OVERVIEW

Who We Are

We are a leading AI-powered, DES-based modern electricity service provider in China. According to CIC, we are the largest modern electricity service provider in China in terms of DES asset operating scale as of December 31, 2025 with an operating scale of 799.5 MWh and market share of 7.4%. We invest in and develop DES assets and provide electricity services. We are committed to aggregating real-time dispatchable user-end power resources to deliver optimal value on DES assets and power cost savings while contributing to grid stability. Amid ongoing global energy restructuring, our vision is to become a leading global modern electricity service provider. Our mission is "smart energy, benefits all."

Our Market Opportunities

In light of surging power consumption driven by AI and other advanced technologies, the ongoing global energy restructuring ultimately will establish a modern power system that is clean and low-carbon, supply-demand coordinated, flexible, and intelligent, according to CIC. This modern power system necessitates comprehensive transformation. The increasing penetration of wind and solar power generation, which is intermittently subject to external conditions, could result in increasing chance and complexity of mismatch between power generation and load. In addition, the existing rigid structure of the grid and the load, where power generation passively follows load demand, is shifting to a more flexible structure where generation, grid, load, and storage are efficiently coordinated to achieve supply-demand balancing. Furthermore, electricity market is evolving from a centralized structure toward a three-tier coordinated structure comprising the main grid, distribution networks, and intelligent microgrids. The existing planned, wholesale-oriented electricity market is open for more flexible, service-oriented commercial models. The modern electricity service market is gradually being activated, where a large scale of real-time dispatchable user-end power resources and strong responsiveness to electricity price fluctuations are increasingly required to support emerging electricity service models.

DES, an optimal form of real-time dispatchable user-end power resources, has emerged as an important balancing factor in this market. It can provide bidirectional, distributed, and flexible regulation support to the power system while coupling with user-end load curves to sense real-time electricity price fluctuations. According to CIC, the size of China's electricity trading service market in terms of service fee, in 2025 was RMB361.3 billion while the penetration rate of electricity trading service with underlying operating DES assets is 0.04%, and the size of China's electricity trading service market is expected to reach RMB842.3 billion with the penetration rate expected to reach 0.7% in 2030. The integration of real-time dispatchable user-end power resources, primarily DES assets, with electricity trading is critical to modern electricity services.

Our Business Model

We carry out DES asset development and provide electricity services. Currently, we focus on investing in and developing DES assets at physical power nodes in China to expand our real-time dispatchable user-end power resource network for the ramp-up of our electricity services.

We target major heavy-load provinces in China, notably the Yangtze River Delta and Pearl River Delta regions, to develop DES assets. Our DES asset development comprises optimal energy storage capacity planning and standardized delivery and acceptance.

We provide electricity services primarily to electricity users, which are typically industrial and commercial enterprises characterized by heavy usage, prolonged demand, and significant daily load fluctuations. Our electricity services currently include peak-valley arbitrage, operation and maintenance, electricity trading, and VPP. Under peak-valley arbitrage and operation and maintenance, we deploy remote dispatch and control technologies to physical power nodes, integrate them with user-end load curves, and provide electricity users with electricity cost optimization. Under electricity trading, we participate in electricity trading transactions across annual, monthly, day-ahead, and real-time markets,

including position management, volume declaration, and price bidding for electricity users. Under VPP, we aggregate DES assets and enable them to participate in power system optimization, including peak shaving, valley filling, and demand response, as a unified power generation entity. We have developed AI platforms that analyze and forecast load, generation output, electricity pricing, and operating status to support our electricity services.

For details of our business model, including a breakdown of our revenue by business line during the Track Record Period, see "— Our Business Model."

OUR STRENGTHS

An early mover in defining the modern electricity service model

We are one of the first to integrate DES asset development and electricity services, according to CIC, contributing to the formulation of the modern electricity service model. We have proactively established an extensive network of DES assets, which are real-time dispatchable, at physical power nodes, which are presented at the user ends. This DES asset network serves as the physical foundation for our electricity services, including peak-valley arbitrage, operation and maintenance, electricity trading, and VPP. Together, these capabilities form the dual core drivers of our value creation in the modern electricity service market.

Building upon our DES assets in the Yangtze River Delta region, we can further scale up our electricity services. We have secured electricity sales qualifications across Jiangsu, Zhejiang, and Anhui, alongside VPP qualification in Zhejiang. As of December 31, 2025, we had up to approximately six billion kWh of electricity contracted for trading in 2026, which we believe validates our modern electricity service model.

We believe that our first-mover advantages position us ahead of other competitors in the modern electricity service market and our proven service model can be rapidly scaled from the Yangtze River Delta region to other regions nationwide.

Large-scale DES asset deployment across physical power nodes

We have deployed DES assets on physical power nodes covering major heavy-load provinces in China. During the Track Record Period, the DES assets that we operate scaled up rapidly. As of December 31, 2023, 2024, and 2025, our DES asset operating scale was 36.0 MWh, 388.4 MWh, and 799.5 MWh, respectively, with a 7.4% market share in China as of December 31, 2025, making us the largest modern electricity service provider in China in terms of DES asset operating scale as of December 31, 2025, according to CIC. As of December 31, 2025, the physical power nodes underlying the DES assets that we operate covered six provinces in China, namely Jiangsu, Zhejiang, Anhui, Hunan, Guangdong, and Hebei. DES assets of 10 MWh or more per physical power node, which we refer to as high-quality DES assets, accounted for 72.4% of the DES assets that we operate as of December 31, 2025, while the industry average is below 50.0%, according to CIC. We secure high-quality user-end physical power nodes and aggregate large-scale real-time dispatchable user-end power resources into a flexibly network to establish a solid physical foundation for integrated electricity trading.

High-quality long-term user base with cross-selling opportunities

We serve several state-owned enterprises and Fortune Global 500 companies with strong creditworthiness and long-term operating stability. We provide these electricity users with long-term peak-valley arbitrage service for the DES assets that we operate, with a contract term of 10 to 20 years. Our long-term DES value creation and cost savings for electricity users increase their switching costs and strengthen their loyalty.

Moreover, our diverse service portfolio presents significant cross-selling opportunities across our user base. A notable case is our engagement with a Fortune 500 enterprise: over the past two years, we have successfully expanded our service scope — from initial peak-valley arbitrage and operation and maintenance services in 2024, to VPP service in 2025, and ultimately to electricity trading service in 2026. This comprehensive service arrangement demonstrates our electricity users' trust in our operating capabilities and recognition of our service quality. Leveraging our established relationships and proven track record, we anticipate increasing penetration of additional service types — VPP and electricity trading services — among our existing electricity users for peak-valley arbitrage and operating and maintenance services. Our deep-rooted relationships with high-quality electricity users position us for a scalable business model driven by continued cross-selling opportunities, paving the way for sustainable, long-term growth.

Integrated technology foundation for electricity services

Our technology foundation across peak-valley arbitrage, operation and maintenance, electricity trading, and VPP operates in an integrated and coordinated manner.

Our independently developed prognostics safety system (PSS), launched in 2019, supports safe, reliable, and economical operations of large-scale DES assets. The PSS continually monitors asset health conditions based on multiple operating parameters, such as voltage, temperature, SOC, and SOH. During the Track Record Period and up to the Latest Practicable Date, approximately 100 DES assets were operated without any safety incidents. As of December 31, 2025, we held 66 invention patents in China, six invention patents overseas, and four awards at or above the provincial and ministerial levels for our PSS.

Our Green Electricity platform, launched in 2021, integrates communication, control, optimization, and security capabilities to establish a power dispatch system that is more edge-autonomous, standardized, intelligent, and market-oriented. Leveraging our Green Electricity platform, we have taken the lead in conducting market-based transactions, including peak shaving, valley filling, and demand response, in VPP pilot regions in China.

Our Mushroom Xiaomei AI agent platform provides actionable support to electricity services. By integrating AI agents with data retrieval, predictive analysis, and strategy recommendation capabilities, it enhances decision-making efficiency, execution standardization, and revenue management capabilities.

The Green Electricity platform continually senses the operating conditions of DES assets and provides asset-level decision-making support for market-based responses through the VPP and for DES assets participating in electricity spot trading. The technology foundation is capable of collecting DES operating data and user load data in real time, and controllably accessing generation data, system-wide load data, and electricity spot price data. All such data forms the foundational dataset for our electricity trading model in Mushroom Xiaomei, providing essential inputs and validation scenarios for AI-driven decision-making. The large-scale, high-quality, and operationally grounded data generated through our asset network constitute the core training resources for optimizing our AI trading and dispatch algorithms.

Meanwhile, we leverage the experience of our operating team to establish an expert-AI collaborative feedback mechanism. By digitalizing the tacit knowledge and decision-making logic of human traders, we accelerate the initial training and iterative optimization of our AI agents. As our DES asset operating scale and electricity services expand, our data-driven feedback loop supports continued improvement in model accuracy with increasing operating scale and further differentiates us from competitors that rely solely on algorithmic capabilities without access to underlying physical power node data.

Visionary and experienced management team

We have an experienced management team, with senior executives having an average of over 10 years of experience in electricity industry. Our core management team possesses interdisciplinary expertise spanning energy, power systems, and financial markets, and has a strong understanding of the structural evolution of the electricity market from a planned to a market-oriented system, from centralized to distributed structures, and from single-dimensional to diversified market mechanisms.

At an early stage, we recognized that as renewable energy penetration increases and electricity market reforms deepen, system volatility would rise significantly, leading to growing demand from the grid for fast, precise, and distributed flexible power resources. In response, we proactively advanced the transition from traditional energy-saving service to modern electricity services. By aggregating large-scale flexible demand at the front end and connecting to increasingly open electricity trading markets at the back end, we have established a strategic position within the modern electricity service market.

OUR STRATEGIES

Expand the scale and density of DES assets to reinforce our market leadership in China

The scale and density of energy assets, primarily DES assets, are critical to delivering modern electricity services. Building on our presence in six provinces in China, we plan to further expand our DES asset development into other wall developed regions in China with advanced electricity marketization, supportive regulatory regimes, and significant mismatch of electricity supply and demand to achieve broader coverage of physical power nodes and continue expanding the scale of our electricity services.

In addition to DES asset network, we plan to expand into new asset types, such as wind-solar-storage for industrial parks, renewable power generation assets, and standalone energy storage assets, providing diverse energy assets to support our electricity services and enrich our trading strategies.

Furthermore, we plan to expand beyond DES assets that we have developed and to include third-party developed DES assets to grow our DES asset network efficiently.

Implement AI integration across core operations

We plan to systematically enhance the AI capabilities of our technology foundations by recruiting professionals with expertise in power systems, electricity markets, data science, and AI agents.

We will continue to develop and refine our Mushroom Xiaomei AI agent platform to improve the accuracy of market state identification models and forecasting models for electricity price, power load, and renewable energy output. We intend to further integrate these AI agents into strategy and execution workflows for electricity trading, including medium- and long-term trading, energy block trading, spot trading, and VPP service.

We will leverage AI to continually enhance the capabilities of smart operation and maintenance and automated dispatching. We will use operating data from physical DES assets to enhance AI-driven fault diagnosis, early warning, and performance tuning throughout the asset lifecycle. We will combine AI-driven insights with real-time monitoring and control systems to dynamically optimize charge-discharge scheduling in response to price fluctuations, load changes, and grid conditions.

We plan to extend AI capabilities from centralized deployment to edge or terminal deployment near or at customer sites, and upgrade edge architecture to enable local sensing, analysis, and autonomous control.

