39.1 million. The company primarily engages in power management and the manufacture and sales of mechanical components.

(4) Zhejiang CFMOTO Power Co., Ltd.*（浙江春風動力股份有限公司）("**Zhejiang CFMOTO**") is a joint-stock limited company incorporated in the PRC in 2003 and listed on the Shanghai Stock Exchange (stock code: 603129), headquartered in Hangzhou of Zhejiang province with a registered capital of approximately RMB153.0 million. The company primarily engages in developing and manufacturing motorcycles, off road vehicles, engines, frames, parts, apparels and accessories. During the years ended 31 December 2025 and 2026 and the six months ended 30 June 2026, our Group generated revenue from a subsidiary of Zhejiang CFMOTO consisting of:

a. Zhejiang Jesse Jia Transmission Co., Ltd*（浙江傑西嘉傳動有限公司）is a limited liability company incorporated in the PRC in 2013, headquarter in Hangzhou of Zhejiang province with a registered capital of RMB10.21 million. The Company primarily engages in sales and manufacturing of automotive components.

(5) Customer E is a university established in the PRC in 1895, located in Tianjin. As a leading institution under the Ministry of Education, it primarily engages in higher education, advanced scientific research, and technological development. It has 3 state-level international science and technological cooperation bases, 37 municipal-level joint research bases and 27 university-level joint research bases. It has also formed strategic partnership with more than 200 universities, research institutes and companies in 50 countries.

(6) Customer F is a customer group consisting of a local government body and its operating entity. During the year ended 31 December 2025, our Group generated revenue from two entities of Customer F consisting of:

a. a government administrative committee in the PRC located in Wuxi of Jiangsu province. The committee primarily engages in drafting overall development plans, approving investment construction projects, attracting investment and managing enterprise services, constructing and managing basic public facilities, and managing fiscal budgets and state-owned assets. It co-founded an innovation centre with a university in the PRC in 2022 to drive the technological advancement and commercialisation of carbon-neutral energy and power intelligence; and

b. a limited liability company incorporated in the PRC in 2022, headquartered in Wuxi of Jiangsu province with a registered capital of RMB10.0 million. The company primarily engages in research and development, and it functions as the operation and management platform for the innovation centre.

(7) Customer G is a joint stock company incorporated in the PRC in 1997, with a registered capital of approximately RMB5.8 billion and is listed on the Hong Kong Stock Exchange. The company is a passenger vehicle company that primarily engages in designing, developing, manufacturing and selling a diverse and expanding portfolio of passenger vehicles. As of 31 December 2025, Customer G had approximately 70,000 employees in total. During the year ended 31 December 2025, our Group generated revenue from two group entities of Customer F consisting of:

a. a limited liability company incorporated in the PRC in 2005 with a registered capital of RMB2.0 billion. The company primarily engages in the research and development, production and sales of powertrain products such as engines, transmissions and electric drives; and

b. a joint stock company incorporated in the PRC in 2010 with a registered capital of approximately RMB1.0 billion. The company primarily engages in the manufacture and sales of passenger vehicles.

(8) Customer H is a limited liability company incorporated in the PRC in 2022, headquartered in Shanghai, the PRC, with a registered capital of EUR6.08 million The company primarily engages in testing and certification, covering a wide range of sectors including food, pharmaceuticals, environment, and consumer goods.

(9) Customer I is a limited liability company incorporated in the PRC in 2016, headquartered in Shanghai, the PRC, with registered capital of RMB2.5 billion. The company primarily engages in testing related services, it provides motor vehicle product testing, certification, inspection and other services and it also operates testing equipment repairing and maintenance. During the six months ended 30 June 2026, our Group generated revenue from two group entities of Customer I consisting of:

a. a limited liability company incorporated in the PRC in 2021 with a registered capital of RMB60 million. The Company primarily engages in motor vehicle product testing, certification, inspection and other services; and

b. a branch company of a limited liability company incorporated in the PRC in 2020. The Company primarily engages in motor vehicle product testing, certification, inspection and other services.

(10) Xingyi Shuneng Technology (Jiangsu) Co., Ltd.*（星翼數能科技(江蘇)有限公司）is a limited liability company incorporated in the PRC in 2025, headquartered in Jiangsu province, the PRC, with registered capital of RMB11.25 million. The company primarily engages in research and development in the field of solar power technology, promoting the application and development of clean energy technologies.

Our Directors have confirmed that our five largest customers during each year/period of the Track Record Period are Independent Third Parties and none of our Directors, or their close associates or any Shareholder holding more than 5% of our Company's issued share capital had any interests in any of our five largest customers during each year/period of the Track Record Period.

OUR PROJECTS

During the Track Record Period, our automotive testing services and testing facility solutions were provided to our customers on a project-by-project basis. In general, the duration of the testing operation stage of our automotive testing services projects ranged from approximately one week to approximately three months. For our sales of automotive components business segment, it would be transacted on a sales order-by-sales order basis. The following table sets forth a breakdown based on the number of automotive testing services and testing facility solutions projects, and number of sales orders of automotive components that we provided during the Track Record Period:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
Automotive testing				
ICEV testing	194	209	129	144
NEV testing	233	351	220	223
ADAS testing	33	54	18	26
Sub-total	460	614	367	393
Testing facility solutions	22	26	7	14
Sales of automotive components	17	8	3	3
Total	499	648	377	410

The following table sets forth a breakdown of the average work order value of our automotive testing services and testing facility solutions projects, and the average value of our sales orders in relation to the sales of automotive components during the Track Record Period:

	Year ended 31 December		Six months ended 30 June
	2024	2025	2026
	(RMB)	*(RMB)*	*(RMB)*
Automotive testing			
ICEV testing	296,370	285,660	227,883
NEV testing	193,351	190,429	127,189
ADAS testing	307,083	507,693	302,174
Testing facility solutions	984,832	1,762,812	1,657,241
Sales of automotive components	200,997	597,831	207,148

During the Track Record Period, the average work order value of ADAS testing increased significantly due to the increase of higher contract order value in our overseas road testing services; the average work order value of testing facility solutions also increased due to the completion of our large-scale top 1 project provided to Customer F for the year ended 31 December 2025 which amounted to approximately RMB28.1 million, and which accounted for approximately 61.3% of our revenue generated from testing facility solutions and approximately 13.7% of our total revenue for the year ended 31 December 2025, and thus led to the significant increase in the average work order value of testing facility solutions; the average value of our sales orders in relation to the sales of automotive components increased, primarily due to the increase in sales of TCUs and urea pumps which have higher contract order value. During the Track Record Period, the average work order value of ICEV and NEV testing dropped, primarily due to the underlying automotive technologies have matured so that our services require fewer billable hours per order.

Backlog

As at 31 December 2024 and 2025 and as at 30 June 2025 and 2026, we had a total of 34, 63, 120 and 63 projects in our backlog (representing projects awarded but not yet completed at the respective dates), respectively. The following table sets forth the total outstanding contract value in our backlog as at the dates indicated:

	As at 31 December		As at 30 June	
	2024	2025	2025	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Automotive testing	18,023	14,501	14,502	10,122
Testing facility solutions	56,946	23,101	62,631	29,128
Sales of automotive components	nil	nil	nil	nil
Total	**74,969**	**37,602**	**77,133**	**39,250**

As at 31 December 2024 and 2025 and as at 30 June 2025 and 2026, the backlog for our sales of automotive components was nil, because all of our orders in this segment were completed prior to the close of each respective year, leaving no unfulfilled orders to carry forward into the subsequent reporting periods.

Our backlog represents an estimate of the total outstanding contract value or amount of service orders (assuming all works under the agreed testing service scope are required to be carried out) as at 31 December 2024 and 2025 and as at 30 June 2025 and 2026. It is important to note that not all of the contracts nor service orders entered into by us and our customers include a specified contract sum or fixed amount for the services to be provided. The backlog above only considered orders-on-hand with workload that can be reliably estimated. Furthermore, the backlog amount for these orders-on-hand may be subject to potential changes due to various factors, including alterations in the scope and duration of services, pricing adjustments, and any other unforeseen circumstances. Since we normally charge our customers based on a pre-agreed testing service scope and unit price, taking into account the actual amount of testing or services performed. As a result, there may be a deviation between the future actual revenue recognised and the backlog amount estimated at the time of order acceptance.

The following table set forth the movement in the number of projects during the Track Record Period:

	Year ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	Number of projects	*Value (RMB'000)*	*Number of projects*	*Value (RMB'000)*	*Number of projects*	*Value (RMB'000)*	*Number of projects*	*Value (RMB'000)*
Automotive testing								
Opening number/value of backlog as at 1 January of the relevant year/period	41	10,819	16	18,023	16	18,023	46	14,502
New projects during the year/period	435	119,884	644	150,438	446	98,067	392	84,401
Projects completed during the year/period	460	112,680	614	153,959	367	70,844	393	69,035
Closing number/value of backlog as at the last date of the relevant year/period	16	18,023	46	14,501	95	45,245	45	29,868
Testing facility solutions								
Opening number/value of backlog as at 1 January of the relevant year/period	24	48,791	18	56,946	18	56,946	17	23,101
New projects during the year/period	16	29,821	17	11,988	14	13,027	15	30,300
Projects completed during the year/period	22	21,666	18	45,833	7	1,070	14	23,201
Closing number/value of backlog as at the last date of the relevant year/period	18	56,946	17	23,101	25	68,903	18	30,200
Sales of automotive components								
Opening number/value of backlog as at 1 January of the relevant year/period	–	–	–	–	–	–	–	–
New projects during the year/period	17	3,417	8	4,783	3	2,239	3	621
Projects completed during the year/period	17	3,417	8	4,783	3	2,239	3	621
Closing number/value of backlog as at the last date of the relevant year/period	–	–	–	–	–	–	–	–

Our early-terminated/loss-making projects

Early-terminated projects refer to projects for which termination agreements were signed before project was completed. During the Track Record Period, we recorded five, two, two and two terminated projects, representing the revenue contribution of approximately RMB1.5 million, RMB0.2 million, RMB0.1 million and RMB0.7 million for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively. The terminated projects were all automotive testing projects, and their termination was primarily resulted from the changes in customer requirements or their operation conditions during the project implementation process. Despite the occurrence of these terminated projects, these projects did not have any material adverse impact on our overall business operations as the revenue contribution from these projects was minimal.

Loss-making projects refers to the accepted projects with recognised revenue where the revenue recognised for the project in a year minus cost of sales of goods and services for the same project in that year is negative. Our Directors confirm that our Group had no loss-making projects during the Track Record Period.

Top ten projects

The following table sets forth the details of our top ten projects in terms of revenue in each of the respective year during the Track Record Period.