Deploy our DES-based modern electricity service capabilities to empower small and medium-sized electricity trading players

We will further advance our DES-based modern electricity service model by opening access to our Mushroom Xiaomei AI agent platform for small and medium-sized electricity trading players. We plan to export our technological capabilities to these players, who typically lack DES assets and possess limited in-house technological capabilities required to compete effectively in the electricity trading market, particularly in the spot market. Leveraging our established database and AI-driven analytics, we plan to provide them with market information, price trend analysis, trading strategies, and intelligent assistance to elevate their decision-making quality and ultimately optimize their trading results. By charging service fees on trades facilitated on Mushroom Xiaomei, we intend to monetize our existing technological capabilities at scale.

Deploy our DES-based modern electricity service capabilities overseas

While continuing to strengthen our presence in the China market, we will firmly advance our globalization strategy. This includes exploring overseas markets where electricity market mechanisms are more mature and entering such markets through strategic and other forms. We aim to replicate and adapt our integrated model combining asset deployment, operation, and electricity trading service.

Our globalization strategy represents not only geographic expansion, but also the optimized allocation of technology, capital, and talent on a global scale. By extending our validated business model to broader markets, we seek to establish a new growth trajectory and become an important participant in the global modern electricity service sector.

OUR BUSINESS MODEL

During the Track Record Period, our major business lines were DES asset development and electricity services.

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

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)					
Revenue						
DES and Other Asset Development[(1)]	137,561	79.0	82,245	66.0	463,528	89.1
Electricity Services[(2)]	18,506	10.6	35,598	28.6	49,038	9.5
Others[(3)]	18,085	10.4	6,775	5.4	7,410	1.4
Total	**174,152**	**100.0**	**124,618**	**100.0**	**519,976**	**100.0**

Notes:

(1) In 2023, our energy assets primarily consisted of PV assets. In the same year, we strategically shifted from PV assets to DES assets.

(2) Include peak-valley arbitrage service, operation and maintenance service, and VPP service during the Track Record Period.

(3) Include license fees to use our Green Electricity platform and revenue from sales of energy storage products.

During the Track Record Period, our revenue fluctuations were primarily driven by our DES and other asset development revenue as we strategically shifted from PV assets to DES assets in 2023, explored and began ramping up our DES asset development business in 2024, and established convincing business model and further expanded DES asset operating scale.

During the Track Record Period, our electricity service revenue continued to increase, consistent with our overall DES scale expansion.

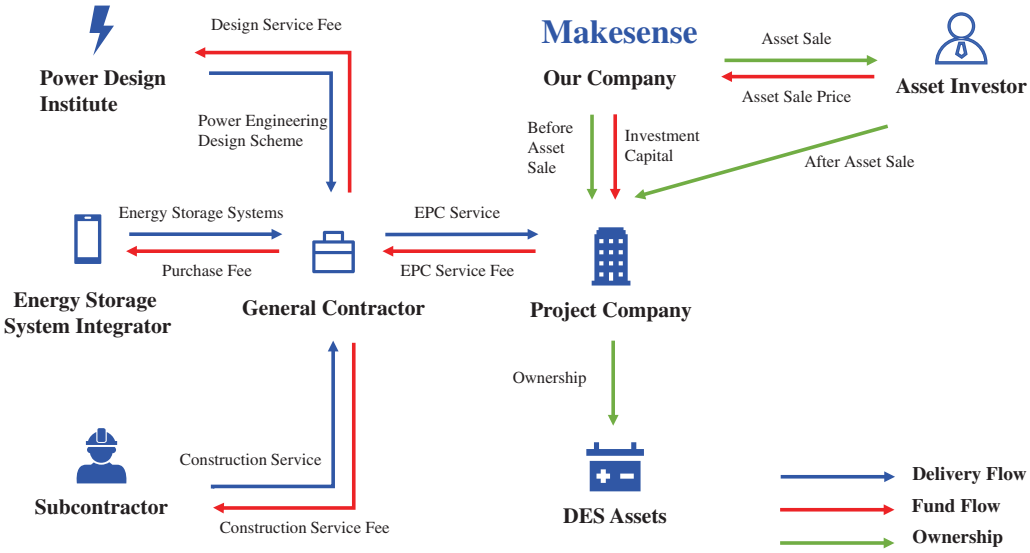
During the Track Record Period, we did not generate revenue from electricity trading service, primarily due to the fact that policy frameworks governing electricity trading service were only progressively established during recent periods. Specifically, we only entered into electricity trading service agreements starting from 2025 and performance of these agreements began in 2026. We anticipate growth in electricity trading service as policy support continues to strengthen and our technological capabilities advance.

DES Asset Development

Our DES asset development business primarily focuses on the evaluation, development, construction, and monetization of DES assets. We operate through a project company model that enables us to capture value across the project development lifecycle.

A project company is typically established for each development project. The project company serves as the core execution entity responsible for project-related contractual arrangements, the legal owner of the assets, and the vehicle through which DES assets can be sold to asset investors following project completion. From the accounting perspective, we generate DES and other asset development revenue from asset sales through equity transfers of related project companies.

The following diagram illustrates the typical model of our DES asset development business.



The following sets forth the roles of general contractor and asset investors in our DES asset development process.

- ***General Contractor.*** The general contractor delivers comprehensive EPC services to project companies, while coordinating with multiple third parties for design scheme formulation, equipment procurement, and construction execution. The general contractor maintains end-to-end responsibility for project completion, ensuring quality standards and schedule adherence. During the Track Record Period, one of our subsidiaries served as a dedicated general contractor providing EPC services to project companies for asset development. We also may selectively engage a third party that meets our rigorous quality standards as a general contractor. For details of subcontracting, see "— Customers and Suppliers — Suppliers — Subcontracting." As our model matures and becomes validated gradually, we are pivoting toward a fully outsourced EPC model under which a third party serves as the general contractor.

- ***Asset Investors.*** Following project completion, we may choose to sell the DES assets to asset investors. This mechanism enables efficient capital recycling and allows us to capture development value while transferring long-term asset ownership to asset investors.

We have established a capital recycling mechanism that generates income through repeated cycles of investment, development, and delivery.

To accelerate market penetration, we have adopted a differentiated pricing strategy for asset development, offering diverse asset portfolios tailored to different investor profiles. We structure and price our asset portfolios based on criteria such as the background of electricity users, industry sectors, and DES yield ranges, and integrate investor creditworthiness and payment terms into our valuation models. This precision pricing strategy enables us to rapidly scale up our assets and expand our user base.

Electricity Services

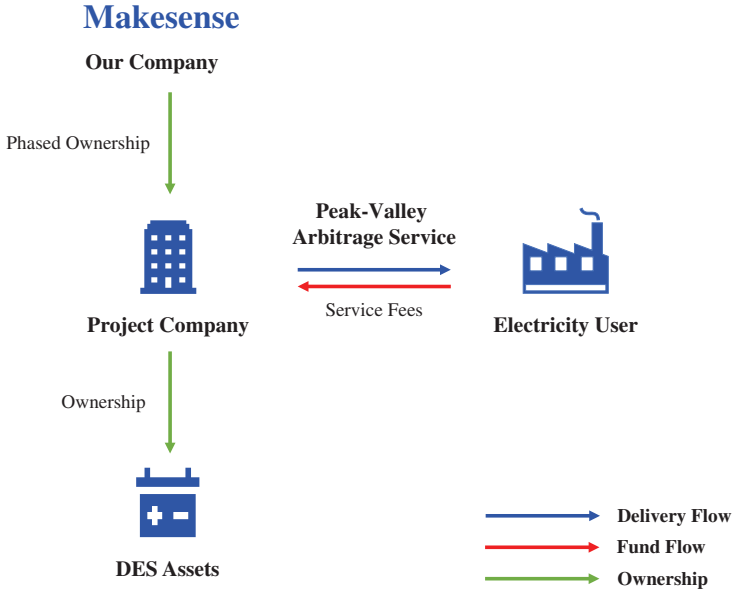
We operate through four distinct types of electricity services, each addressing specific customer needs. Accordingly, we implement a differentiated pricing strategy across these services. By weighing factors such as cost structures, market demand, customer profiles, procurement scale, and regional characteristics, we achieve refined pricing management tailored to varying circumstances.

The following table sets forth a summary of our electricity services.

Service Type	Customer Type	Service Overview	Fee Type
Peak-Valley Arbitrage Service	Electricity User	• Optimize electricity consumption scheduling • Implement peak shaving and valley filling	Agreed Arbitrage Gain
Operation and Maintenance Service	Project Company	• Conduct system monitoring, maintenance, troubleshooting • Provide strategy optimization and dynamic adjustment	Fixed Service Fee
Electricity Trading Service	Electricity User	• Procure trading electricity volumes at agreed price packages	Market-Based Service Fee
VPP Service	Power Grid Company	• Aggregate DES assets • Participate in demand response and ancillary service	Market-Based Service Fee

Peak-Valley Arbitrage Service

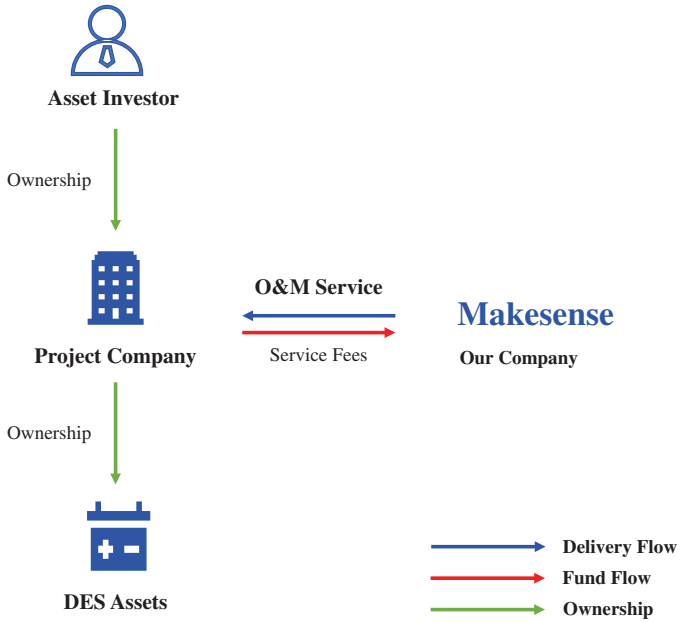
The following diagram illustrates the model of our peak-valley arbitrage service and the relationships of the project company with our Company and electricity user.



We formulate our pricing strategy for peak-valley arbitrage service considering industrial backgrounds of the electricity users, land utilization efficiency, and capital costs. We conduct comprehensive assessments anchored by the users' electricity load profile, taking into account their production patterns, future capacity utilization, on-site energy layout, revenue realization potential, and land cost optimization. This rigorous assessment process allows us to formulate pricing that maximizes customer returns while ensuring our own cost competitiveness.

Operation and Maintenance Service

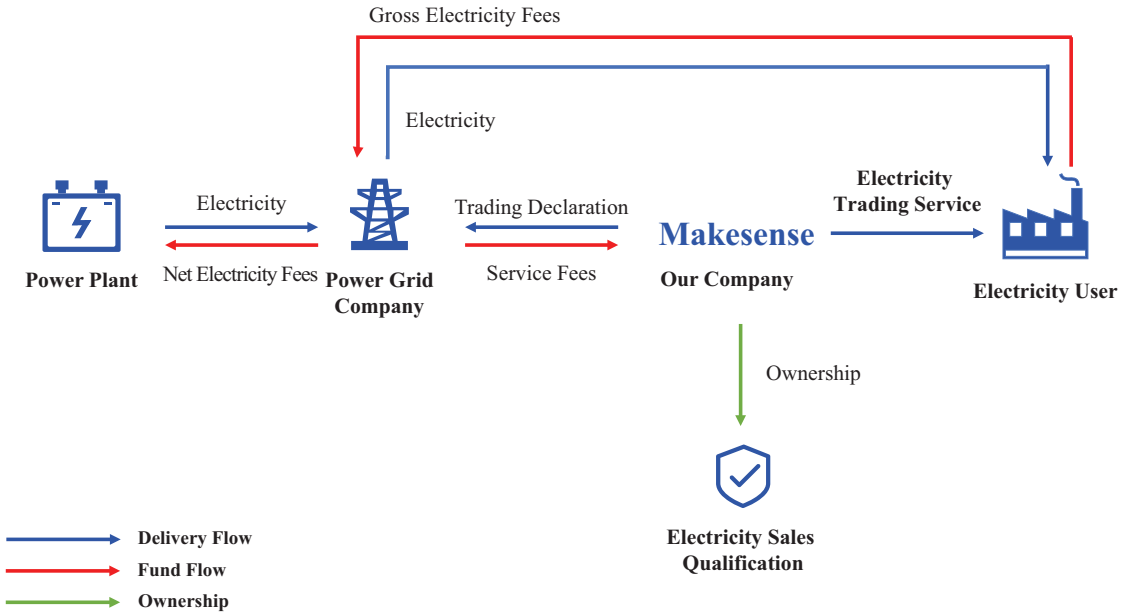
The following diagram illustrates the model of our operation and maintenance service and the relationships of the project company with our Company and asset investor.