Year ended 31 December 2024

Ranking	Type of services we provided in the project	Number of customer	Customer type	Brief description	Contract value *(RMB'000)*	Duration *(month)*	Revenue *(RMB'000)*	Gross profit *(RMB'000)*	Gross profit margin *%*
1	Testing facility solutions	1	Automotive components manufacturers	Three-motor testing bench installation	7,832	7	7,832	2,615	33
2	Testing facility solutions	1	Research institutes and universities	High-speed motor testing bench installation	6,592	23	6,592	252	4
3	ICEV testing	1	ICEV manufacturers	Engine testing services	6,152	12	4,931	2,544	52
4	Testing facility solutions	1	ICEV manufacturers	Dynamometer installation	3,850	13	3,850	1,676	44
5	ADAS testing	1	NEV manufacturers	Regional vehicle road testing	2,234	8	2,108	713	34
6	ADAS testing	1	Automotive testing service providers	Regional vehicle road testing	2,214	4	1,995	286	14
7	ICEV testing	1	Research institutes and universities	Engine durability testing	1,880	6	1,994	1,517	76
8	ICEV testing	1	Research institutes and universities	HICEV testing	2,977	12	1,987	1,522	77
9	NEV testing	1	Automotive testing service providers	NEV powertrain testing	1,731	4	1,731	293	17
10	ADAS testing	1	NEV manufacturers	ADAS testing	1,762	8	1,626	759	47

Year ended 31 December 2025

Ranking	Type of services we provided in the project	Number of customer	Customer type	Brief description	Contract value *(RMB'000)*	Duration *(month)*	Revenue *(RMB'000)*	Gross profit *(RMB'000)*	Gross profit margin *%*
1	Testing facility solutions	1	Research institutes and universities	General equipment procurement	27,832	22	27,832	4,127	17
2	ADAS testing	1	Automotive testing service providers	General testing services	11,150	Ongoing	8,391	2,057	25
3	ADAS testing	1	NEV manufacturers	Regional vehicle road test	5,581	9	5,266	904	17
4	Testing facility solutions	1	ICEV manufacturers	Engine testing bench installation	3,761	24	3,761	485	13
5	Testing facility solutions	1	Automotive testing service providers	Powertrain testing bench installation	3,519	12	3,519	1,706	48
6	Testing facility solutions	1	Automotive testing service providers	Testing equipment procurement	3,230	11	3,230	393	12
7	ICEV testing	1	Automotive testing service providers	General testing services	3,164	7	3,164	1,824	58
8	NEV testing	1	NEV manufacturers	High-speed motor testing	11,934	12	2,888	838	29
9	NEV testing	1	Automotive components manufacturers	High-speed motor testing	12,075	15	2,799	346	12
10	Testing facility solutions	1	Automotive components manufacturers	Electric drive testing bench installation	2,752	13	2,752	1,410	51

Six months ended 30 June 2026

Ranking	Type of services we provided in the project	Number of customer	Customer type	Brief description	Contract value *(RMB'000)*	Duration *(month)*	Revenue *(RMB'000)*	Gross profit *(RMB'000)*	Gross profit margin *%*
1	Testing facility solutions	1	Automotive components manufacturers	Testing bench installation	6,100	21	5,398	1,186	22
2	Testing facility solutions	1	Research institutes and universities	Testing bench installation	5,581	2	4,939	609	12
3	Testing facility solutions	1	Automotive components manufacturers	Controller testing bench installation	3,469	1	3,469	2,017	58
4	ICEV testing	1	Automotive components manufacturers	ICEV testing	Framework agreement	6	2,887	1,786	62
5	Testing facility solutions	1	Research institutes and universities	Testing bench ancillary equipment installation	3,200	17	2,832	1,193	42
6	ADAS testing	1	Automotive components manufacturers	ADAS testing	Framework agreement	2	2,389	1,317	55
7	ICEV testing	1	Automotive testing service providers	ICEV testing	Framework agreement	3	2,218	1,018	46
8	ICEV testing	1	Automotive testing service providers	ICEV testing	Framework agreement	3	2,037	1,067	52
9	Testing facility solutions	1	Automotive testing service providers	Two-motor testing bench installation	2,700	11	2,009	81	4
10	ADAS testing	1	NEV manufacturers	Regional vehicle road testing	Framework agreement	6	1,978	198	10

SALES AND MARKETING

Sales and marketing

Our Group's automotive testing services and testing facility solutions projects during the Track Record Period were primarily obtained by way of a customer's invitation for quotation though, to a lesser extent, some of these projects would be obtained through open tenders which we would normally obtain via online platforms. For invitation for quotations, our customers would solicit us either based on their past dealings with us or other pre-existing relationships. Tenders submitted by us would be assessed based on our qualifications, skills, experiences and pricing to determine if we are capable of fulfilling the requirements as stipulated in the tender documents. For our sales of automotive components, we would solicit them after identifying their needs for a specific automotive component.

While we compete with other automotive testing services in the PRC, our Directors believe that we will continue to successfully capture business opportunities as they arise given our well-established business relationships with our customers, industry position and technical expertise. Furthermore, we believe that due to high entry barriers such as qualification and certification, technology and research and development barriers, resource integration and capital investment, it will be difficult for new industry players to emerge thus key customers in the industry will continue to rely on a limited number of automotive testing services providers which will also serve to allow us to capture new business opportunities when they arise.

In order to reinforce our corporate image and reputation within the industry and to attract and source new customers, we have and will continue to (i) actively participate and engage in industry trade shows and exhibitions to showcase our Group's service offerings and successful track record; and (ii) compete for various industry awards to increase our exposure and recognition among the market players. Furthermore, we will continue to maintain regular communications with our customers and industry players to keep abreast of the latest development in the market and our customers' needs.

During the Track Record Period, we submitted a total of 107, 125, 59 and 70 tenders for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively. Specifically, for our automotive testing segment, we submitted 92, 110, 51 and 61 tenders for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively. For our testing facility solutions segment, we submitted 15, 15, 8 and 9 tenders for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively.

During the Track Record Period, our overall number of successful tenders was 68, 79, 38 and 40 for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively, corresponding to an overall tender success rate of approximately 62.1%, 56.1%, 64.4% and 57.1%, for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026 respectively. Specifically, for our automotive testing segment, the number of successful tender was 59, 72, 33 and 36 for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively, and the corresponding success rates are 64.1%, 65.5%, 64.7% and 59.0%, for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026 respectively. For our testing facility solutions segment, the number of successful tender was 9, 7, 5 and 4 for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively, and the corresponding success rates are 60.0%, 46.7%, 62.5% and 44.4% for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively. The slight decline in our overall tender success rate was primarily due to a decrease in the successful tenders in the testing facility solutions segment.

The revenue generated from the successful tenders amounted to a total of RMB71.4 million, RMB121.2 million, RMB31.3 million and RMB49.0 million for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively. Specifically, for our automotive testing segment, it generated the revenue of RMB71.1 million, RMB86.3 million, RMB30.8 million and RMB41.2 million for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively. For our testing facility solutions segment, it generated the revenue of RMB0.24 million, RMB34.9 million, RMB0.5 million and RMB7.85 million for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively.

We generally do not participate in tender processes for our sales of automotive components segment, as the nature of these orders typically relies on direct purchases rather than a formal bidding process.

Pricing policy

We typically charge our customers in relation to our automotive testing services on a time-cost basis with each specific type of test carrying differing hourly rates. These hourly rates would be multiplied by the number of hours required and quantity of units to be tested as specified by our customers after taking into account the testing methodology. However,

our hourly charges may vary after taking into account factors such as the nature, scale, complexity, duration and costs. Furthermore, we would also take into account factors such as our previous quotes for similar works and prevailing market prices.

Set out below are the typical price ranges of our hourly rates in respect of each type of automotive testing service that we provided during the Track Record Period:

	Year ended 31 December		Six months ended 30 June
	2024	2025	2026
	Price range per hour	Price range per hour	Price range per hour
	(RMB)	*(RMB)*	*(RMB)*
ICEV testing services	250-3,100	220-3,800	220-2,916
NEV testing services	50-1,900	50-1,900	74-1,900
ADAS testing services	2,400-4,100	1,500-4,000	1,500-4,000

Although the average work order value for ICEV and NEV testing experienced a decline during the Track Record Period, the price range of ICEV prices increased and NEV prices remained stable. The reason for the rise in ICEV price range was due to the market supply imbalance, as the automotive sector heavily prioritised NEV development over the past few years, and the available capacity for ICEV testing became restricted, which drove up the price range for ICEV testing services. On the other hand, the price range for NEV hourly rates remained stable as the market has gradually reached a balance between supply and demand.

For our testing facility solutions, we typically charge our customers on a cost plus basis after taking into account the types of testing equipment and machinery and/or service required to be supplied/provided the length of the project and its complexity. Pricing for automotive components is determined on a costs-plus basis.

Seasonality

Our Directors believe that the industry in which we operate does not exhibit any significant seasonality.

SUPPLIERS

During the Track Record Period, our suppliers were mainly testing equipment and machinery and raw materials suppliers who were located in the PRC. We generally purchase from our suppliers electricity, raw materials, testing equipment and machinery, auto-parts and software systems which are used in connection with our Automotive Testing Solutions. To ensure the quality of the products supplied to us, we maintain an internal list of approved suppliers. The inclusion criteria for prospective suppliers include (i) pricing, (ii) industry reputation and (iii) payment and delivery terms. Furthermore, we will regularly review our internal list of approved suppliers and remove those whose products fail to adhere to the contract terms. As at the Latest Practicable Date, more than 92 suppliers were included on our approved list of suppliers. For the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, our Group's total procurement costs amounted to approximately RMB123.3 million, RMB157.9 million, RMB53.1 million and RMB55.0 million respectively.

Testing equipment and machinery, automotive components and software suppliers

We source testing equipment and machinery, automotive components, and software systems that are utilised in our provision of automotive testing services and testing facility solutions from a number of reputable hardware and software suppliers. The hardware and software system we procure include measurement instruments, control modules, data acquisition software, and other technical components required to support our operations and project execution. We generally engage our hardware and software suppliers on an order-by-order basis, with scope, payment and obligation terms determined between the parties upon negotiation, taking into account the technical specifications, functionality, and compatibility of the products with our ongoing or upcoming projects. This procurement approach enables us to select the most appropriate equipment and solutions that meet specific testing objectives and project requirements. Purchase orders and supply terms are determined with reference to prevailing market conditions, supplier performance, and our internal quality and safety standards.

Raw materials suppliers

We also procure various raw materials from specialised suppliers to support on regular operations. These raw materials primarily comprise fuels such as diesel, gasoline and natural gas, and other materials consumed during testing processes. To ensure consistency in quality, we typically enter into framework agreements with our principal raw materials suppliers. These agreements establish the framework for determining the price and quality of the raw materials. We maintain an ongoing evaluation and communication mechanism with our key raw materials suppliers to monitor supply performance and ensure that the materials provided conform to our testing standards and project requirements.

Set out below are the salient terms of a typical framework agreement entered into between our Group and our raw materials suppliers during the Track Record Period:

Scope	The suppliers shall provide raw materials in accordance with the required standards as set out in the contract.
Term	Raw materials supply contracts are generally signed for an initial term of one year.
Price	The pricing for the raw materials supplied is generally pegged to the market rate.
Payment	Monthly payments which are generally made by way of bank transfers.
Supplier's obligations	The suppliers shall deliver the raw materials to us at their own delivery costs.
Quality standard	The raw materials shall meet the agreed quality standards as set out in the contract. We are entitled to conduct random inspections on the raw materials supplied and may request relevant product material reports and parameters from suppliers.
Renewal	Where there are no objections of the parties, the supply agreement is automatically renewed and continued upon expiry of its initial term.

Warranty	There is typically no explicit warranty period, but the suppliers normally warrant its products as described in the supply agreements, the suppliers are required to provide an inspection report with each delivery, the suppliers shall bear the cost of compensation in the event of non-compliance.
Duration	The duration of the supply agreements is typically one year.

As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, we did not experience any material shortage of supplies, material difficulties in procuring supplies or any material fluctuations in the costs of our supplies which had a material impact upon our business operations and financial conditions.

Our Directors confirmed that we had not experienced any material shortage or disruption in the supply of oil or oil-based raw materials that would have adversely affected our operations during the Track Record Period and up to the Latest Practicable Date as we strategically source from major industry-leading oil supplier. In addition, our Directors are of the view that the increase in oil prices has supported downstream demand for new energy products, which may be favourable to our NEV testing segment. Accordingly, the recent increase in oil prices and volatility in oil supply have not had any material adverse impact on our business operations, financial performance or financial position.

Five largest suppliers

During the Track Record Period, the purchase from our five largest suppliers in each year/period amounted to approximately RMB27.4 million, RMB36.8 million and RMB18.5 million which accounted for approximately 22.2%, 23.3% and 33.5% of our total purchases respectively. As at the Latest Practicable Date, the length of our business relationships with our five largest suppliers ranged from 0 to 8 years.

The following tables set out details regarding our purchases and the background of our five largest suppliers during the Track Record Period:

Year ended 31 December 2024

Ranking	Supplier	Principal business nature	Principal product supplied	Year of commencement of business relationship	Typical credit terms and payment method	Total purchases *(RMB'000)*	Approximate % of total purchases
1.	Supplier A [(1)]	Measurement & control systems	Test bench measurement & control systems, environmental chambers	2022	Payment by installment, telegraphic transfer	7,819	6.3%
2.	Supplier B [(2)]	Industrial machinery trading	High-speed motor test bench	2023	Payment by installment, telegraphic transfer	6,110	5.0%
3.	Supplier C [(3)]	Power supply & distribution	Electric power	2018	Monthly payment, telegraphic transfer	4,805	3.9%

Ranking	Supplier	Principal business nature	Principal product supplied	Year of commencement of business relationship	Typical credit terms and payment method	Total purchases *(RMB'000)*	Approximate % of total purchases
4.	Supplier D [4]	Industrial equipment trading	Plant & property	2022	Prepayment, telegraphic transfer	4,565	3.7%
5.	Zhejiang Changxing Huida Construction Co., Ltd.* (浙江長興匯達建設有限公司)[5]	Construction & engineering	Infrastructure	2021	Payment by installment, telegraphic transfer	4,116	3.3%
					Total:	27,415	22.2%

Year ended 31 December 2025

Ranking	Supplier	Principal business nature	Principal product supplied	Year of commencement of business relationship	Typical credit terms and payment method	Total purchases *(RMB'000)*	Approximate % of total purchases
1.	Shanghai Shunce Technology Co., Ltd.* (上海順策科技有限公司)[6]	Technology promotion services	Testing bench equipment	2025	Payment by installment, telegraphic transfer	14,205	9.0%
2.	Supplier C [3]	Power supply & distribution	Electric power	2018	Monthly payment, telegraphic transfer	8,534	5.4%
3.	Zhejiang Yuhao Petroleum Co., Ltd.* (浙江禹昊石油有限公司)[7]	Petroleum products trading	Fuel	2024	Monthly payment, telegraphic transfer	5,870	3.7%
4.	Supplier H [8]	Precision measurement technology	Torque Products	2023	Payment by installment, telegraphic transfer	4,301	2.7%
5.	Supplier I [9]	Professional and technical services	Technology services	2025	Payment by installment, telegraphic transfer	3,925	2.5%
						36,835	23.3%

Six months ended 30 June 2026

Ranking	Supplier	Principal business nature	Principal product supplied	Year of commencement of business relationship	Typical credit terms and payment method	Total purchases *(RMB'000)*	Approximate % of total purchases
1.	Supplier J [10]	Technical testing and analysis	Overseas testing services	2023	Payment by installment, telegraphic transfer	8,249	15.0%
2.	Supplier C [3]	Power supply & distribution	Electric power	2018	Monthly payment, telegraphic transfer	3,357	6.1%

Ranking	Supplier	Principal business nature	Principal product supplied	Year of commencement of business relationship	Typical credit terms and payment method	Total purchases *(RMB'000)*	Approximate % of total purchases
3.	Supplier K [(11)]	Automotive testing	Motor testing and technical services	2024	60 days, telegraphic transfer	3,179	5.8%
4.	Supplier L [(12)]	Sales of equipment	Overseas testing services	2026	Payment by installment, telegraphic transfer	2,000	3.6%
5.	Zhejiang Yuhao Petroleum Co., Ltd.* (浙江禹昊石油有限公司)[(7)]	Petroleum products trading	Fuel	2024	Monthly payment, telegraphic transfer	1,670	3.0%
						18,455	33.5

Notes:

(1) Supplier A is a limited liability company incorporated in the PRC, which primarily engages in new energy vehicles, aerospace, ships and humanoid robots, focusing on providing advanced power system testing equipment and overall solutions.

(2) Supplier B is a limited liability company incorporated in the PRC, which primarily engages in the wholesale of mechanical equipment, motors, and electronic instrument parts.

(3) Supplier C is a limited liability company incorporated in the PRC, which primarily engages in the production and supply of electricity. During the years ended 31 December 2024 and 2025, and the six months ended 30 June 2026, the purchases by our Group were from two group entities of Supplier C consisting of:

a. a limited liability company incorporated in the PRC, which primarily engages in the production and supply of electricity; and

b. a limited liability company incorporated in the PRC, which primarily engages in the production and supply of electricity.

(4) Supplier D is a limited liability company incorporated in the PRC, which primarily engages in industrial and real estate development, including the planning, construction, and development of industrial zones, as well as general industrial investment.

(5) Zhejiang Changxing Huida Construction Co., Ltd.*（浙江長興匯達建設有限公司）is a limited liability company incorporated in the PRC, which primarily engages in municipal public works, building construction, and infrastructure development projects.

(6) Shanghai Shunce Technology Co., Ltd.*（上海順策科技有限公司）is a limited company incorporated in the PRC, which primarily engages in the services in relation to technology promotion and technology application.

(7) Zhejiang Yuhao Petroleum Co., Ltd.*（浙江禹昊石油有限公司）is a limited company incorporated in the PRC, which primarily engages in the wholesale and retail of refined oil products, lubricants, and fuel oil.

(8) Supplier H is a limited liability company incorporated in the PRC, which primarily engages in the development, production, and sales of high-precision measurement technology and analysis software.

(9) Supplier I is a limited company incorporated in the PRC, which primarily engages in professional and technical services. During the year ended 31 December 2025, the purchases by our Group were from two group entities of it consisting of:

a. a limited liability company incorporated in the PRC, which primarily engages in professional and technical services; and

b. a limited liability company incorporated in the PRC, which primarily engages in the services in relation to technology promotion and technology application.

(10) Supplier J is a limited liability company incorporated in Malaysia, which primarily engages in technical testing and analysis; research and development on other natural science and engineering; other service activities.

(11) Supplier K is a limited liability company incorporated in the PRC, which primarily engages in technical consulting, technical services, and testing in the automotive and auto parts industry.

(12) Supplier L is a limited liability company incorporated in the PRC, which primarily engages in the manufacturing of computers, communication and other electronic equipment.

Our Directors have confirmed that our five largest suppliers during each year/period of the Track Record Period are Independent Third Parties and none of our Directors, or their close associates or any Shareholder holding more than 5% of our Company's issued share capital had any interests in any of our five largest suppliers during each year/period of the Track Record Period.

Overlap between our customers and suppliers

During the Track Record Period, Customer E (the "**Supplier-Customer E**") was one of our suppliers and also one of our top five customers in the year ended 31 December 2024. We supplied Supplier-Customer E with high speed motor test benches and we purchased from it research and development services, which included conducting testing and analysis of our testing equipment across all operating conditions and providing us with testing and performance report to enhance and optimise our testing equipment.

Our aggregate purchases from Supplier-Customer E was approximately RMB90,000, RMB0.71 million, RMB0.15 million and RMB0.22 million, respectively, which accounted for approximately 0.07%, 0.45%, 0.27% and 0.41% of our total purchase for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026 respectively.

Our aggregate sales to Supplier-Customer E was approximately RMB6.6 million, nil, nil and nil, representing approximately 4.8%, nil, nil and nil, respectively, of our total revenue for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026 respectively. The gross profit attributable to the sales to Supplier-Customer E were approximately RMB0.25 million, nil, nil and nil, and a gross profit margin were 3.82%, nil, nil and nil for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026 respectively.

During the Track Record Period, Customer F (the "**Supplier-Customer F**") was one of our suppliers and also one of our top five customers in the year ended 31 December 2025. We provided Supplier-Customer F with testing facility solutions, which included the supply of equipment and the installation of testing benches, as well as engine emission performance testing services and we procured testing services from them including installation of testing benches, as well as calibration services.

Our aggregate procurement costs from Supplier-Customer F was nil, approximately RMB0.49 million, nil and nil, respectively, which accounted for nil, approximately 0.31%, nil and nil of our total procurement costs for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026 respectively.

Our aggregate revenue generated from sales to Supplier-Customer F was nil, approximately RMB28.3 million, nil and approximately RMB0.2 million, representing nil, approximately 13.8%, nil and approximately 0.23%, respectively, of our total revenue for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026 respectively. The gross profit attributable to the sales to it were nil, approximately RMB4.1 million, nil and approximately RMB0.05 million, and a gross profit margin were nil, 14.5%, nil and 23.3% for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026 respectively.

To the best knowledge of our Directors, during the Track Record Period, there were no other overlap between our suppliers and our customers. Our Directors confirm that the sales to, and the purchases from Supplier-Customer E and Supplier-Customer F were conducted in the ordinary course of business under normal commercial terms and on an arm's length basis.