Our pricing strategy for operation and maintenance service considers local power policies, asset portfolio dispersion, and installed capacity. By leveraging our Green Electricity platform to optimize operations and lower costs, we quote prices based on a reasonable profit margin, ensuring that our service is both precisely priced and cost-effective.

Electricity Trading Service

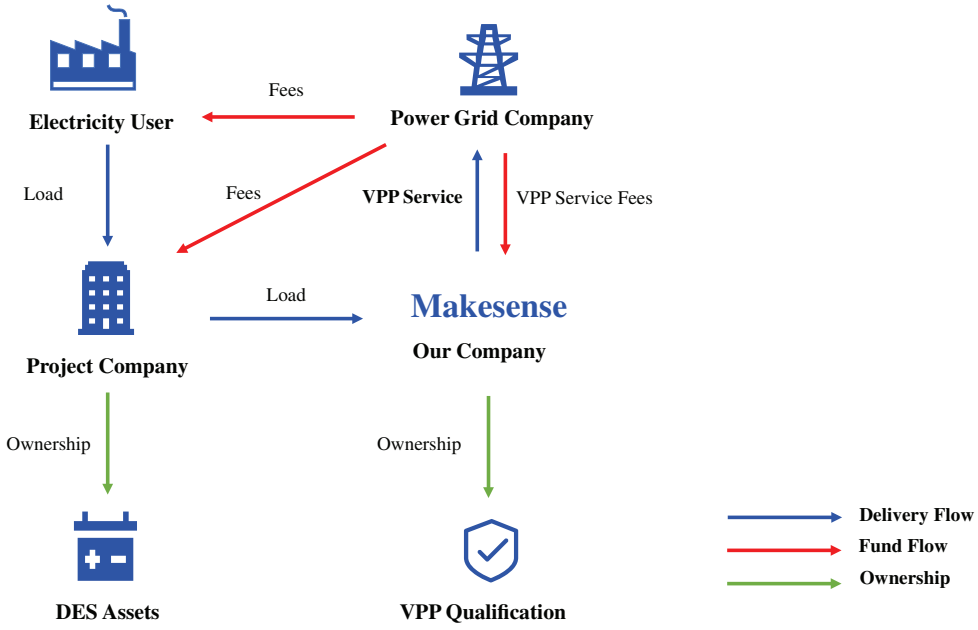
We commenced the performance of our contractual obligations under electricity trading service in 2026, following the establishment of relevant policy framework in China. The following diagram illustrates the model of our electricity trading service and the relationships between our Company and power plant, power grid company, and electricity user, including their interrelationships.



We have established a unified pricing system for our electricity trading service. We set annual benchmark prices considering regional electricity prices, power generation mix, and policy trends, ensuring that our pricing remains competitive and aligned with market dynamics. We optimize procurement costs by capitalizing on the futures and spot market fluctuations and formulate market-oriented schemes that balance customer value with profit stability.

VPP Service

The following diagram illustrates the model of our VPP service and the relationships of our Company with project company and power grid company.



Our pricing strategy for VPP service is determined by real-time market supply and demand. We set and submit specific trading prices and corresponding volumes on a time-period basis to capture market premiums during supply shortages.

Synergies Between Our DES Asset Development and Electricity Services

We adopt an integrated approach to carry out our modern electricity services. Our DES asset development is a necessary steppingstone for our electricity services, and provides the foundation for scalability of the latter. We strategically expand our DES asset development business to establish long-term dispatchable energy assets that we operate, which present considerable barriers to replacement once officially registered with government authorities. These long-term dispatchable energy assets that we operate serve as physical power nodes of our electricity services and hence a market entry barrier.

Our DES asset development empowers our electricity services from multiple dimensions, fostering a synergistic ecosystem that drives value across the value chain. As we have full ownership of our own DES assets prior to sale to asset investors, we can fully utilize and maximize the value of the DES assets for our electricity services to broaden our revenue base.

Firstly, DES assets can serve as the fundamental infrastructure for our peak-valley arbitrage service. By charging the DES assets during low-tariff periods and discharging during peak-tariff periods, we effectively smooth out load fluctuations and lower the unit cost of electricity for electricity users, achieving a dual enhancement in both economic efficiency and energy utilization.

Secondly, DES assets serve as a cornerstone for us to provide VPP service. Once the size of dispatchable DES assets that we operate exceeds a certain critical mass, we can aggregate these assets to form a VPP to realize price spread gains.

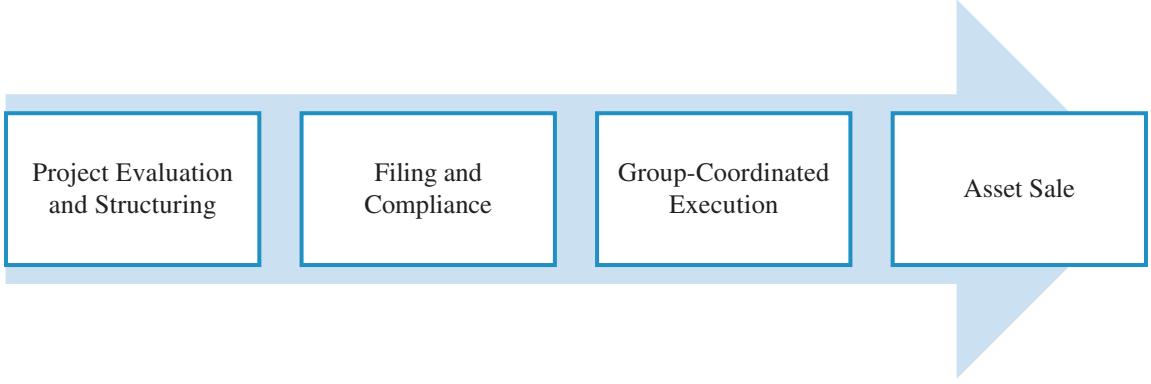
Thirdly, the deployment of DES assets can provide critical support to our electricity trading service. Supported by DES assets, we can optimize electricity consumption patterns and implement sophisticated trading mechanisms that better align with electricity users' demand. This allows us to transcend the limitations of real-time trading by executing time-shifted purchasing strategies to maximize price spreads. Meanwhile, DES assets are instrumental in managing interactions with the power grid company. They provide the necessary agility to control staged electricity consumption deviations, ensuring strict adherence to regulatory standards and reinforcing the stability of our electricity trading service.

For a detailed discussion of our DES asset development and electricity services, see "— DES Asset Development" and "— Electricity Services."

DES ASSET DEVELOPMENT

We recognize the fundamental role of DES assets in modern energy supply, management, and trading. We provide end-to-end DES asset development from design, procurement, construction, to completion. Our project completion timelines vary from three to six months, depending on the scale and complexity of the project.

The following flowchart illustrates the typical process of our DES asset development.



- ***Project Evaluation and Structuring***. Project evaluation and structuring serve as the starting point and the most technically sophisticated phase of our DES asset development process. In this critical stage, we leverage proprietary algorithms and software platforms to proactively determine the optimal energy storage capacity. By rigorously analyzing the electricity user's historical load profiles and electricity bills from the preceding 12 months, we ensure the accurate projection of post-construction operating returns. This technical assessment is complemented by a multi-dimensional review, covering supply chain readiness, financial returns, legal compliance, and market positioning. To ensure disciplined decision-making, we employ a cross-functional mechanism involving marketing, assessment, delivery, legal, finance, and supply chain teams, each represented by designated decision-makers.

- ***Filing and Compliance.*** Upon internal approval, we typically establish a wholly-owned project company based on the evaluation result to serve as the primary vehicle for subsequent execution and complete mandatory filing with the district-level local branch of the NDRC. This structure ensures compliance with regulations requiring all DES assets to be filed by an independent legal entity. In select cases, we also form joint ventures with asset investors where we act as a minority shareholder. In these joint ventures, we assume responsibility for the industrial and technical workflow, spearheading project evaluation and pre-sales technical assessments, while our joint venture partners are responsible for majority of the capital required.

- ***Group-Coordinated Execution.*** We leverage an integrated model for project implementation during which we oversee construction progress, procurement execution, quality assurance, and safety management to ensure compliance with applicable regulatory requirements, industry standards, and customer specifications. While we manage equipment procurement, the general contractor leads the on-site execution. The general contractor signs EPC agreement with the project company, coordinates third-party construction service with qualified subcontractors, and manages the entire workflow from equipment delivery to final installation.

- ***Asset Sale.*** Upon the completion of asset construction, we sell the DES assets to asset investors. We usually identify and lock in these ultimate asset investors at the asset construction stage and, after the asset sale, gradually establish stable partnerships through subsequent long-term electricity services. See "— Electricity Services." This integrated model enhances our capital utilization efficiency while maintaining our continued participation in the asset operation stage.

During the development of DES assets, we engage external suppliers for equipment and qualified subcontractors for construction so that we can focus on project evaluation and overall coordination rather than in-house manufacturing. This approach optimizes resource utilization and maintains efficiency, while we retain full responsibility for project management, quality assurance, and timely delivery. For details of subcontracting, see "— Customers and Suppliers — Suppliers — Subcontracting."

Project Backlog and Execution Performance for Our DES Asset Development

We adopt a project-based model for our DES asset development business. The following table sets forth our project backlog movement in terms of contract value during the Track Record Period.

	For the Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Opening balance of contract value (excluding VAT) at the beginning of the year	19,429	23,276	297,084
Add: Contract value (excluding VAT) secured during the year	141,408	356,053	310,488
Less: Revenue recognized during the year	(137,561)	(82,245)	(463,528)
Closing balance of contract value (excluding VAT) at the end of the year	23,276	297,084	144,044

The following table sets forth our project backlog movement in terms of number of contracts during the Track Record Period.

	For the Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Contracts brought forward from the previous year	3	2	18
Add: Number of new contracts signed during the year	24	28	28
Less: Number of contracts performed during the year	(25)	(12)	(33)
Contracts carried forward to the following year	**2**	**18**	**13**

During the Track Record Period, there were 11, nil, and nil loss-making projects for DES and other asset development in 2023, 2024, and 2025, respectively. The gross losses resulting from these projects were RMB10.8 million, nil, and nil in 2023, 2024, 2025, respectively. The gross losses were mainly attributable to our then PV asset development projects due to market volatility affecting our PV assets, which constituted our primary revenue source that year before and are the primary reasons for our strategic shift to DES assets. See "Financial Information — Description of Major Components of Our Results of Operations — Gross Profit and Gross Profit Margin" for details. The revenue and gross loss contributions from these loss-making projects during the Track Record Period were generally insignificant relative to our total revenue and gross profit. In addition, we did not have loss-making projects in 2024 and 2025. Therefore, the occurrence of these loss-making projects did not have a material adverse effect on our overall business operations.

ELECTRICITY SERVICES

Our electricity services comprise peak-valley arbitrage service, operation and maintenance service, electricity trading service, and VPP service. These four types of services form an organic, interconnected system that enables us to hedge against policy fluctuations inherent in the modern electricity service industry in China and maximize yields across the entire value chain.

Peak-Valley Arbitrage Service

Peak-valley arbitrage service is provided through long-term agreements by project companies that we retain prior to the asset sale. Project companies help electricity users deploy DES assets that enable peak shaving and valley filling at their designated sites, thereby reducing their overall electricity costs and enhancing their power reliability. Our deep understanding of regional power policies allows us to enhance arbitrage yields and effectively mitigate operating risks.

The following sets forth the salient terms of the peak-valley arbitrage service agreements.

- ***Scope of Service***. A project company is responsible for optimizing the power usage profile by storing grid electricity during off-peak and flat periods for discharge during peak demand times.

- ***Site Access Right***. The project company is entitled to access the designated site housing the relevant electrical equipment at no additional lease cost, given that such cost is factored into the profit-sharing arrangement.

- ***Agreement Term***. The agreement term typically spans 15 to 20 years.

- ***Ownership***. The project company retains title to DES assets and ancillary facilities during the agreement term. Upon expiration of the agreement, the project company is responsible for the disposal of the DES assets.

- ***Profit-Sharing***. The arbitrage gain is distributed between the project company and the electricity user according to an agreed proportion. The project company is typically entitled to 60% to 90% of arbitrage gain, depending on the specific agreement terms.

- ***Settlement***. The arbitrage gain is usually settled monthly.

- ***Termination***. Either party may terminate the agreement if performance becomes impossible due to force majeure or government requirements. Upon early termination, the project company will be responsible for the disposal of the DES assets.

Operation and Maintenance Service

Based on our experience in DES asset development, we provide comprehensive operation and maintenance service to project companies for DES assets deployed at sites of the electricity users. We facilitate efficient grid dispatch integration and ensure real-time, safe regulation of DES assets, thereby enhancing operating safety and reducing maintenance costs.

The following sets forth the salient terms of our operation and maintenance service agreements.

- ***Scope of Service***. We deploy qualified personnel with expertise in power maintenance and the operation and management of DES assets. Our responsibilities cover the full spectrum of operation and management, including real-time operational monitoring and control, data analysis and reporting, and the enforcement of safety protocols such as accident prevention and equipment testing. Additionally, we dynamically plan charge and discharge windows based on real-time electricity price fluctuations and peak-valley differentials.

- ***Service Term***. Our service term typically spans one to five years, commencing upon the completion of safety production preparation. The agreements generally grant us a priority right to renew upon the expiration of the service term.

- ***Pricing and Payment***. We typically adopt a fixed fee model, with payments structured in installments on a pro rata basis.

- ***Insurance***. The agreement generally requires customers to purchase property insurance for DES assets, with us assisting in the related insurance application and claim settlement procedures.

- ***Termination***. The agreement may be amended or terminated by mutual consent, or unilaterally terminated due to force majeure, payment delay exceeding 10 days, or unjustified refusal to rectify defects.

Powered by our proprietary Green Electricity platform and supported by our operation and maintenance team, we adopt an integrated online-offline operation and maintenance service framework.

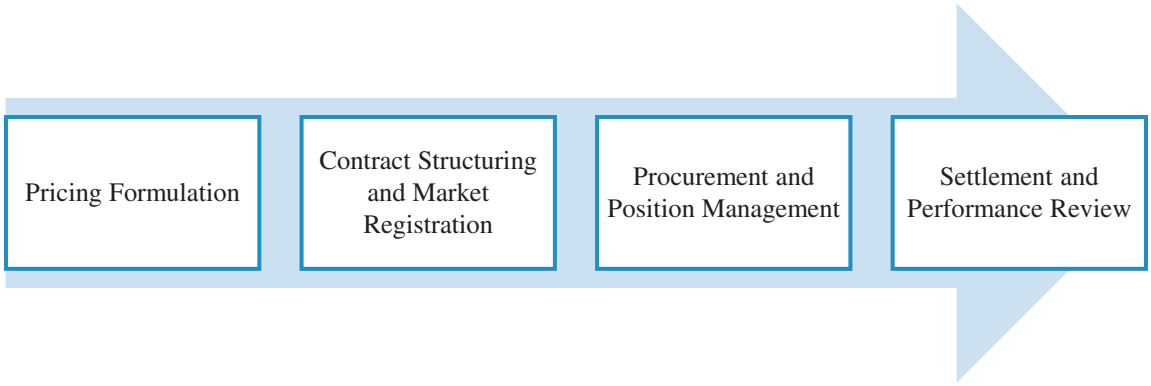
- ***24/7 Remote Surveillance***. We conduct remote monitoring of battery performance, system status, and operating parameters around the clock through our Green Electricity platform and implement preventive diagnostics and early-warning mechanisms to mitigate safety risks and ensure long-term asset reliability.

- ***Proactive On-Site Response***. Upon detecting anomalies or safety threshold breaches, we promptly diagnose issues and take corrective actions such as power adjustment and charge-discharge suspension. The on-site maintenance team delivers regular inspections and timely troubleshooting, bridging the gap between digital diagnostics and physical repairs to eliminate risks.

Electricity Trading Service

We have commenced the execution phase of our electricity trading service and participated in the active spot markets of Yangtze River Delta region, such as Jiangsu, Zhejiang, and Anhui, since January 2026. We supply electricity users with agreed volumes at agreed price packages. Through optimized electricity procurement strategies and pricing packages tailored to each province, we help electricity users reduce their overall electricity costs.

The following flow chart illustrates the process of our electricity trading service.



- ***Pricing Formulation***. Our specialized research team closely monitors regional electricity prices, power generation mix, and policy trends and formulates pricing strategies tailored to the specific electricity tariffs and competitive landscape of each province.

- ***Contract Structuring and Market Registration***. We negotiate and execute electricity trading agreements with electricity users and complete the necessary online registration and transaction procedures with power grid companies.

- ***Procurement and Position Management***. Based on aggregated users' demand, we procure electricity from power plants through power grid companies and manage trading positions to balance agreed volumes and market exposure.

- ***Settlement and Performance Review***. We conduct periodic reconciliation and settlement of electricity transactions through power grid companies and evaluate trading outcomes to refine subsequent strategies.

The following sets forth the salient terms of our electricity trading service agreements.

- ***Scope of Service***. We facilitate electricity purchase by electricity users from power plants through power grid companies.

- ***Volume***. The agreement usually sets out an estimated electricity volume for the transaction and fee adjustment mechanism in the event of any deviation between the estimated and actual electricity volume.

- ***Payment and Settlement***. Electricity users pay their electricity fees to the power grid companies, which, in turn, settle market-based service fees with us monthly.

- ***Agreement Term***. The agreement term is typically one year.

- ***Breach of Agreement and Liquidated Damages***. Either party will pay liquidated damages for breach of agreement: we for failing to complete required filings or settle payments as agreed, and electricity users for unauthorized switching to other electricity sellers, non-cooperation in electricity trading center filings, or joining the wholesale market.

VPP Service

Our VPP service primarily aggregates load from electricity users through project companies and provides demand response to power grid companies. Through aggregation of load, we meet market participation thresholds and declare electricity volume and tariff to provincial power grid companies, earning market-based service fees from power grid companies.

The following sets forth the key mechanisms of our VPP service with power grid companies.

- ***Scope of Service***. We provide VPP services, such as demand response, peak shaving, and frequency regulation, by integrating distributed power sources, energy storage devices, and adjustable load resources, following the dispatch instructions from the power grid companies.

- ***Pricing***. Our service fees are determined by a market-based pricing mechanism based on market supply and demand.

- ***Settlement***. The VPP service fees are settled on a monthly basis.

OUR TECHNOLOGIES

We have built a technology matrix to support our AI-powered electricity services, with the DES asset network as the physical carrier, real-time operational data as the perceptual foundation, AI decision-making as the core engine, and cloud-edge collaborative control as the execution means. This matrix includes Mushroom Xiaomei AI agent platform, Green Electricity platform, and PSS, each serving different scenarios. Mushroom Xiaomei AI agent platform supports load and electricity price forecasting, strategy output, and intelligent decision-making. The Green Electricity platform handles data access, dispatch scheduling, and operation and maintenance support. PSS undertakes safety early warning and health diagnosis. The integration of our technology matrix forms a unified, AI-powered service system.

Mushroom Xiaomei AI Agent Platform

Mushroom Xiaomei is our proprietary AI-powered platform designed for electricity trading, energy storage dispatch, and VPP. By analyzing operating data from our DES asset network extracted from our Green Electricity platform and PSS, Mushroom Xiaomei establishes an integrated energy intelligent decision-making system encompassing data perception, intelligent prediction, strategy generation, and closed-loop execution.

Mushroom Xiaomei utilizes AI agents equipped with scenario-oriented skill modules designed to address the practical needs of electricity traders in trading analysis, data inquiry, and trading and dispatch strategy generation. The AI agents can perform data structuring and correlation analysis, helping electricity traders quickly obtain key information. Building on this foundation, the platform can generate trading strategy by combining market rules, historical transactions, predictive analysis, and business needs, providing support for electricity traders in conducting declaration decisions and scheme comparisons.

The following sets forth the major application scenarios of Mushroom Xiaomei.

- ***Electricity Trading***. Integrating multi-source data such as meteorological insights, historical loads, and market prices, the platform delivers high-precision forecasting for core metrics like day-ahead prices and renewable energy output. Its built-in AI agent strategy center generates optimal trading strategies with real-time profit calculations to enhance decision-making through human-AI collaboration.

- ***Energy Storage Dispatch***. Combining user load forecasts, PV output predictions, and time-of-use price trends, the platform automatically generates optimal charging and discharging schedules to maximize operating efficiency for DES assets in peak-valley arbitrage, electricity trading, and VPP service.

- ***Demand Response Under VPP***. Centered on aggregating and managing adjustable load resources, the platform manages the full workflow from invitation, strategy generation, to execution. It automatically calculates response potential and matches optimal asset strategies, effectively supporting peak-shaving and valley-filling tasks issued by power grid companies.

Green Electricity Platform

Our Green Electricity platform is a proprietary cloud-edge collaborative operating platform. Our Green Electricity platform links geographically distributed DES assets into a cohesive network of real-time dispatchable energy terminals. It covers core functional modules including intelligent investment assessment, data access and storage, centralized monitoring, safety operation and maintenance, VPP operation, and trading support. It achieves scaled access, visualized management, unified dispatch, and refined operation of DES assets.

As of December 31, 2025, our Green Electricity platform connected approximately 100 DES assets with an operating scale of 799.5 MWh. This deployment demonstrates our capability to deliver standardized access and management across diverse geographic and equipment environments.

Prognostics Safety System (PSS)

Embedded within the Green Electricity platform, our proprietary PSS performs real-time health monitoring, precision-diagnostic analysis, SOC equalization and simulation, and integrated maintenance management. It can safeguard the entire lifecycle of DES assets by continually monitoring battery health, detecting potential failures to proactively prevent accidents, and optimizing operating performance.

For instance, we provided comprehensive cell-level safety detection and intelligent operation management service for a 160MW/320MWh project in Shandong equipped with our PSS. By generating optimized recommendations and operating strategies, we precisely addressed underlying risks and consistency issues, including voltage and temperature inconsistencies and significant SOC errors. Our targeted interventions resulted in a 3.0% increase in actual charge-discharge capacity, a cumulative SOC error rate maintained below 5.0%, and a 25.0% reduction in maintenance downtime. These outcomes demonstrate our PSS's capability to enhance safety, operating efficiency, and the long-term value of DES assets.