INVENTORY CONTROL

Our Group's inventory during the Track Record Period primarily consisted of raw materials comprising fuel such as diesel, gasoline and natural gas, and other materials which are used in connection with our automotive testing services. These types of raw materials are tested when delivered to us in accordance with our inventory acceptance measures to ensure that they are in compliance with the relevant requirement standards as set out their respective purchase orders.

To ensure that we have sufficient raw materials for our automotive testing services, we have in place systems to monitor inventory levels and to detect leakage and contamination. We will also carry out regular inspections to ensure that the inventory levels recorded correspond with actual levels and our management team will discuss on a regular basis whether to increase our inventory levels to guard against price fluctuations. We also have in place policies setting out minimum inventory levels and where they are reached, our raw materials will be replenished. In compliance with the relevant laws and regulations in the PRC, these testing consumables are stored in specialised underground facilities located at each of our testing facilities to ensure safe storage.

SUBCONTRACTING

In line with market practices, according to F&S, during the Track Record Period, we would outsource either in part or whole some of our automotive testing projects to Independent Third Parties. We typically engage subcontractors when we lack the requisite in-house capabilities for specialised testing or when a project mandates specific testing qualifications that we do not possess or when our prevailing operational capacity cannot accommodate the project milestones and delivery schedules stipulated by our customers.

During the Track Record Period, we had engaged a total of 31 and 44 subcontractors for the provision of automotive testing services, respectively. We outsource specialised automotive testing tasks to alleviate our capacity constraints during peak periods and to utilise specialised testing equipment that is beyond our immediate domestic setup, so that we can deliver complete testing services without affecting our core operations. However, to ensure that the automotive testing projects are carried out in accordance with the specifications as determined between us and our clients, it is our policy to assign staff to engage in monitoring of all vital stages of the automotive testing project. Reports generated by our subcontractors would also be reviewed by us prior to its presentation to our clients to ensure that there are no material abnormalities.

To ensure that the services rendered by our subcontractors can meet our expectations and those of our customers, we maintain an internal list of approved subcontractors and it is our policy only utilise subcontractors on this list. As at the Latest Practicable Date, internal list contained the names of over 89 approved subcontractors. This internal list is reviewed periodically and those subcontractors whom we feel are unable to meet our expectations are removed while new subcontractors are added. When considering whether to include a subcontractor onto our internal list, we take into account various factors including their industry reputation and qualifications, pricing, quality of service and payment terms.

We have established an internal quality management procedure for externally provided services to ensure that the subcontractors of our outsourced testing meet our stringent quality standards. We evaluate and identify potential subcontractors based on the following selection criteria, including but not limited to: (i) access to full-scale testing equipment; (ii) the capacity for stable and reliable testing; (iii) good internal quality management systems; (iv) possession of relevant certifications such as ISO9001 or certifications from CNAS (China National Accreditation Service for Conformity Assessment); (v) the ability to provide services that meet its standards; (vi) reasonable pricing; and (vii) a track record of timely delivery.

To ensure the quality of the testing services conducted by our subcontractors, we implement internal review process upon the completion of their work. All testing data generated by subcontractors need first to be submitted to us for review. We will release the deliverables to our customers if the results satisfy our quality standards. In the event that the testing data fail our internal review, we will withhold the data and contact the subcontractor to initiate the rectification procedures.

Furthermore, to ensure ongoing service quality, we continuously monitor and record the operational performance of its subcontractors. We use this assessment record to conduct annual re-evaluation of our approved subcontractors. For those who fail to meet our standards, we will terminate its relationship and disqualify them from our approved subcontractors list.

Our subcontracting costs during the Track Record Period amounted to approximately RMB13.8 million, RMB22.2 million, RMB14.7 million and RMB9.7 million for each of the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026 which accounted for approximately 14.8%, 14.5%, 27.7% and 14.2% of our costs of sales respectively.

Our revenue from subcontracting services during the Track Record Period amounted to approximately RMB15.8 million, RMB34.2 million, RMB16.8 million and RMB12.6 million for each of the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026 which accounted for 11.5%, 16.7%, 18.1% and 13.6% of our total revenue.

Set out below are the salient terms of the framework subcontracting agreements we typically entered into with our subcontractors during the Track Record Period:

Scope	Our subcontracting agreements stipulate the general work scope in relation to the subcontracted works. We will generally provide technical specifications and customers' requirements of the project to our subcontractors set out in a specific task order.
Term and renewal	Subcontracting agreements are typically executed for an initial term ranging from a few months to two years. There is no automatic renewal clause, contracts are terminated upon project completion.
Pricing	Pricing is based on the type of service, typically charged daily or per task.
Credit term	Credit periods range from 30 to 90 days after receipt of invoice.

Subcontractor's obligations	Subcontractors shall conduct testing on the samples in accordance with the task order, and shall perform the tests on the samples based on our requirements, issue a test report, and submit relevant technical documentation.
Our obligations	We are responsible for providing the test samples, spare parts, the standards, and the technical data or documentation necessary for the testing.
Indemnities	Subcontractors are required to indemnify us against any loss, expense or claim arising from the failure to comply with subcontracting agreement by the subcontractor and/or its employees. We are entitled to hold our subcontractors liable for any loss and damage suffered by us if the samples are damaged by their misconduct or negligence.

As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, we were not involved in any material disputes with our subcontractors.

RESEARCH AND DEVELOPMENT

Automotive testing is a critical element of the automotive industry as it allows for automotive manufacturers to verify and ensure that a vehicle together with its components and systems are capable of (i) meeting predefined technical standards and design specifications and (ii) can function as intended in real-world scenarios and assess for performance and functionality before committing to manufacturing and production. According to the F&S Report, given the intense competition within the auto industry in the PRC, automotive manufacturers are constantly adopting new technologies to improve upon their product offerings. As such, in order to cope with the unique challenges posed by our customers as they adopt the newest and latest technologies, we have placed great emphasis on research and development in order to expand and improve upon our capabilities.

In recognition of our research and development efforts, in 2023, we were awarded the National-level Specialised, Sophisticated and Innovative Little Giant Enterprise*（國家級專精特新小巨人企業）status, which was valid until 30 June 2026. Subsequently, we have also been awarded the High and New Technology Enterprise*（高新技術企業）status in 2023. For further details as to our awards, please refer to "Awards, recognitions and validations" in this section.

As at the Latest Practicable Date, our research and development team consisted of 50 employees and is led by Mr. Li Jianyu（李建宇）. The majority of our research and development personnel have a bachelor's degree or have received tertiary education in various fields including but not limited to vehicle engineering, power engineering, mechanical engineering, electrical engineering, software engineering, measurement technology and etc.. During the Track Record Period, we had incurred research and development expenses of approximately RMB10.5 million, RMB11.9 million, RMB3.8 million and RMB4.9 million for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026 respectively. Such expenses mainly comprised staff costs paid to our research and development personnel and external service providers. As a result of our research and development efforts, we have developed various new technologies for which we have registered 101 patents and registered 27 software copyrights as at the Latest Practicable Date. For further details as to our patents, please refer to Statutory and General Information – 2. Intellectual property rights of our Group in Appendix VI to this document.

Key stages of our research and development process

Set out below is a process chart setting out the key stages of our research and development cycle:

Project identification

Prior to considering the development of new technologies, we will generally engage in discussions with our business partners in order to keep abreast of emerging market trends and technologies. Through these discussions, we can gain insights into the needs and challenges our business partners, which can allow for us to identify new opportunities for innovation. Additionally, discussing with its business partners enables our Group to gain a deeper understanding of the particular challenges faced by our business partners while at the same time identify the relevant technologies that can address these challenges. We believe that this process enables us to develop solutions that are tailored to the specific needs of our business partners which can ensure a higher likelihood of market adoption for the technologies we develop. After our discussions with our business markets and a potential research project is identified we will commence with the next step of our research and development process.

Conceptualisation and development planning

After identifying the market opportunities and/or customers' needs, we will begin defining the scope of the research project through assessing the technical boundaries and setting relevant requirements. We will also undertake a conceptual design whereby we will analyse comparable technologies in the market or those technologies which we currently utilise. Where necessary, we may also engage external consultants to advise on the feasibility and technical requirement of the proposed development subject. Once the research parameters are defined, we will prepare a research and development plan, which would set out the estimated resources to be deployed, including the proposed in-house research and development team composition. We will also assess its feasibility in terms of its potential client and overall economic value.

Design and development

The design and development stage will generally commence with the design and planning of the technical architecture including details relating to crucial functions and features, which serves as the blueprint for developing the underlying technologies. Depending on the complexity and number of functional modules required, the design and development stage may be conducted in phases. In-house and/or external service providers will also be utilised at this stage to develop the necessary source codes and other relevant technologies. As confirmed by our Directors, where external service providers are engaged, ownership of any intellectual property rights generated therefrom would belong to us, and these external service providers would also be bound by the confidentiality obligations pursuant to the written agreement entered into with us. We would also conduct review meetings to monitor the progress of development and may make modifications and adjustments in the software design where necessary.

Testing and commissioning

Upon completion of the design output, in order to ensure the performance of the individual components and modules are capable of meeting the baseline requirements determined by us, we will conduct testing, commissioning and trial runs, which will typically include debugging, functionality refinement and finetuning of the components and modules based on different operating parameters. Further adjustments and modifications may also be made when necessary.

Key self developed technologies

During the Track Record Period, we had applied our self-developed technologies for use in a variety of works across multiple sectors, such as high-speed motor testing, engine emission regulation testing, hybrid engine system testing, and advanced control systems for test benches. These technologies were also customised for specific client needs and projects, including motor testing solutions for academic and industrial research institutions, emission testing software for compliance with PRC regulatory standards, and advanced test bench systems for hybrid engines. Set out below are examples of the core technologies developed by us through our research and development efforts:

Nature	Descriptions and applications
Motor testing device and system	It relates to the key technology regarding the structure of high-speed motor test benches. This technology has been applied to the construction of high-speed motor test benches and high-speed three-motor test benches for providing testing services to some of our customers. Additionally, it was adopted delivered to various academic and industrial research institutions for high-speed test equipment projects.
Engine pollutant emission testing and analysis software	It is utilised for engine emission experiments and analysis, specifically targeting non-road diesel mobile machinery and heavy-duty diesel vehicles. This software has been installed on the majority of our heavy-duty engine benches to provide emission regulation testing services for some of our customers. Furthermore, the technology facilitated software package upgrades for the engine test benches at the various government testing centres.
Bench controller and system software	It is a self-developed software system designed to control engine test benches. It drives the operation of our self-constructed engine test benches to deliver technical testing services, while simultaneously functioning as the core system for test equipment projects sold to domestic and foreign companies as well as various government testing centres.