RESEARCH AND DEVELOPMENT

While technology is a key driver of our competitive advantage, we take a pragmatic approach of research and development. We concentrate financial resources in different priorities during different stages of our development. Prior to the Track Record Period, we developed Green Electricity platform and PSS, which serve as the technology foundation for our development during the Track Record Period. From 2023 to 2025, we devoted our financial resources to ramping up our operating scale of DES assets while accumulating operating data for the Green Electricity platform and PSS. We maintained disciplined research and development expenses during the Track Record Period focusing on iteration and optimization of algorithm models based on data analytics. We began research and development of AI application in late 2025 when AI technologies became relatively mature and affordable and when our operating scale of DES assets were large enough. In 2023, 2024, and 2025, our research and development expenses were RMB48.3 million, RMB42.4 million, and RMB19.4 million, respectively. We expect that our research and development expenses will increase in absolute amount in line with our strategy to enhance our AI capabilities for the next three years starting from 2026. See "Future Plans and [**REDACTED**]."

As of December 31, 2025, we had a dedicated research and development team of 21 members, representing 11.4% of our total workforce. Our research and development personnel possess extensive experience in areas such as electricity trading, AI algorithm models, and physical device control. Their expertise enables us to improve the performance of existing service offerings, further expand and diversify our capabilities to serve our customers, and reinforce our innovation-driven competitiveness in modern electricity service industry. Our research and development personnel consist of two core teams:

- ***Digital Platform Development Team***. This team is responsible for data collection, remote control, VPP development, integration with provincial power grid companies' data systems, and functional module development. Our core team members have prior research and development experience with power grid companies.

- ***AI Algorithm Team***. This team is responsible for ensuring the safe and efficient operation of assets, developing core algorithm models, and supporting online monitoring and offline maintenance. 60.0% of our team members graduated from leading universities in China. We are expanding our dedicated algorithm team for electricity trading to build and manage our commercial database and develop specialized models and algorithms tailored to the electricity trading sector.

Our research and development is market-driven and deeply integrated with customer needs. Our research and development follows a standard process from initiation, execution, testing, acceptance, to finalization.

Our algorithm technology is collectively mastered by our research and development team. To mitigate the risk of over-reliance on key personnel, we have implemented a series of measures, including (i) a dual position system with pre-selected successors for key roles to ensure continuity after personnel departures, (ii) a specialized division of labor between two dedicated teams to foster expertise in different technical modules, and (iii) confidentiality agreements with core technical staff to safeguard our technologies.

We actively pursue collaborative research and development partnerships with external entities to co-develop innovative technologies that align with dynamic market needs. We are convinced that these strategic collaborations enrich our understanding of industry trends and cutting-edge technologies, enabling us to streamline our ongoing research and development initiatives effectively. During the Track Record Period, we established partnerships with research institutions and leading universities. These collaborations have facilitated projects focusing on new technologies, offering technical insights that underpin our future development strategies.

SALES AND MARKETING

Our sales and marketing strategy focuses on specific regions and industries. Through this strategy, we aim to continually enhance our customer acquisitions capabilities and increase penetration rates in key regions and industries and strengthen our market influence through benchmark cases and word-of-mouth referral.

We consider three principal factors in market expansion when formulating our sales and marketing strategies. Firstly, we focus on developed provinces with advanced electricity marketization, supportive regulatory regimes, and significant mismatch of electricity supply and demand. Secondly, we prioritize industries with strong demand for electricity procurement optimization, load management, and comprehensive electricity services. Thirdly, we conduct rigorous due diligence on financial and credit profiles, and power usage characteristics of electricity users and assess project executability to select customers with a solid foundation for long-term collaboration.

As of December 31, 2025, our sales and marketing department had 91 members, accounting for 50.0% of our total employees. Our selling and distribution expenses were RMB58.8 million, RMB49.6 million, and RMB47.6 million in 2023, 2024, and 2025, respectively. This robust allocation of workforce and resources enables us to promptly capture localized project opportunities, provide highly tailored consultations for our target customers, and accelerate our business expansion.

Sales Team and Strategy

We have established functionally specialized sales teams in key provinces such as Jiangsu, Zhejiang and Anhui provinces, using Yangtze River Delta region as a strategic core to continually expand into surrounding markets. Our sales team collaborate closely with our technical, delivery, operations, and electricity trading teams to provide end-to-end support — from business development and site surveys to scheme design, commercial negotiation, project delivery, and ongoing electricity service. This cross-functional synergy enables us to address complex needs regarding load characteristics, peak-valley price spreads, energy storage configuration, and electricity procurement optimization.

We specifically focus on key industries, such as precision instrument manufacturing, advanced manufacturing, new-type chemicals, renewable energy, new materials, and steel. With each salesperson specializing in two to three sectors, we cover over 50 selected industries nationwide and serve a number of leading enterprises in various sectors. By prioritizing these industries in key regions where we have established successful cases, we can efficiently replicate our business models and expand our user base. Where we have established a project track record within a large corporate group, we seek cross-selling opportunities across its other manufacturing facilities, industrial zones, and operating subsidiaries to enhance intra-group penetration and replication efficiency.

We further solidify our sales competitiveness by capitalizing on the data from DES assets and advanced AI-driven insights. By analyzing data from real-world physical power nodes with our continually refined AI models, we can gain granular insights into user load profiles and operating patterns. This technical capability is complemented by our constant monitoring of regional policies and market-oriented trading mechanisms. By integrating these insights with market information, we design competitive electricity procurement packages and comprehensive electricity service schemes that precisely meet our customers' demand.

Marketing Efforts

We have gradually built brand recognition in the Yangtze River Delta and Pearl River Delta market's for modern electricity services. Our reputation is primarily driven by our consistent project delivery, service quality, and operating performance. As our portfolio of benchmark projects grows, potential customers can directly verify our service capabilities and financial performance.

To acquire customers efficiently, we have implemented a structured model comprising three marketing channels:

- ***Direct Outreach.*** We proactively connect with potential customers in key regions and industries through a combination of industry networks, sector-specific channels (such as industry events and clubs), and direct engagement.

- ***Benchmark Replication***. We leverage our successful benchmark projects to win new contracts from peers within the same corporate group, industry, or region. To effectively drive replication, we publish updates on contract executions, milestone events, and operating performance of these benchmark projects through our website and official accounts. Through the demonstrative effect, we have successfully attracted prospective customers to proactively approach us for cooperation.

- ***Word-of-Mouth Referral.*** We have built a collaborative network across the industry value chain. Our upstream suppliers, downstream partners, and existing customers continually refer new potential customers to us, forming a trust-based referral mechanism underpinned by our service reputation.

QUALITY CONTROL

Quality control is integral to every aspect of our daily operations. We have established a comprehensive quality control system that covers both DES asset development and electricity services. Through closed-loop control at each stage, we ensure stable business operations, asset security, service reliability, and regulatory compliance.

We have received multiple certifications with respect to quality control, such as ISO 9001 (Quality Management System Certification), ISO 14001 (Environmental Management System Certification), ISO 27001 (Information Security Management System Certification), and ISO 20000 (Information Technology Service Management System Certification).

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material quality control issues, or any incidents of penalties imposed by regulatory authorities for violations of applicable laws or regulations of quality or safety.

CUSTOMERS AND SUPPLIERS

Our Customers

Our customers for DES asset development are asset investors. Our customers for electricity services consist of electricity users, project companies, and power grid companies.

During the Track Record Period, we primarily conducted DES asset development and provided our electricity services to customers in China. In 2023, 2024, and 2025, revenue generated from our top five customers in each applicable year, all of which related to our DES asset development business, accounted for 79.5%, 68.0%, and 84.3% of our total revenue, respectively, and revenue generated from our largest customer in each applicable year, all of which related to our DES asset development business, accounted for 30.8%, 35.8%, and 29.0% of our total revenue, respectively. Our relatively high customer concentration is primarily due to the fact that DES-based modern electricity service industry is still at its early development stage where asset investors are, for the time-being, limited to resourceful and seasoned investors in the energy sector, which is not uncommon according to CIC.

Benefiting from our expanding business scale and elevated industry standing, we have successfully diversified our customer structure to include both industrial and financial sectors. Despite a relatively high customer concentration during the Track Record Period, we expect the associated risks to be manageable due to our actively broadening market presence and our ongoing diversification efforts. For risks associated with our major customers, see "Risk Factors — Risks Relating to Our Business and Industry — A significant portion of our revenue during the Track Record Period was derived from a limited number of customers, and any decrease in sales to these customers could materially and adversely affect our business, financial condition, and results of operations."

All of our top five customers in each period during the Track Record Period were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their close associates, or any Shareholders that, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date had any interest in any of our top five customers in each period during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with, nor did we receive any material complaints from, our customers.

The following table sets forth certain information regarding our top five customers in each period during the Track Record Period.

Customer	Transaction Amount	Percentage of Total Revenue	Year of Commencement of Business Relationship	Customer Background	Products/Service Sold	Credit Terms	Payment Methods
	(RMB in thousands)	*(%)*					
For the Year Ended December 31, 2025							
Customer Group A.	150,809	29.0	2024	A group of subsidiaries of a partnership enterprise registered in China that is mainly engaged in investment activities with its own funds and venture capital investment in unlisted enterprises	DES assets and electricity services	DES assets: Within 180 days from the date of the invoice Electricity services: Within 15 days from the date of the invoice	Bank wire transfer
Customer Group B.	121,518	23.4	2025	A group of subsidiaries of a private company registered in China that is mainly engaged in the businesses approved by the China Banking and Insurance Regulatory Commission in accordance with relevant laws, administrative regulations, and other provisions	DES assets and electricity services	DES assets: Within 30 days from the date of the invoice Electricity services: Within 10 days from the date of the invoice	Bank wire transfer
Customer Group C.	70,089	13.5	2025	A group of subsidiaries of a limited partnership registered in China that is mainly engaged in investment activities with its own funds, venture capital investment in unlisted enterprises, and investment via private equity funds	DES assets and electricity services	DES assets: Within 3 days from the date of the invoice Electricity services: Within 15 days from the date of the invoice	Bank wire transfer

Customer	Transaction Amount	Percentage of Total Revenue	Year of Commencement of Business Relationship	Customer Background	Products/Service Sold	Credit Terms	Payment Methods
	(RMB in thousands)	*(%)*					
Customer D	60,490	11.6	2024	A private company registered in China, mainly engaged in power generation, power transmission, and power distribution business	DES assets and electricity services	DES assets: Within 5 days from the date of the invoice Electricity services: Within 15 days from the date of the invoice	Banker's acceptance bill or bank wire transfer
Customer Group E .	35,328	6.8	2024	A group of subsidiaries of a company listed on SZSE, mainly engaged in power generation, power transmission, and power distribution business	DES assets and electricity services	DES assets: Within 5 days from the date of the invoice Electricity services: Within 20 days from the date of the invoice	Banker's acceptance bill or bank wire transfer
Total	**438,234**	**84.3**					
For the Year Ended December 31, 2024							
Customer Group A .	44,634	35.8	2024	A group of subsidiaries of a partnership enterprise registered in China that is mainly engaged in investment activities with its own funds and venture capital investment in unlisted enterprises	DES assets and electricity services	DES assets: Within 180 days from the date of invoice Electricity services: Within 15 days from the date of the invoice	Bank wire transfer