Nature	Descriptions and applications
ECU automatic calibration method and system	It is a program designed to calibrate the internal parameters of the ECU so that the vehicle can achieve optimal performance in different configurations, different driving modes and different environments. This program has been installed in specific engine laboratories and is applied to various testing and validation works.
Commercial vehicle PEMS equipment installation structure	It enables the design and manufacture of installation devices for PEMS. This technology has been applied to multiple vehicle road test projects.
Thermal shock equipment for engine testing	It is applied for hot standby engine thermal shock bench tests and the equipment has been used in various thermal shock testing works for some of our customers.
Test device simulating vehicle tire structure	It is applied to our four-motor test bench system to simulate real-world conditions. This technology has also been adopted for use by academic and industrial research institutions.
Hybrid power engine test system	It facilitates the upgrade of standard engine test benches into hybrid power test benches. This technology has been applied to upgrade some of our engine test benches, which are used for hybrid system testing.

LICENCES AND QUALIFICATIONS

As advised by our PRC Legal Advisor, no special licence or permit is required under PRC laws as a pre-requisite for us to conduct our business other than those which are applicable to PRC companies generally, we are also not required to follow any regulatory standard in order to conduct the automotive testing services. During the Track Record Period and up to the Latest Practicable Date, we have materially complied with all relevant applicable laws and regulations in the PRC. For further details regarding the laws and regulations which we are subject to, please refer to the section headed "Regulatory Overview" in this document.

Measures to address increased regulatory requirements in the automotive industry

The automotive testing industry is facing increased regulatory scrutiny particularly in relation to the actual capabilities of ADAS. The increased regulatory scrutiny inherently requires heightened automotive testing services and equipment.

In order to address the increased regulatory scrutiny in the automotive industry, our Group has continuously allocate resources to upgrade and acquire new major testing equipment and machinery to strengthen each type of our automotive testing services to ensure they meet the latest standard in the automotive industry.

In addition, we strive to uphold industry standards through a combination of quality control measures including comprehensive policies and procedures, robust training and regular evaluation. We implement stringent quality control measures to maintain our service standards and ensure precise testing outcomes. We also provide our employees with continuous training to ensure that they are able to keep abreast of the latest changes in the automotive industry and to ensure that our testing methodologies and outcomes are able to cater to these industry changes.

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, we had registered 7 trademarks, 101 patents and 27 software copyrights in the PRC which are or may be material to our business. For details of our intellectual property rights, please refer to "Statutory and General Information – 2. Intellectual property rights of our Group" in Appendix VI to this document.

During the Track Record Period and up to the Latest Practicable Date, we had not received any claim against us for infringement of any intellectual property rights nor were we aware of any pending or threatened claims in relation to such infringements and we had not made any claims against any third party with respect to the infringement of any intellectual property rights owned by us.

EMPLOYEES

Our Directors consider that our employees are invaluable assets and one of the key factors to our continued success. We have always endeavoured to attract and retain the best talent and we have adopted approach whereby we strive to enhance our employees' potential and contribution through providing training, competitive compensation and upward mobility opportunities. As at the Latest Practicable Date, we employed a total of 253 employees, all of whom are located in the PRC. The following table sets out a breakdown of our Group's employees by function as at the Latest Practicable Date:

Function	**Number of employees as at the Latest Practicable Date**
Management	8
Administration	19
Finance	6
Sales and marketing	15
Automotive Testing Solutions	152
Quality control	3
Research and development	50
Total	253

Despatched Staff

For the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, and up to the Latest Practicable Date, we engaged 1, 2, 1, 2 and 2 employees through labour despatch in order to provide us with greater flexibility with business operations. We entered into labour despatching service agreements with independent labour despatch service providers in which the term of the agreement is one year. As advised by our PRC Legal Advisor, the terms of the labour despatching service agreements complied with the relevant material PRC laws and regulations during the Track Record Period.

Pursuant to the Interim Provisions on Labour Despatch（劳務派遣暫行規定）(the "**Interim Provisions**") which came into effect on 1 March 2014, an employer shall strictly control the number of despatched staff to make sure that it does not exceed 10% of the total number of its workers. In the event of violation of the Interim Provisions, the relevant labour department would order the violating company to rectify such violation. If the violating company does not rectify within a prescribed period, it will be imposed a fine of RMB5,000 to RMB10,000 for each person over the limit. During the Track Record Period, our number of dispatched staff did not exceed 10% of the total number of our workers.

Employee recruitment and remuneration

We recruit potential employees from the open market, mainly based on the a range of factors, including but not limited to their working experience, technical knowledge and educational background. To facilitate recruitment, we strive to offer competitive salaries and benefits to our employees and have adopted policies to ensure that the salaries and bonuses of our employees are reviewed periodically, are competitive and in line with their performances. Upon the hiring of an employee, we would generally enter into a standardised employment contract with him or her which sets out the principal terms of their employment, such as remuneration, duties, benefits, paid leaves and grounds for termination. In addition to their basic remuneration as set out in the employment contract, it is also our policy to reward employees in the form of bonuses which are given out from time-to-time. Furthermore, in compliance with applicable statutory requirements in the PRC, we participate in the social insurance and the housing provident schemes in the PRC.

Our Directors have confirmed that we were in material compliance with all applicable labour laws of the PRC during the Track Record Period and up to the Latest Practicable Date, save for the following:

Details of non-compliance	Reasons for the non-compliance	Legal consequences and potential liabilities	Impact on our Group and remedial actions
During the Track Record Period we failed to in accordance with the relevant PRC laws and regulations make full contribution for some of our employees to the social insurance and housing provident fund based on their actual salary. The aggregate shortfall of the social insurance and housing provident contributions for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2026 amounted to approximately RMB1,886,000, RMB1,869,000 and RMB878,000 respectively.	These non-compliance incidents occurred primarily because of (i) our inadvertent oversight of the relevant PRC laws and regulations and (ii) some of our employees chose not to make full contribution of the social insurance and/or housing provident fund as they did not want to bear their portion of the contributions.	According to the relevant PRC laws and regulations: (i) if an employer fails to make full social insurance contributions, it may be ordered by the relevant authorities to pay the shortfall within a stipulated period and be liable to a late fee of 0.05% of the outstanding amount for each day of delay. If employer fails to do so, it may be ordered to pay a fine of one to three times the outstanding amount; and (ii) if an employer fails to make full contributions to housing provident fund, it may be ordered by the relevant authorities to make the required contribution within a stipulated period. If the employer fails to do so, an application may be made to the courts in PRC for compulsory enforcement. According to Article 19(1) of the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》, the "**Interpretation**"), if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the People's Court shall deem such agreement or undertaking invalid. Furthermore, where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38(3) of the PRC Labor Contract Law, the People's Court shall support such claims in accordance with the law, which clarifies that employees are entitled to request termination of their labor contracts and receive corresponding economic compensation under the PRC Labor Contract Law if the employer fails to make social insurance contributions in accordance with the law.	As advised by our PRC Legal Advisers, as at the Latest Practicable Date: (i) under the current regulatory policy, we will be subject to administrative penalties only if we fail to make the outstanding payments within the prescribed time limit after receiving a notice from the relevant authorities ordering us to do so; (ii) we will cooperate and make such payments in full and on time in accordance with the requirements of the relevant authorities should we receive a notice ordering us to pay or settle the shortfall of contribution to social insurance and/or housing provident fund within the prescribed time limit; (iii) we had not been involved in any material complaints by or labour disputes with our employees regarding social insurance and/or housing provident fund; (iv) we had not been subject to any outstanding or potential litigation, arbitration or administrative penalties as a result of the non-compliance incidents; and

Details of non-compliance	Reasons for the non-compliance	Legal consequences and potential liabilities	Impact on our Group and remedial actions
			(v) there were no non-compliance records regarding contributions to social insurance and/or housing provident fund in the credit reports of our Group. We have established an enhanced internal control procedure monitoring of our ongoing compliance with the relevant employment laws and regulations in the PRC, which includes (i) identification of employment-related laws and regulations such as social insurance and housing provident funds; and (ii) designation of our chief financial officer to monitor and ensure our compliance with, and identify any updates to, such laws and regulations, and complete the monthly calculations of social insurance and housing provident funds, which shall then be reported to our Board and our Directors. Our Directors are of the view that such internal control measures will effectively prevent the re-occurrence of the non-compliance incidents.

Given that (i) all social insurance shortfalls have been duly calculated and recorded by us; and (ii) during the Track Record Period and as of the Latest Practicable Date, there has been no dispute between us and our employees arising from our non-payment of social insurance contributions, our PRC Legal Adviser and our Directors are of the view that the Interpretation and non-compliances would have no material adverse impact to our business, financial situation or operating results.

Our Group is also an equal opportunity employer and it is our Group's policy to recruit talented employees regardless of their gender, orientation, age, ethnicity, family status and any other personal characteristics. As at the Latest Practicable Date, our Group's employees comprised 215 males and 38 females. Our company has established a labour union in accordance with relevant regulations in the PRC. Our union actively provides benefits to employees, strives to protect our employees' legal rights and provides relief to employees in need; it also organises activities for our employees. Our Directors confirmed that we did not encounter any material difficulty in the recruitment and retention of our employees or experienced any material disruption in our operations as a result of labour disputes during the Track Record Period and up to the Latest Practicable Date.

Employee training

We provide to our new and existing employees with relevant job training from time to time which covers health and safety and operational procedures. Where there are new industry regulations or we adopt or amend our policies and operating guidelines, we will also provide supplemental training to our employees.

Work safety

Our Group's business and operations are subject to various labour and safety laws and regulations in the PRC, for details, please refer to the section headed "Regulatory Overview" in this document. Our Group promotes occupational health and safety measures to ensure that it is in compliance with all applicable laws and regulations through establishing and implementing workplace safety guidelines for its employees. Pursuant to the occupational health and safety measures we have adopted, we have formulated a series of guidelines and policies which details work safety instructions and operating procedures, and have also employed work safety officers to coordinate and manage all matters related to work safety, thereby strengthening our Group's ability to ensure a safe working environment for its employees. When accidents do occur, it is our Group's policy that it will be reported to the relevant department and handled accordingly.

In practice, our safety plan includes (i) inspecting testing facilities from time to time in order to ensure that such facilities are safe; (ii) organising work place safety training for our employees on a regular basis and arrange personnel to supervise different stages of our production process so as to promote work place safety; (iii) documenting our safety plan in writing, which is conveyed to our employees before they started working with us; (iv) giving instructions and provide trainings to our employees in relation to safety measures from time to time; and (v) requiring our employees to wear personal protection equipment provided by us in a mandatory basis, including but not limited to hand gloves, face shields, safety shoes and safety goggles.

As advised by our PRC Legal Advisor, we were materially in compliance with all relevant mandatory local and national occupational health and safety laws and regulations, during the Track Record Period and up to the Latest Practicable Date. Our Directors have also confirmed that during the Track Record Period and up to the Latest Practicable Date, we did not have any material accidents and fatalities involving our employees, the employees of our subcontractors and/ or dispatched workers, and we have not been subject to any material fines, public criticism or warnings in relation to any safety incidents.