Customer	Transaction Amount	Percentage of Total Revenue	Year of Commencement of Business Relationship	Customer Background	Products/Service Sold	Credit Terms	Payment Methods
	(RMB in thousands)	*(%)*					
Customer Group F .	21,010	16.8	2023	A group of subsidiaries of a company listed on HKEx, mainly engaged in power generation, power transmission, and power distribution business	PV assets and electricity services	PV assets: Within 5 days from the date of the invoice Electricity services: Within 15 days from the date of the invoice	Bank wire transfer
Customer D	14,049	11.3	2024	A private company registered in China, mainly engaged in power generation, power transmission, and power distribution business	DES assets and electricity services	DES assets: Within 5 days from the date of the invoice Electricity services: Within 15 days from the date of the invoice	Banker's acceptance bill or bank wire transfer
Customer G	2,630	2.1	2024	A private company registered in China, mainly engaged in power generation, power transmission and power distribution business; the installation, maintenance and testing of power transmission, power supply and power receiving facilities; and electrical installation service	DES assets	Within 20 days from the date of the invoice	Bank wire transfer

Customer	Transaction Amount	Percentage of Total Revenue	Year of Commencement of Business Relationship	Customer Background	Products/Service Sold	Credit Terms	Payment Methods
	(RMB in thousands)	*(%)*					
Customer H	2,449	2.0	2024	A company registered in China, mainly engaged in new material technology research and development, bio-based material manufacturing and sales, bio-based material technology research and development, and machinery and equipment research and development, listed on Shenzhen Stock Exchange	Electricity services	Within 15 days from the date of the invoice	Bank wire transfer or bank transfer
Total	**84,772**	**68.0**					
For the Year Ended December 31, 2023							
Customer Group F .	53,605	30.8	2023	A group of subsidiaries of a company listed on HKEx, mainly engaged in power generation, power transmission, and power distribution business	PV assets and electricity services	PV assets: Within 5 days from the date of the invoice Electricity services: Within 15 days from the date of the invoice	Bank wire transfer

Customer	Transaction Amount	Percentage of Total Revenue	Year of Commencement of Business Relationship	Customer Background	Products/Service Sold	Credit Terms	Payment Methods
	(RMB in thousands)	*(%)*					
Customer Group I .	35,351	20.3	2023	A group of subsidiaries of a non-listed fund management company, mainly engaged in investment activities with its own funds and venture capital investment	PV assets	Within 5 days from the date of the invoice	Bank wire transfer
Customer Group J .	29,247	16.8	2023	A group of subsidiaries of a private company registered in China, mainly engaged in power generation, power transmission, power distribution, and hydropower business	PV assets	Within 15 days from the date of the invoice	Bank wire transfer
Customer K.	15,405	8.8	2023	A private company registered in China, mainly engaged in construction engineering design, construction engineering construction, and construction engineering supervision	PV assets	Within 30 days from the date of the invoice	Bank wire transfer
Customer L	4,819	2.8	2023	A private company registered in Germany, mainly engaged in logistics.	PV products and energy storage products	Within 30 days from the date of the invoice	Bank wire transfer
Total	**138,427**	**79.5**					

Our Suppliers

Our suppliers primarily include equipment suppliers and EPC subcontractors.

We primarily select suppliers through open bidding and price comparison. In assessing suppliers, we consider their qualifications, including brand reputation, research and development capabilities, operational stability and supply capacity, industry certifications and recognition, quality control and management systems, and cooperation track record. Qualified suppliers are added to our approved supplier database. For specific projects, we formulate bidding requirements based on technical and compliance standards. During the cooperation period, we conduct regular and random inspections to ensure compliance with contractual standards.

In 2023, 2024, and 2025, purchases from our top five suppliers in each applicable year accounted for 52.9%, 50.1%, and 53.4% of our total purchases, respectively, and purchases from our largest supplier in each applicable year accounted for 17.5%, 12.5%, and 15.5% of our total purchases, respectively. During the Track Record Period, all our procurement was sourced from suppliers in China.

All of our top five suppliers in each period during the Track Record Period were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their close associates, or any Shareholders that, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date had any interest in any of our top five suppliers in each period during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, we did not experience quality issues with our suppliers that materially affect our operations, nor did we encounter any material disruptions in our service offerings due to shortages of supply or any material fluctuations in the prices of our raw materials.

The following table sets forth certain information regarding our top five suppliers in each year during the Track Record Period.

Supplier	Transaction Amount	Percentage of Total Purchases	Year of Commencement of Business Relationship	Supplier Background	Products/Service Purchased	Credit Terms	Payment Methods
	(RMB in thousands)	*(%)*					
For the Year Ended December 31, 2025							
Supplier A	69,504	15.5	2025	A private company registered in China, mainly engaged in construction engineering, power facility installation, maintenance, and testing, and construction labor subcontracting	EPC service for DES asset development	Within 5 days from the date of the invoice	Bank wire transfer or banker's acceptance bill
Supplier B	67,641	15.0	2024	A private company registered in China, mainly engaged in energy storage technology service, hydrogenation and storage facilities, PV equipment, intelligent power transmission and distribution equipment, and electronic components	EPC service for DES asset development	Within 7 days from the date of the invoice	Bank wire transfer

Supplier	Transaction Amount	Percentage of Total Purchases	Year of Commencement of Business Relationship	Supplier Background	Products/Service Purchased	Credit Terms	Payment Methods
	(RMB in thousands)	*(%)*					
Supplier C	52,500	11.7	2025	A private company registered in China, mainly engaged in engineering construction, electrical installation service, installation, maintenance and testing of power facilities, and construction labor subcontracting	EPC service for DES asset development	Within 5 days from the date of the invoice	Bank wire transfer or banker's acceptance bill
Supplier D	25,758	5.7	2023	A private company registered in China, mainly engaged in intelligent power transmission and distribution equipment, electrical and instrumentation equipment, and software development	Energy storage equipment	Within 7 days from the date of the invoice	Bank's acceptance bill
Supplier E	24,674	5.5	2024	A private company registered in China, mainly engaged in the development of power and electrical equipment and energy-saving technology service	EPC service for DES asset development	Within 5 days from the date of the invoice	Bank wire transfer
Total	**240,077**	**53.4**					

Supplier	Transaction Amount	Percentage of Total Purchases	Year of Commencement of Business Relationship	Supplier Background	Products/Service Purchased	Credit Terms	Payment Methods
	(RMB in thousands)	*(%)*					
For the Year Ended December 31, 2024							
Supplier B	62,023	12.5	2024	A private company registered in China, mainly engaged in energy storage technology service, hydrogenation and storage facilities, PV equipment, intelligent power transmission and distribution equipment, and electronic components	EPC service for DES asset development	Within 5 days from the date of the invoice	Bank wire transfer
Supplier F	60,549	12.3	2023	A private company registered in China, mainly engaged in energy-saving technologies, power transmission and distribution, and PV and electrical equipment	Energy storage equipment	Within 7 days from the date of the invoice	Bank wire transfer or banker's acceptance bill
Supplier G	50,593	10.2	2024	A private company, mainly engaged in power supply, construction, vehicle manufacturing, and telecom service	Energy storage equipment	Within 7 days from the date of the invoice	Bank wire transfer or banker's acceptance bill

Supplier	Transaction Amount	Percentage of Total Purchases	Year of Commencement of Business Relationship	Supplier Background	Products/Service Purchased	Credit Terms	Payment Methods
	(RMB in thousands)	*(%)*					
Supplier H	48,216	9.8	2023	A group of subsidiaries private company registered in China that is mainly engaged in installation, maintenance and testing of power facilities, and engineering survey and construction	Energy storage equipment	Within 7 days from the date of the invoice	Bank wire transfer or banker's acceptance bill
Supplier I	26,061	5.3	2024	A private company registered in China, mainly engaged in batteries and new-energy-related equipment, information system integration, and power electronic components manufacturing	Energy storage equipment	Within 7 days from the date of the invoice	Bank transfer, bank wire transfer, or banker's acceptance bill
Total	**247,442**	**50.1**					
For the Year Ended December 31, 2023							
Supplier J	40,312	17.5	2022	A private company registered in China, mainly engaged in project construction, construction labor subcontracting, and construction engineering design	EPC service for PV and DES asset development	Within 5 days from the date of the invoice	Bank wire transfer or banker's acceptance bill

Supplier	Transaction Amount	Percentage of Total Purchases	Year of Commencement of Business Relationship	Supplier Background	Products/Service Purchased	Credit Terms	Payment Methods
	(RMB in thousands)	*(%)*					
Supplier K	31,898	13.9	2022	A private company registered in China, mainly engaged in solar PV products and the design, development, system integration, construction, and operation management of new energy projects	PV equipment	Advance payment	Bank wire transfer or banker's acceptance bill
Supplier L	19,017	8.3	2023	A private company registered in China, mainly engaged in power generation, transmission and distribution, power facility installation, maintenance and testing, and construction and labor subcontracting	EPC service for PV asset development	Within 5 days from the date of the invoice	Bank transfer, banker's acceptance bill, or electronic commercial acceptance bill
Supplier D	17,783	7.7	2023	A private company registered in China, mainly engaged in intelligent power transmission and distribution equipment, electrical and instrumentation equipment, and software development	Energy storage equipment	Within 7 days from the date of the invoice	Banker's acceptance bill

Supplier	Transaction Amount	Percentage of Total Purchases	Year of Commencement of Business Relationship	Supplier Background	Products/Service Purchased	Credit Terms	Payment Methods
	(RMB in thousands)	*(%)*					
Supplier H	12,699	5.5	2023	A private company registered in China, mainly engaged in power generation, transmission, and distribution, the installation, maintenance, and testing of power facilities, and engineering survey and construction	Energy storage equipment	Within 7 days from the date of the invoice	Bank wire transfer or banker's acceptance bill
Total	**121,709**	**52.9**					

The following sets forth the salient terms of our purchase agreements with equipment suppliers.

- ***Scope of Supply.*** We specify the type, specifications, model, quantity, and detailed items in each purchase order of required products.
- ***Pricing.*** The pricing of the purchased products is locked at certain price agreed upon by both parties.
- ***Delivery.*** Our suppliers are typically responsible for the delivery of products within the agreed delivery time to our designated location.
- ***Inspection and Returns.*** We carry out product inspection before delivery. We have the right to return the defective materials that fail to meet the agreed quantity and quality standards. Our suppliers shall provide remedies for the resulting additional costs and delays.
- ***Warranty.*** The warranty period for energy storage systems and their direct-current-side equipment is typically five years, while the warranty period for other electrical components typically ranges from one to five years.
- ***Payment Terms.*** Payments are typically structured in stages, including advance payments, acceptance payments, and milestone payments based on project progress, with a portion retained as warranty.

Subcontracting

During the Track Record Period, we engaged subcontractors to carry out EPC service, allowing us to focus our time and resources on our DES asset development. The EPC service mainly represented engineering design, procurement of non-core equipment and facilities, and part of construction and installation works. According to CIC, it is not uncommon to engage subcontractors in the modern electricity service industry.

The following sets forth the salient terms of our subcontracting agreements with our EPC subcontractors.

- ***Term.*** The planned start dates and planned completion dates of the construction period are specified in the subcontracting agreement. Generally, subcontractors shall pay liquidated damages for any delay caused by their own fault.
- ***Performance Standards.*** The performance standards are specified in the subcontracting agreement.
- ***Warranty.*** The warranty period is typically one year after acceptance.
- ***Obligations of Subcontractors.*** Subcontractors are responsible for all construction work as listed in the subcontracting agreements. Subcontractors shall not sublet or illegally subcontract the main structure and critical works of the project.
- ***Pricing.*** A sum price is specified in the agreement, which is determined based on the agreement between both parties.
- ***Payment Terms.*** We make installment payments based on the project progression. We typically retain 3% of the total price as retention money, which shall be paid after the warranty period.
- ***Termination.*** The subcontracting agreement can generally be terminated unilaterally if either party is unable to perform its obligations as stipulated in the subcontracting agreements due to a force majeure event or a material breach by the other party, including violation of performance standards by subcontractors.