QUALITY CONTROL

We place a strong commitment towards ensuring the quality of our service standards and the accuracy of our testing outcomes. As such we have adopted internationally recognised standards and have established a set of stringent quality control measures comprising quality control policies and procedures to review the works we undertake for our clients.

Our quality control policies set out the procedures required when undertaking work orders from our customers. Prior to undertaking new work orders from our customers, we will establish a project team which is led by a senior staff whereupon they will determine the parameters of the testing program and appropriate resources will be allocated. Pre-testing readiness checks will be conducted as well to ensure that equipment and machinery are able to perform within acceptable parameters. After conducting the relevant tests, the runtime data and testing statistics will be recorded and reviewed internally in order to identify and rectify abnormalities. Each employee also receives periodic training to ensure their understanding and adherence to these standards. Aside, as our automotive testing services works rely on equipment and machinery which are subject to wear and tear, we also have policies in place to ensure periodic maintenance as well as testing to ensure that they perform at optimal levels.

We have obtained the Laboratory Accreditation Certificate*(實驗室認可證書) from China National Accreditation Service for Conformity Assessment(中國合格評定國家認可委員會) for our Changxing Headquarters and Jinshan Testing Facility which demonstrates our capability and eligibility to provide reliable automotive testing services.

In 2024, we were awarded with IATF 16949: 2016 validation which is a recognition that we have adhered to the international quality management system standard for the automotive industry set by the International Automotive Task Force whose members consists of leading automotive companies. The purpose of the IATF 16949: 2016 standard is to not merely identify manufacturing defects but to identify the problems and risks in their production so as to eliminate their causes so that preventative and corrective measures can be undertaken. Apart from IATF 16949: 2016, we have also obtained various management system standard certifications such as ISO 9001: 2015, ISO 14001: 2015 and ISO 45001: 2018 in 2022 and 2025.

As at the Latest Practicable Date, our Automotive Testing Solutions department comprised 152 employees and our quality control department, led by Mr. Zang Ning comprised 3 employees who serve to review the accuracy of our testing outcomes.

As confirmed by our Directors, we did not receive any material complaints in relation to the quality of work done and services rendered by us during the Track Record Period and up to the Latest Practicable Date.

AWARDS, RECOGNITIONS AND VALIDATIONS

Set out below are the major awards, recognitions and validations received/possessed by us which are valid as at the Latest Practicable Date:

Award/recognition/ validation	Entity	Year of issuance	Awarding/issuing body	Expiry date
Laboratory Accreditation Certificate* (實驗室認可證書)	Our Company	2021	China National Accreditation Service for Conformity Assessment	May 2027
IATF 16949:2016	Shanghai Junzhi	2024	China Quality Certification Centre	July 2027
High and New Technology Enterprise* (高新技術企業)	Our Company	2023	Department of Science and Technology of Zhejiang Province, Zhejiang Provincial Department of Finance and State Taxation Administration	December 2026
ISO 9001:2015 (QMS)	Our Company	2025	Jingxin Certification (Beijing) Co., Ltd. and China's Recognition of International Mutual Recognition Management Systems	September 2028

Award/recognition/ validation	Entity	Year of issuance	Awarding/issuing body	Expiry date
ISO 14001:2015 (EMS)	Our Company	2025	Jingxin Certification (Beijing) Co., Ltd. and China's Recognition of International Mutual Recognition Management Systems	September 2028
ISO 45001:2018 (OH&S)	Our Company	2025	Jingxin Certification (Beijing) Co., Ltd. and China's Recognition of International Mutual Recognition Management Systems	September 2028
High and New Technology Enterprise* (高新技術企業)	Shanghai Hexia	2025	Science and Technology Commission of Shanghai Municipality, Ministry of Finance and State Taxation Administration	December 2028
High and New Technology Enterprise* (高新技術企業)	Shanghai Junzhi	2023	Science and Technology Commission of Shanghai Municipality, Ministry of Finance and State Taxation Administration	December 2026
High and New Technology Enterprise* (高新技術企業)	Shanghai Jundao	2025	Science and Technology Commission of Shanghai Municipality, Ministry of Finance and State Taxation Administration	December 2028

We have obtained the Laboratory Accreditation Certificate from the China National Accreditation Service for Conformity Assessment for our Changxing Headquarters and Jinshan Testing Facility, which indicates that our management level, testing capabilities, and overall operational abilities have reached stringent national and international standards. However, because this accreditation serves as a demonstrative mark rather than a prerequisite for operating our automotive testing services, and that maintaining these qualifications require ongoing costs, we have not pursued it for every testing facilities. Nevertheless, our Group proactively tracks the validity and renewal status of these accreditations, along with our other awards and recognitions, on an ongoing basis.

MARKET AND COMPETITION

According to the F&S Report, the automobile market in the PRC continues to face challenges from persistence price competition and structural oversupply. To maintain market volume and market share, most auto manufacturers have engaged in sustained price reductions and these discounts have compressed industry profit margins and have placed considerable financial pressure on mid to lower tier brands.

Notwithstanding the above, the market for automotive testing services in the PRC has demonstrated consistent growth, increasing from approximately RMB14.8 billion in 2020 to approximately RMB22.9 billion in 2025, representing a CAGR of approximately 9.1%. Going forward, it is expected that the market for automotive testing services will grow from approximately RMB25.1 billion in 2026 to approximately RMB36.3 billion by 2030

(representing a CAGR of approximately 9.7%). This continuous growth is expected to be driven by increasing vehicle complexity, rising investments in the research and development of NEVs, government support and policies and new regulatory standards for safety emissions.

With the maturing of battery, electric motor and charging systems technologies, it has improved NEV performance and spurred the number of new NEV models entering the market. The automotive industry in the PRC is also experiencing an "intelligentization" revolution as auto manufacturers seek to enhance user experience through adopting ADAS. Additionally, auto manufacturers have exhibited an increasing tendency to outsource their automotive testing services works, especially as these testing and validation works have grown in complexity, in order to, amongst others streamline their operations. All of these factors are expected to create a sustained on-going demand for automotive testing services.

All in all, the prior and expected growth in the automotive testing services has led to the growth of evermore specialised and sophisticated automotive testing services providers who are capable of meeting these demands. However, this growing demand has also created industry barriers in the form of (i) high capital investment as automotive testing services providers need to invest significant capital in new testing equipment and facilities and (ii) specialised talent scarcity as there is a shortage of skilled engineers who possess interdisciplinary expertise in software, data science, electronics and automotive engineering. Be this as it may, we believe that given the factors set out in "Competitive strengths" in this section, in particular the experience of our management staff and our ability to adapt to new and changing market trends, we will be able to continuously capture new market opportunities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG governance

Our Board has the collective and overall responsibility for establishing, adopting and reviewing the ESG policies, strategies and target of our Group to ensure a compliance culture in the business operation, identifying the key performance indicators and the relevant measurements and evaluating, determining and addressing our ESG-related risks in accordance with Appendix C2 to the GEM Listing Rules, together with other applicable recommendations from the Stock Exchange. Our Board will assess, evaluate the ESG risks and review our Group's existing strategy, target and internal controls. If necessary, improvements will be implemented to mitigate the risks that are material to our Group's business operation and Shareholders from time to time. After the **[REDACTED]**, our Group will publish an ESG report annually in accordance with Appendix C2 to the GEM Listing Rules to qualitatively and quantitatively analyse and disclose important ESG matters, risk management and the accomplishment of key performance objectively.

The Group has established a Climate Change Management Implementation Plan to integrate climate considerations into corporate strategy, operations, supply chain management, technology development and employee management. The Plan supports regulatory compliance, emissions reduction, cost efficiency and green development, with clear responsibilities assigned to the Board, senior management, the Climate Change Management Leadership Group and the Climate Change Management Department.

The Climate Change Management Leadership Group, chaired by the General Manager and comprising senior management and functional heads across production, technology, procurement, engineering, administration, finance, human resources and sales, oversees climate-related compliance and implementation. Supported by the Climate Change Management Department under the Operations Center Safety Division, the Group ensures effective daily management, carbon monitoring, internal coordination and external verification, enabling comprehensive assessment of climate-related risks and opportunities.

Climate-related targets are embedded into departmental and employee performance assessments, with key metrics carrying a minimum weighting of 10%. The Plan promotes a strong compliance culture through training, monthly monitoring, quarterly inspections, annual reviews, and incentive and penalty mechanisms, supported by corrective actions and structured reporting. Senior management approval is required for emissions targets, budgets and major low-carbon investments, while accountability is reinforced through record-keeping, third-party verification and continuous policy updates, with employee engagement encouraged through training and low-carbon initiatives.

Environmental matters

We are subject to a number of environmental laws and regulations in the PRC including among others, the Law of the PRC on Environmental Protection (《中華人民共和國環境保護法》); the Law of the PRC on Prevention and Control of Air Pollution (《中華人民共和國大氣污染防治法》); the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》); and the Law of the PRC on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》). As confirmed by the PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we are in compliance all relevant environmental laws and regulations in the PRC in all material respects.

The Group has formulated Resources Conservation and Waste Management Procedures which apply to our offices, testing facilities and factories. These procedures set out the policies and concrete measures for: (i) complying with all applicable environmental regulatory requirements; (ii) assessing the environmental impacts of our facilities and setting improvement targets; (iii) conserving energy and water and reducing waste at source; and (iv) providing relevant environmental training and guidance to employees and on-site workers.

Energy and emission management

We offer comprehensive Automotive Testing Solutions which includes, (i) automotive testing services, (ii) testing facility solutions and (iii) sales of automotive components. The performance of our automotive testing services involve the use of fuels, such as diesel, gasoline and natural gas, and other materials, and we rely heavily on their consistent supply. These fuels function as the primary energy source for running internal combustion engines and vehicles during durability, performance, and emissions testing cycles.

Nevertheless, we recognise the importance of environment conservation and strives to minimise its environmental impact. Given the nature of our business operation, we generate certain air pollutants, such as sulphur oxides, nitrogen oxides, and particulate matter and greenhouse gas emissions. To this end, we have implemented practical measures specifically targeting the reduction of emissions. These initiatives include preventing the disposal of exhaust gases with high concentrations of harmful chemicals, encouraging employees to adopt green travel practices like public transportation, and promoting fuel-saving testing procedures.

In testing facilities, our specific measures to manage energy use and emissions include:

- Arrange test schedules in an orderly manner to avoid unnecessary idle running of engines and equipment;
- Shut down or place test equipment in energy-saving modes when not in use;
- Use of efficient chilling and boiler systems where applicable;
- Prioritise the use of energy-efficient lighting and ventilation systems in test cells and laboratories;
- Promote the use of natural lighting where practicable in our testing and office areas; and
- Require non-essential lighting and electrical equipment to be switched off after working hours.