To ensure and maintain the quality of service provided by our subcontractors, we have established internal rules and procedures to monitor our selection of, cooperation with and inspections of the subcontractors, which have the same rules and procedures as selecting suppliers. We have developed our own procurement management procedures and guidelines and engage our subcontractors in accordance with standardized procedures. When selecting subcontractors, we consider factors including the subcontractors' credibility, supply capability, quality and price.

Overlapping Customer and Supplier

During the Track Record Period, one of our top five suppliers (being Supplier F) was also our customer. We procured energy storage equipment from and sold energy storage products and charged license fees to use Green Electricity platform to Supplier F. In 2023, 2024, and 2025, our purchases from Supplier F were RMB7.1 million, RMB60.5 million, and RMB5.2 million, which accounted for 3.1%, 12.3%, and 1.2% of our total purchases in the respective years, and our sales attributable to Supplier F were RMB3.2 million, RMB0.8 million, and nil, which accounted for 1.8%, 0.6%, and nil of our total sales in the respective years. In 2023, 2024, and 2025, the gross profit attributable to Supplier F was RMB0.3 million, RMB0.1 million, and nil and the gross profit margin attributable to Supplier F was 9.0%, 9.2%, and nil, respectively. The gross profit and gross profit margin attributable to Supplier F was generally comparable to those with our other suppliers and customers. According to CIC, such an overlap is not uncommon in the industry where we operate.

The transactions that we entered into with the Supplier F were on an arm's-length, mutually independent basis under normal commercial terms. The sales and purchases were neither interconnected nor inter-conditional. The key terms of our sales and supply agreements with the Supplier F were substantially similar to those with our other customers and suppliers. Save as disclosed above, to the best of our knowledge, none of our five largest customers or suppliers in each applicable year during the Track Record Period was a supplier or customer of us.

COMPETITION

According to CIC, the modern electricity service industry in China is currently at its early development stage. We face competition from state-owned power generation conglomerates, private electricity retailers, energy storage equipment manufacturers, and software service providers that intend to enter the modern electricity service industy. We differentiate ourselves from these competitors as an AI-powered modern electricity service provider adopting a light-asset business model. We ranked first in the China's DES-based modern electricity service industry in terms of DES asset operating scale among these service providers in China with a market share of 7.4% as of December 31, 2025. See "Industry Overview" for more details on the competitive landscape.

As the market matures, the competition is expected to intensify, driven by rapid technological advancements, adoption of supportive industry policies, and continued improvement of power-market reform. Our key competitive advantages primarily include large-scale DES asset deployment across physical power nodes, high-quality long-term user base with cross-selling opportunities, and integrated technology foundation for DES asset operation and aggregation and electricity trading. We will continually optimize our offering portfolio, expand our user base, and invest in advanced technologies, thereby strengthening our competitive edge in an ever-evolving market.

THIRD-PARTY PAYMENT ARRANGEMENTS

Background

During the Track Record Period, two of our customers, or the Relevant Customers, settled payments with us through third-party accounts, which we refer to as Third-Party Payment Arrangements.

During the Track Record Period, the Third-Party Payment Arrangements were primarily attributable to the sales proceeds from constructed PV assets. Both of the Relevant Customers arranged for their affiliates to settle payments with us on their behalf. Based on the representations of the Relevant Customers and to the best knowledge of our Directors, the Relevant Customers utilized Third-Party Payment Arrangements for the purpose of their internal fund allocation and management purposes. In 2023, 2024, and 2025, the aggregate amount settled with all Relevant Customers under the Third-Party Payment Arrangements was nil, RMB28.2 million, and RMB39.4 million, respectively, representing nil, 22.6%, and 7.6% of the total revenue in the respective years.

According to CIC, the adoption of Third-Party Payment Arrangements is not uncommon in the modern electricity service industry, because the investment in DES and other assets is capital-intensive in nature and asset investors, typically large enterprise groups, often arrange for affiliates to settle payments on their behalf for internal fund allocation purposes.

We typically require the Relevant Customers and their designated third-party payors to enter into tripartite agreements with us, which confirm delegation of payment before entering into Third-Party Payment Arrangements. According to these written delegations, the designated third-party payors are authorized by the Relevant Customers to settle payments with us and the Relevant Customers will bear the liabilities of any economic dispute caused by the Third-Party Payment Arrangements. Tripartite agreements were entered into for all of the transactions under Third-Party Payment Arrangements. We have implemented enhanced internal control measures to address third-party payment arrangements and ensure compliance. For details, see "— Enhanced Internal Control Measures."

During the Track Record Period, we did not initiate any Third-Party Payment Arrangements, and the Third-Party Payment Arrangements were arranged upon the Relevant Customers' requests. During the Track Record Period, to the best knowledge of our Directors, all Relevant Customers and the designated third-party payors who settled payments under the Third-Party Payment Arrangements were Independent Third Parties. We did not provide any discount, commission, rebate, or other benefits to any of the Relevant Customers or the designated third-party payors to facilitate or incentivize the Third-Party Payment Arrangements.

We strictly limit Third-Party Payments to entities with a verified equity relationship with the Relevant Customers. In order to ensure the Third-Party Payment Arrangements are for bona fide transactions, we mandate a verification process for all Third-Party Payment Arrangements by reviewing signed agreements and cross-checking the equity relationship against public company registries. The entire process, from verification, internal reporting, to payment settlement, is governed by a multi-level approval system requiring authorization from the business, legal, and finance departments. To the best of our knowledge, during the Track Record Period, the relevant payments were based on bona fide underlying transactions and valid contractual relationships. The pricing and payment terms that we provided to the Relevant Customers were in line with those provided to customers not involved in the Third-Party Payment Arrangements. During the Track Record Period, we duly booked all payments received under the Third-Party Payment Arrangement according to our internal accounting policies, tax laws, and regulations. Our Directors are of the view that the foregoing measures to ensure payments under bona fide underlying transactions and valid contractual relationships with customers are sufficient and can substantially mitigate the risk we face.

During the Track Record Period and up to the Latest Practicable Date, to our best knowledge, our Directors confirmed that (i) we were not the subject of any investigations, inquiries, penalties, or surcharges as a result of our involvement in the Third-Party Payment Arrangements; (ii) we had not encountered any refund requests, actual or pending disputes or disagreements, or any claims against us relating to the Third-Party Payment Arrangements; and (iii) we were not aware of any money laundering issues, fabricated transactions, violation of tax laws, or other illegal activities under the Third-Party Payment Arrangement.

As advised by our PRC Legal Advisor, our Third-Party Payment Arrangements do not violate the PRC Civil Code. Based on our comfirmation, our PRC Legal Advisor further advised that the risk of us being required to return the funds due to the Third-Party Payment Arrangements under the PRC Civil Code is remote, because (i) as of the Latest Practicable Date, the tripartite agreements have been duly executed for all of our Third-Party Payment Arrangements, confirming that such third-party payors would not request a refund of the funds settled on behalf of the Relevant Customers, and no refund is required under the Third-Party Payment Arrangements; and (ii) during the Track Record Period and up to the Latest Practicable Date, we had not been requested to refund funds received through Third-Party Payment Arrangements, and to the best of our knowledge, there was no actual or pending dispute or disagreement involving any Third-Party Payment Arrangements.

Enhanced Internal Control Measures

During the Track Record Period, we required the Relevant Customers to communicate with us the relevant information, including, among others, the reasons for the Third-Party Payment Arrangements and the identity of the third-party payors involved.

To mitigate the potential risks from the Third-Party Payment Arrangements, we have implemented enhanced internal control measures, including, among others:

(i) we have adopted internal management policies, which, among other things, enhance the requirements for customer management and payment collection procedures in February 2026. Under these policies, Third-Party Payment Arrangements require a formal email explanation, approval from the transaction or sales director and the financial controller, and the execution of tripartite agreements;

(ii) we take measures to ensure all third-party payments are based on genuine underlying sales transactions and in compliance with applicable laws and regulations;

(iii) we emphasize at the time of entering into sales contracts that payments must be made strictly in accordance with contractual terms;

(iv) as a general rule, we only accept payments from our contractual customers; and

(v) in limited and exceptional circumstances beyond the control of both the customer and us, where a third-party payment is requested, we require a standardized tripartite agreement to be duly executed prior to processing such payments.

Our Directors are of the view that the foregoing internal control measures are sufficient and can substantially mitigate the risk that we face.

Since December 2024, we have not entered into any new tripartite agreement for Third-Party Payment Arrangements.

In light of the above, we believe that our Third-Party Payments Arrangements will not have a material adverse effect on our business operations.

DATA SECURITY

As our business is exclusively targeted at electricity users that are industrial and commercial enterprises instead of individual users, our data collection primarily focuses on corporate information including DES assets data, equipment data, and their authorized electricity consumption data, as well as their accounts and specific query permissions on our Green Electricity platform for the purpose of providing our services. Consequently, the limited personal data that we collect consists mainly of the personal contact information for the point of contact of our business counterparties, such as customers and suppliers. We strictly safeguard all data processed in our operations through comprehensive policies to ensure regulatory compliance.

We have established a comprehensive data security and cybersecurity framework covering technical, policy, and organizational measures. From a technical perspective, operational data collected from energy storage sites invested in or operated by us is stored in our self-built data center supported by a private cloud system, with centralized storage, automatic backup functions, environmental monitoring, backup power supply, and network segregation between development, testing, and deployment environments. Access to systems is subject to restricted controls, and security protection measures, such as firewalls, intrusion detection systems, and antivirus systems, are deployed to safeguard data and source code. From a policy perspective, we have implemented internal protocols governing the collection, storage, use, transmission, and retention of data throughout its lifecycle. We have taken data classification, grading, and protection measures, and imposed confidentiality obligations through employment contracts and agreements with relevant parties. From an organizational perspective, we have established a Cybersecurity and Data Management Working Group and designated dedicated personnel to oversee all security management matters. Specifically, their duties include formulating internal policies, managing system access and maintenance, and implementing regular monitoring and data backups. In addition, we provide cybersecurity, data security, and personal information protection training to our employees to enhance their awareness and ensure ongoing compliance with applicable laws and regulations.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material data leakage or loss, infringement of data or personal information, or information security incident. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material litigation or dispute relating to data protection and personal information protection, nor had we been subject to or involved in any material investigation or penalty by regulatory authorities in this regard.

INTELLECTUAL PROPERTY

We regard our proprietary trademarks, patents, domain names, trade secrets, and other intellectual property rights critical to our business operations. As of December 31, 2025, we had 130 granted patents, 77 trademarks, 68 software copyrights, seven domain names, and two layout designs of integrated circuits in China. In addition, as of the same date, we had two granted trademarks and 12 granted patents in other countries and regions.

We rely on a combination of copyright, patent, and trademark law, trade secret protection, confidentiality agreements with employees, and intellectual property and confidentiality provisions in our agreements with third-party suppliers to protect our intellectual property rights. We have established a range of internal control policies and measures to ensure our ability to protect our intellectual property rights, and operate without infringing, misappropriating or otherwise violating the valid, enforceable intellectual property rights of third parties.

During the Track Record Period and up to the Latest Practicable Date, we had not identified breaches of our intellectual property rights which, viewed alone or in the aggregate, had a material impact on our business, financial condition, or results of operations, nor had we had any material dispute or legal proceeding concerning intellectual property rights with third parties.

For more details of our material intellectual property, see "Statutory and General Information — Further Information about the Business of Our Company — Our Material Intellectual Property Rights" in Appendix VI to this document.

EMPLOYEES

As of December 31, 2025, we had 184 full-time employees, all of whom were based in China. The following table sets forth a breakdown of our full-time employees by functional departments as of December 31, 2025.