To further manage energy consumption and emissions from transport activities, we enforce internal policies governing the use of company vehicles. Employees are required to plan routes efficiently and share trips where appropriate to minimise mileage, private use of company vehicles is strictly prohibited, and vehicles are subject to regular maintenance and inspections, including control of tire pressure, to ensure they remain in good technical condition and to help reduce fuel consumption.

Waste management

Specific waste management procedures applicable to our offices and testing facilities are clearly stated in the Group's Resources Conservation and Waste Management Procedures. Waste generated from testing facilities is classified, segregated and managed according to its hazardous and non-hazardous nature.

The Group's testing facilities may generate general non-hazardous waste, recyclable waste, and regulated or hazardous waste arising from vehicle testing, and laboratory operations, including used oils, lubricants, batteries and solvents. To manage this waste appropriately, the Group has implemented the below measures:

- Segregate waste by placing clearly labelled waste containers in designated work areas;
- Maintain separate collection arrangements for hazardous waste, general waste and recyclables;
- Ensure the hazardous waste generated from the testing facilities are stored and handled separately where applicable;
- Transfer hazardous waste only to qualified third-party contractors for collection, recycling, treatment or disposal in compliance with local regulations; and
- Hand non-hazardous waste, including general office and packaging waste, over to property management and cleaning service providers for recycling and centralised handling.

Through these measures and the promotion of paperless office initiatives, we aim to progressively reduce the volume and intensity of waste generated in our testing facilities and offices. In 2022, we obtained the ISO 14001 Environmental Management System certification (subsequently renewed on 2025), which is a testament to our efforts in promoting environmentally friendly and sustainable business practices.

Water management

As part of the Group's Resources Conservation and Waste Management Procedures, we have implemented specific water management measures:

- Promote water-saving habits at all our operating locations, including offices and testing facilities;
- Strengthen employee education on water conservation;
- Encourage staff to promptly turn off taps after use and to operate valves and faucets carefully to avoid damage;
- Conduct regular inspections of water pipelines and related equipment within our premises to detect and repair leaks in a timely manner; and
- Installation and maintenance of water-saving devices.

Our facilities rely solely on municipal water supplies from the Ministry of Water Resources of Mainland China and, during the Track Record Period, we did not encounter any material issues concerning the availability of water supply.

In order to reduce water and energy consumption associated with our testing facilities efficiently, we will further strengthen facility-level management through monitoring of consumption data, setting of intensity reduction targets, periodic review by management, and continuous improvement measures. The Board has overall responsibility for overseeing the Group's ESG strategy and targets, while management is responsible for implementation, monitoring and reporting.

During the Track Record Period, the Group is not aware of any material non-compliances with ESG laws and regulations. Going forward, our Directors do not anticipate incurring significant costs relating to compliance with applicable environmental protection rules and regulations in the PRC going forward.

ESG and climate related key performance indicators

We have assessed quantitative information that reflects our management of ESG-related risks, which includes greenhouse gas emission and resource consumption. Greenhouse gas emissions consists of Scope 1, Scope 2 and Scope 3 emissions. Scope 1 emissions encompass direct greenhouse gas emissions, primarily resulting from direct energy consumption and other operational resources, such as fuel and urea utilised by company-owned vehicles. Scope 2 emissions comprise indirect greenhouse gas emissions, mainly attributable to electricity consumption. Scope 3 emissions pertain to activities including employee business travel and waste generated in operations. The following table sets out an analysis of our greenhouse gas emissions:

Emission sources	Unit	Year ended 31 December 2024	Year ended 31 December 2025	Six months ended 30 June 2026
Scope 1 (direct emissions)	**tCO2e**	**2,478.9**	**2,742.1**	**1,238.3**
Scope 2 (indirect emissions)	tCO2e	6,416.2	8,177.6	4,279.8
Scope 3 (other indirect emissions)				
– business travel	tCO2e	19.5	15.2	10.1
– waste generated in operations	tCO2e	25.1	33.0	14.0
Total	**tCO2e**	**8,939.7**	**10,967.9**	**5,542.2**

To more effectively mitigate ESG and climate change-related risks, we have implemented a series of measures aimed at reducing carbon emissions, energy and resource consumption, complemented by periodic performance reviews.

Looking ahead, we are committed to maintaining or reducing its emissions levels. We have set a target to reduce total greenhouse gas emissions (Scope 1 and Scope 2) by 3% by 2026 as compared to the emission level in 2024. To achieve this, we will continue to explore methods to reduce pollutant levels during testing services, transition further to renewable energy sources, and optimise its supply chain. We also plan to broaden the scope of Scope 3 data collection to establish future reduction targets. This includes partial coverage of employee business travel and commuting. We will further transition to renewable energy sources, optimise our supply chain and continue to monitor of emissions in order to achieve the target set.

The following table sets out an analysis of our resource consumption:

	Unit	Year ended 31 December 2024	Year ended 31 December 2025	Six months ended 30 June 2026
Energy consumption	MWh	22,338.7	26,342.3	8,115.8
Water consumption	m^3	43,687.0	57,464.0	24,380.0

We aim to reach the peak intensity of energy use by 2030. After this peak, we are committed to implementing strategies to reduce energy consumption in line with China's Hong Kong's goal of achieving carbon neutrality by 2060 and the objectives outlined in the Paris Agreement.

We actively promote energy conservation, particularly in relation to electricity consumption. During routine operations, our focus on energy efficiency and lower emissions includes explicit directives like swiftly powering down air conditioners, illumination, sound systems, and similar equipment, along with curbing excess lighting. In addition, we champion sustainable travel by promoting public transit, preferring vehicles powered by new or clean energy sources, and restricting those with high emissions. Although fluctuations in energy consumption are inevitable with our business growth and development, we will continue promoting the virtue of energy conservation among employees. Additionally, we will monitor office electricity usage consistently during operations. By implementing the aforementioned measures consistently, we aim to maintain a similar level of energy consumption in 2026 as in 2025.

In addition, we aim to reach the peak intensity of water use by 2030. After this peak, we are committed to reducing water consumption in alignment with China and Hong Kong's goal of achieving carbon neutrality by 2060 and the objectives set forth in the Paris Agreement.

We have established a corporate-level goal to reduce our overall water consumption, creating a unified strategy that integrates diverse water-related initiatives across our facilities. At every site, we employ conservation technologies like flow restrictors in restrooms, more efficient chillers and steam boilers, and other water-saving measures. During the Track Record Period, we did not encounter any material issues concerning the availability of water supply, as we solely utilise water supplied by the Ministry of Water Resources of Mainland China at our operational locations. Looking ahead, we will continue to encourage employees to conserve water and minimise wastage. By implementing the aforementioned measures consistently, we aim to maintain a similar level of water consumption in 2026 as in 2025.

After the **[REDACTED]**, we will continue to adhere to the relevant regulations and laws while striving to decrease its greenhouse gas emissions and resource consumption. While the business operations of our Group do not involve environmentally friendly products and services, we still place a strong emphasis on environmental responsibility.

Climate change

Identified climate risks are prioritised based on likelihood and impact, and the Group is not currently aware of any material exposure of its assets or operations to transition or physical climate risks.

Social matters

We place a strong emphasis on promoting diversity and treating all our employees equally with regards to recruitment, training, promotion, professional and personal development and strive to achieve a fair workplace where all employees are treated fairly and protect them from any discrimination of gender, orientation, age, ethnicity, family status or any other personal characteristics. Further, promotion within our Group is based solely on the employee's performance, experience and capability. For details, please refer to "Employees" in this section. As for board diversity, please refer to "Directors and Senior Management – Board diversity policy" in this document.

Workforce and fair labour practices

The Group is committed to maintaining a workplace free from discrimination and providing equal opportunities for all employees. This principle applies across all human resources processes, including recruitment, transfer, promotion, training, remuneration and welfare. As an equal opportunity employer, the Group does not tolerate discrimination based on ethnicity, gender, age, religion, nationality, disability or sexual orientation. Recruitment and selection are conducted through transparent and fair procedures, with appointments made on the basis of merit, experience and competence. Employee promotions are reviewed regularly, and annual performance appraisals are carried out against objective performance indicators.

The total workforce as at 31 December 2024 is 241 with 202 male employees and 39 female employees. The total workforce as at 31 December 2025 is 244 with 207 male employees and 37 female employees. The total workforce as at 30 June 2026 is 243 with 207 male employees and 36 female employees.

During the Track Record Period, the overall employee turnover rate of our Group were approximately 38%, 33% and 7% for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2026 respectively.

Employee welfare

The Group is committed to building a supportive and competitive employee welfare system that helps attract, retain and motivate talent. Our Employee Welfare and Bonus Management Policy covers statutory and non-statutory leave, social insurance and housing provident fund arrangements, employer's liability insurance for full-time employees, accident insurance for interns, and a structured trade union welfare programme.

In addition to statutory entitlements, employees are provided with a range of welfare benefits, including hospitalization and bereavement support, marriage gifts, group medical check-ups and mutual medical aid, as well as education and training support aligned with business needs. These benefits are centrally administered by the Human Resources Department and, where applicable, the trade union, to ensure consistent and equitable access across the Group. The Group also promotes employee wellbeing and engagement through sports and cultural activities, employee care initiatives, and annual health examinations, with welfare arrangements periodically reviewed to remain relevant to employees' needs and the operating environment.

To support performance and recognition, the Group operates a bonus system linked to company, departmental and individual performance.

Employee health and safety

We strictly comply with applicable occupational safety and health laws and regulations in the Mainland China. The Group has established Occupational Health and Safety Management Policy and Full-process Implementation Plan to protect employees' health and safety across all business activities. The policy requires hazard identification and risk grading, daily inspections, special checks, work permits for high-risk activities, occupational health examinations, personal protective equipment management, emergency drills, and training for all employees and managers, with accident to be reported, investigated and corrected through a closed-loop process. The Group's health and work safety compliance record is monitored through regular safety inspections, quarterly performance reviews, annual internal audits and management reviews, with corrective actions tracked until completion.

The human resources department oversees our occupational health and safety arrangements and implements a range of preventive and protective measures, including regular inspections of offices, testing facilities and factories, maintaining first-aid kits, and organising annual fire drills. We further safeguard employees through benefits including but not limited to clear work-arrangement guidelines during severe weather, comprehensive medical benefits, and telephone conferences to reduce unnecessary travel and related safety risks.

During the Track Record Period and up to the Latest Practicable Date, our Group did not violate any health and safety laws and regulations.

Supply chain management

The Group has Quality System Procedures and Implementation Plan for Climate Change Management to actively evaluate existing and potential suppliers with the purpose of ensuring ethical and responsible practices throughout its supply chain. By thoroughly assessing suppliers' compliance with labour laws, safe working conditions, and

non-discrimination policies, we aim to create a fair and inclusive workplace environment. Inside the Implementation Plan for Climate Change Management, we have a green supplier evaluation framework that incorporates carbon emissions indicators into supplier assessment, prioritises suppliers with low-carbon, environmentally friendly and emissions-reduction capabilities, and requires key suppliers to submit carbon emissions reports to support upstream and downstream decarbonisation collaboration. The evaluation process also serves to mitigate social risks and promote sustainability within the supply chain. Through these assessments, we strive to select suppliers who uphold fair and ethical practices, aligning with its commitment to responsible business conduct.

We have established long-term relationships with major suppliers and implement rigorous assessment procedures. Prior to engagement, we conduct background checks on potential suppliers to evaluate their environmental and social risk levels, including tax compliance and product quality. Our supplier assessment also takes into account climate-related performance, and we prioritise products and suppliers that comply with environmental standards and demonstrate lower-carbon practices. We prioritise products that comply with environmental standards and regularly assesses the performance of existing suppliers. Suppliers identified as needing rectification regarding environmental or social performance are required to improve within a specified timeframe; failure to do so results in the termination of the partnership. This comprehensive management approach ensures that our supply chain aligns with its sustainability objectives.

In addition to suppliers of goods and services, our supply chain management approach extends to subcontractors that provide testing, installation, maintenance and other services. When engaging subcontractors, we consider not only their technical capabilities and quality performance but also their track record and policies in areas such as occupational health and safety, labour standards including the prevention of child and forced labour, environmental protection and business ethics. We require subcontractors working on our premises to comply with our site safety rules and environmental requirements and reserve the right to suspend or terminate cooperation with subcontractors that repeatedly fail to meet our environmental, safety or ethical standards. Where relevant, we also promote low-carbon logistics and warehousing practices, including route optimisation, improved vehicle loading rates, use of rail-sea and inland-sea intermodal transport, gradual replacement of logistics vehicles with new energy vehicles, energy-efficient warehousing equipment, optimised warehouse layout, and the use of recyclable packaging materials to reduce packaging waste.

Anti-corruption and anti-bribery policies

The Group adopts a zero-tolerance approach to corruption, bribery and other improper conduct, as outlined in the *Employee Handbook*, which defines such acts as any direct or indirect offer, promise, giving, solicitation or acceptance of improper benefits to secure business opportunities or undue advantage. Improper benefits are broadly defined to include cash, gift cards, securities, gifts, property, stock-related benefits, kickbacks, commissions and special opportunities such as employment or education. The *Employee Handbook* also prohibits abuse of authority for personal gain, including benefits for employees, their relatives or related parties.

To support enforcement, the Group has established a Discipline Inspection and Supervision Leading Group responsible for prevention, supervision, investigation and rectification of violations, supported by regular anti-corruption training. A reporting channel is available with strict confidentiality for whistleblowers. Reports are handled through a structured process of registration, verification and investigation, with disciplinary actions ranging from internal sanctions to termination or referral to judicial authorities, depending on severity.

During the Track Record Period and up to the Latest Practicable Date, there were no concluded legal cases regarding corrupt practices brought against our Group or our employees.

Community engagement

We are dedicated to fostering a culture of innovation and service within the community, offering employees opportunities to build social connections and promote education for nurturing talent development through donation. In the year ended 31 December 2024, we have dedicated RMB120,000 to Changxing County Charity Federation and Jiangsu University Education Development Foundation for providing one-on-one assistance to Wenchuan and talent cultivation at the Automotive Engineering Research Institute on research and development. We believe the donation has made a significant impact on the community, reflecting our Group's commitment to giving back.

INSURANCE

During the Track Record Period, we maintained insurance that covered enterprise property insurance, vehicle insurance, group accident insurance, employer liability insurance and commercial medical insurance. Our Directors consider that our existing insurance coverage is in line with industry norms and is sufficient for our present operations. As confirmed by our Directors, we had duly maintained all insurance policies in compliance with the relevant PRC laws and regulations. Please refer to the section headed "Risk Factors – Our insurance coverage may not be sufficient to cover all losses and potential claims which would affect our business, financial condition and results of operations" in this document. Our Directors also confirmed that during the Track Record Period and up to the Latest Practicable Date, no material claims had been made against insurance policies maintained by our Group.

For the years ended 31 December 2024 and 2025 and the six months ended 30 June 2026 our Group's insurance expenses were approximately RMB0.3 million, RMB0.3 million and RMB0.2 million respectively.

PROPERTIES

Owned properties

The following table sets out a summary of the properties owned by us as at the Latest Practicable Date:

Address	Use	Approximate floor area *(sq.m)*
Changxing Headquarters – No. 1155 Chenwang Road, Taihu Street, Changxing County, Huzhou City, Zhejiang Province, PRC	Office/testing facility	26,188.3

As of 30 June 2026, the carrying amount of our property interests did not exceed 15% or more of our combined total assets. According to Chapter 8 of the GEM Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

Leased properties

As at the Latest Practicable Date, we had leased five material properties in the PRC and one material property in Singapore with an aggregated lease area of approximately 14,835.0 sq.m. for use primarily as office spaces and testing facilities. All leased properties were leased from Independent Third Parties. The following table sets out a summary of the properties leased by us as at the Latest Practicable Date:

Address	Use	Approximate floor area *(sq.m)*	Term
Wuhan Testing Facility – No. 39, Chuangye Fifth Road, Wuhan Economic and Technological Development Zone, Hubei Province, PRC	Office/ testing facility	8,725.9	1 January 2026 to 31 December 2031
Jiashan Testing Facility – No. 11 Liangchuang Road, Ganyao Town, Jiashan, Zhejiang Province, PRC	Testing facility	4,282.1	1 October 2025 to 31 December 2027
Rugao Testing Facility – No. 170 Huimin Road, Rugao City, Jiangsu Province, PRC (Fuel Cell Engine Performance Laboratory, located west of the Vehicle and Component Testing Building, Hydrogen Energy Industrial Park)	Testing facility	615.0	1 April 2025 to 31 December 2029
Unit 703, 7th Floor, Building 3, Jiayu Information Technology Building, No. 1177 Husong Highway, Songjiang District, Shanghai, PRC	Office	164.0	1 December 2025 to 30 November 2027
Units 4006-4007, Building 1, No. 951 Jianchuan Road, Minhang District, Shanghai, PRC	Office	488.0	1 May 2026 to 30 April 2029
12 Woodlands Square, 08-83, Woods Square, Singapore, 737715	Office	560.0	2 February 2026 to 01 February 2028

Jinshan Testing Facility

Our Jinshan Testing Facility is located on land leased from the local government and due to changes in government planning with respect to the land upon which our Jinshan Testing Facility is situated, the lease was terminated by way of a mutual agreement dated 1 December 2025 pursuant to which we are to vacate the premises by no later than 31 July 2026. The Jinshan Testing Facility was closed down on 20 July 2026. In light of the above, all testing machinery and equipment located at our Jinshan Testing Facility were relocated to our Changxing Headquarters and Jiashan Testing Facility.

After the relocation, we will no longer have any testing facility presence in Shanghai. However, our Board is of the view that the termination of the lease in respect of our Jinshan Testing Facility will not have any material adverse impact upon our business and operations as (i) as there is a transitional period that allows for transfer of our testing equipment and our employees; (ii) we have constructed several new testing benches in our testing facilities, including our Jiashan Testing Facility and our Changxing Headquarters to offset the capacity loss during the relocation period; (iii) the relocation was executed in batches rather than all at once, and we move only two testing benches at a time to prevent any sudden drop in overall production; (iv) we have constructed new infrastructure at Jiashan Testing Facility beforehand so that the testing equipment could be installed and commissioned immediately upon arrival; and (v) our Jiashan Testing Facility remains in the general vicinity of our Jinshan Testing Facility.

Failure to file lease agreements with the local housing administration authorities

Save for our Jiashan Testing Facility, the lease agreements of the abovementioned leased properties had not been filed with the local housing administration authorities by the lessor during the Track Record Period as required under the applicable PRC law, primarily due to the handling personnel, who was responsible for property leasing of our Group, being unfamiliar with the relevant regulatory requirements. As advised by our PRC Legal Advisor, failure to file the lease agreements would not affect the validity of such lease agreements. According to the relevant PRC law and regulations, we may be ordered to rectify this failure by the competent authorities within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease.

As at the Latest Practicable Date, we have not received any notice from the relevant regulatory authority with respect to potential administrative penalties or enforcement actions as a result of our prior failure to file the lease agreements described above. Based on the above, our PRC Legal Advisor are of the view that (i) the aggregate maximum amount of penalties for not registering such lease agreements would be RMB60,000; (ii) the risk of us being fined is remote.

LEGAL PROCEEDINGS AND COMPLIANCE

As at the Latest Practicable Date, our Group was not engaged in any material litigation, arbitration or claim and as confirmed by our Directors no material litigation, arbitration or claim is pending or threatened by or against us that would have a material adverse effect on our results of operations or financial condition. Our Directors have also confirmed that our Group had not been involved in any non-compliance matters which had or may have a material adverse effect on its results of operations or financial conditions during the Track Record Period and up to the Latest Practicable Date.

RISK MANAGEMENT AND INTERNAL CONTROL

With the growth and expansion of our operations, the potential risks associated with our business of the increases. It is the responsibility of our Board to ensure that we maintain sound and effective internal control measures to safeguard our Shareholders' investment and our the assets at all times. In order to identify, assess and control the risks that may create impediments to the growth of our business, we have adopted, or expect to adopt before the **[REDACTED]**, a series of internal control policies, and procedures designed to provide reasonable assurance for achieving objectives, including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations and to implement risk management policies to address various potential risks identified in relation to its operations, including operational risks, credit risks, market risks, financial risk and legal risks. In particular, we have taken certain measures and has established various structures and policies as follows to strengthen its internal control and to manage its risks:

- a thorough examination by our Board of any material risks associated with any material business decision before approving such decision;

- our Directors and senior management are required to keep track of day-to-day operations and monitor any associated operational risks of our Group and to formulate policies and resolutions to mitigate or resolve these risks;

- the engagement of an independent internal control consultant to assist our Group in reviewing and to provide recommendations on improving its internal control system. Taking into account the recommendation of such review by the independent internal control consultant, our Group enhanced its internal control system accordingly;

- the establishment of an Audit Committee which will review our Group's internal control system and procedures for compliance with the requirements prescribed by the applicable laws, rules and regulations;

- the appointment of Vast Harbour Corporate Finance Limited as our Group's compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules to advise us on compliance with the GEM Listing Rules upon the **[REDACTED]**;

- the engagement of external legal advisers to advise us Group on compliance with and to provide us with updates on the changes in the GEM Listing Rules and the applicable laws, rule and regulations from time to time and as required;

- the provision of training to relevant employees in order to enhance their industry knowledge and to encourage an encompassing culture of risk management ensuring that relevant employees are aware of and responsible for risk management; and

- the establishment of an in-house legal and compliance team which is overseen by our chief financial officer to organise, review and maintain our internal control systems and to provide assistance to our Directors, senior management and employees with respect to internal control policies (where necessary).