Function	As of December 31, 2025	
	Number of employees	Percentage of total employees
Sales and Marketing	91	49.5%
Management and General Administration	72	39.1%
Research and Development	21	11.4%
Total	**184**	**100.0%**

We believe that the strength and talent of our workforce are critical to the success of our businesses, and we continually strive to attract, develop, and retain personnel commensurate with the needs of our businesses. We always strive to provide employees with comprehensive social benefits, a wide range of career growth opportunities, and a diverse work environment. In addition, we are committed to providing a safe and healthy workplace, which is backed by strict policies, robust training, and safety recognition awards. We are committed to the recruitment, education, development, and advancement of our personnel. Furthermore, we place special emphasis on the building of a talent pipeline and cohesive company culture. We have established a comprehensive system for employee training and development, covering topics such as professional competencies, corporate culture and values, workplace ethics, compliance awareness and others.

We recruit our employees based on a range of factors such as their industry experience, their educational background, and our vacancy needs. We primarily recruit employees through social recruitment, supplemented by campus recruitment to build a balanced talent pipeline.

As required by PRC laws and regulations, we participate in various employee social security plans that are organized by municipal and provincial governments, including, among other things, pension, medical insurance, unemployment insurance, maternity insurance, work-related injury insurance, and housing fund plans through a PRC government-mandated benefit contribution plan. Specifically, we are required under PRC law to make contributions from time to time to employee benefit plans for our PRC-based employees at specified percentages of the salaries, bonuses, and certain allowances of such employees, up to a maximum amount specified by the local governments in China.

We are committed to establishing competitive and fair remuneration. In order to effectively motivate our staff, we continually refine our remuneration and incentive policies. We conduct performance evaluations for our employees regularly to provide feedback on their performance. Compensation for our staff typically consists of base salary and a performance-based bonus.

We typically enter into standard employment agreements and confidentiality agreements with our senior management and core employees. We maintain a good working relationship with our employees, and we have not experienced any material labor disputes.

PROPERTIES

As of the Latest Practicable Date, we did not own any land use rights or properties in China. As of December 31, 2025, we operated our businesses primarily through six leased properties in China, with a total gross floor area of 5,306.51 square meters.

As of December 31, 2025, each of our property interests had a carrying amount of less than 15% of our consolidated total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempted from compliance with the

requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which require a valuation report with respect to all our interests in land or buildings.

Filing of Lease Agreement

During the Track Record Period and up to the Latest Practicable Date, we were unable to complete lease registrations for four leased properties used as offices. Among them, the lease for office in Wuxi terminated on December 31, 2025 without renewal.

Under PRC laws and regulations, we may be required to file with the relevant government authority executed leases. As advised by our PRC Legal Advisor, the failure to file the lease agreements for our leased properties will not affect the validity of these lease agreements, but the competent housing authorities may order us to file the lease agreements in a prescribed period of time and impose a fine ranging from RMB1,000 to RMB10,000 for each non-filed lease if we fail to complete the registration within the prescribed timeframe. The aggregate maximum penalty for the non-compliance relating to the filing of lease agreements would be RMB40,000 based on agreements in force as of the Latest Practicable Date.

During the Track Record Period and up to the Latest Practicable Date, we did not receive any notice from any regulatory authority relating to administrative penalties or enforcement actions arising from these non-registered leases. If we were ordered to make such payment, we would do so promptly and within the prescribed time period. Therefore, our Directors are of the view that these non-registrations would not have a material adverse effect on our business, financial condition, or results of operations.

INSURANCE

We maintain various insurance policies to safeguard against risks and unexpected events in our daily operations. We have purchased insurance covering all risks of physical loss, destruction, or damage based on operating needs. We maintain third-party insurance policies covering certain potential risks and liabilities including product liability and property liability. We provide social security insurance including pension insurance, unemployment insurance, employer liability insurance, and medical insurance for our employees in China. In addition to providing social insurance for our employees as required by PRC law, we provide commercial accident insurance for certain employees. We consider our current insurance coverage to be adequate. We will continue to review and assess our risk portfolio and make necessary and appropriate adjustments to our insurance plans.

LICENSES, PERMITS, AND APPROVALS

During the Track Record Period and up to the Latest Practicable Date, we have obtained all licenses, permits, and approvals necessary for our business operations in all material respects from government authorities in China, and these licenses, permits, and approvals remained in full effect. As advised by our PRC Legal Advisor, there is no legal impediment to renewing the licenses, permits, and approvals held by us.

The following table sets forth a list of our material licenses, permits, and approvals.

License/Permit/Approval	Holder	Granting Authority	Grant Date	Expiry Date
Safety Production License (安全生產許可證)	Zhongyue Construction (Shanghai) Co., Ltd.	Shanghai Municipal Commission of Housing and Urban-Rural Development (上海市住房和城鄉建設管理委員會)	June 7, 2024	June 6, 2027
Power Facility Installation (Repair, Test) Permit – Grade III for Installation, Grade III for Repair, Grade III for Test (承裝(修、試)電力設施許可證–承裝類三級,承修類三級,承試類三級)	Zhongyue Construction (Shanghai) Co., Ltd.	East China Regulatory Bureau of the National Energy Administration (國家能源局華東能源監管局)	May 6, 2023	May 5, 2029
Certificate of Construction Enterprise Qualification: Grade II General Contracting for Construction Engineering; Grade II Specialized Contracting for Electronic and Intelligent Engineering; Grade II General Contracting for Electric Power Engineering; Grade II Specialized Contracting for Building Decoration and Renovation Engineering (建築業企業資質: 建築工程施工總承包二級, 電子與智能化工程專業承包二級,電力工程施工總承包二級,建築裝修裝飾工程專業承包二級)	Zhongyue Construction (Shanghai) Co., Ltd.	Shanghai Municipal Commission of Housing and Urban-Rural Development (上海市住房和城鄉建設管理委員會)	June 21, 2024	June 9, 2026[1]
Electricity Sales Qualification (售電資質)	Zhejiang Makesense Energy Technology Co., Ltd.	Jiangsu Electricity Trading Center Co., Ltd. (江蘇電力交易中心有限公司); Anhui Electricity Trading Center Co., Ltd. (安徽電力交易中心有限公司); Zhejiang Electricity Trading Center Co., Ltd. (浙江電力交易中心有公司)	September 1, 2025; October 31, 2025; October 31, 2025[2]	N/A[3]
Electricity Sales Qualification (售電資質)	Jiangsu Meiliang Intelligent Electric Power Co., Ltd.	Jiangsu Electricity Trading Center Co., Ltd. (江蘇電力交易中心有限公司)	December 12, 2025[2]	N/A[3]
Virtual Power Plant (虛擬電廠)	Zhejiang Makesense Energy Technology Co., Ltd.	Zhejiang Electricity Trading Center Co., Ltd. (浙江電力交易中心有限公司)	July 24, 2024[2]	N/A[3]
CMMI Level 3 (CMMI三級)	Our Company	Capability Maturity Model Integration (CMMI) Institute	July 13, 2024	July 12, 2027
Information Technology Service Operation and Maintenance Standard (ITSS) Operation and Maintenance Level 3 (ITSS運行維護三級)	Our Company	China Electronics Standardization Institute (中國電子工業標準化技術協會)	June 6, 2024	June 3, 2027

Notes:

(1) We plan to submit the application for renewal by the end of April 2026.

(2) The grant date refers to the day after the expiry date of the respective public notice period.

(3) The expiry date is not applicable because the qualification is valid on a long-term basis.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG Governance Structure

We firmly believe that, environmental, social and governance (ESG) serves as a crucial foundation underpinning our long-term sustainable development and value creation. Our business coverage inherently focuses on improving energy utilization efficiency and accelerating the society's transition to a low-carbon economy. We have deeply integrated ESG philosophy into our strategic decision-making, operational management and corporate culture, committed to addressing the temporal and spatial mismatch of energy through technological innovation, creating returns for shareholders, while supporting the global achievement of carbon neutrality goals and safeguarding energy security.

We have established a three-tier ESG governance structure comprising the Board of Directors, the ESG Committee, and the ESG working group to ensure that relevant matters are effectively identified, managed, and supervised. The Board of Directors is the supreme decision-making and supervisory body for the Group's ESG-related affairs, whose main responsibilities include:

- deliberating on ESG management strategies and annual targets;
- approving major ESG management regulations and policies;
- supervising the establishment and operation of the ESG management system;
- deliberating on material ESG matters and emergency response plans; and
- reviewing the annual ESG report and information disclosure.

Environmental Protection

We recognize that environmental protection and efficient resource utilization are essential foundations for the sustainable development of companies. We strictly comply with the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and other applicable laws and regulations, and continually improve the environmental management mechanism, striving to reduce the environmental impact of daily business activities, while enabling customers and the society to achieve emission reduction through our core business.

Resource Management

We have incorporated energy use management into an important part of daily operational management, and continually improve resource utilization efficiency through real-time monitoring of energy consumption, implementation of energy-saving measures and enhancement of employees' energy-saving awareness. As we are not a manufacturing company, daily resource consumption mainly comes from electricity and water consumption in office premises and operational activities, as well as fuel consumption of owned official vehicles. The table below sets forth our energy and water resource consumption during the Track Record Period:

	Year Ended December 31,		
Category	**2023**	**2024**	**2025**
Energy Consumption			
Electricity Consumption (MWh)	525.1	452.7	450.9
Gasoline Consumption (MWh)	69.5	68.2	63.9
Total Energy Consumption (MWh)	594.6	520.9	514.8
Energy Consumption Intensity (MWh/million RMB revenue)	3.4	4.2	1.0
Water Consumption			
Water Consumption (cubic meters)	840.0	766.0	657.0
Water Consumption Intensity (cubic meters/million RMB revenue)	4.8	6.1	1.3

Note: The fluctuation in consumption intensity is mainly derived from the fluctuation of our overall revenue during the Track Record Period.

At present, we mainly reduce resource consumption through the following measures:

- timely turn off air conditioners and other electrical equipment when employees leave the office area; and
- encourage water conservation and reduce unnecessary water consumption in daily office work.

Emission Management

As we are not a manufacturing company, there are no material emissions of industrial wastewater, waste gas, and hazardous solid waste, and our main non-hazardous waste is paper generated in daily business activities. We actively promote paperless office, advocate concepts including environmental protection and green office, and continue to control the waste emission intensity through optimizing office processes and strengthening resource recycling and utilization.

Addressing Climate Change

Identification and Management of Climate-Related Risks and Opportunities

We have incorporated climate-related issues into daily risk management and business decision-making, and identified major climate-related risks and opportunities in light of business characteristics. We believe that extreme weather may affect the safe operation of DES assets and the continuity of project delivery, while policy changes and technology iteration may also have an impact on our business development. At the same time, with the growing demand for renewable energy, the in-depth application of DES assets and the advancement of electricity marketization reform, we also presented with more business expansion opportunities. The table below sets forth the major climate-related risks, opportunities identified by us.

Risk/Opportunity Type	Description	Potential Impact	Measures
Physical Risk			
Extreme Weather Risks	• Extreme weather events caused by climate change, such as high temperature, heavy rains and typhoons.	• Affect the safe operation of DES assets and the continuity of project operation	• Improve site selection criteria, thermal management plans, flood control measures and emergency response plans, and enhance financial resilience through appropriate asset insurance arrangements.
Transformation Risks			
Policy Risks	• Continuous changes in policies, regulatory requirements and market mechanisms	• Bring pressure of higher compliance requirements and operational adjustments	• Continuously track policy changes and the fluctuation trends of electricity prices and carbon prices, and improve internal management and information disclosure processes.
Technical Risks	• Continuous evolution of electricity market and technological routes	• Pose higher requirements for business models and technical capabilities	• Strengthen capabilities of digital energy management and electricity trading, introduce AI electricity trading algorithms, conduct predictive analysis on electricity price trends and load changes, and optimize trading strategies and energy storage dispatching decisions

Risk/Opportunity Type	Description	Potential Impact	Measures
Opportunity			
Market Expansion . .	• Growing demand for renewable energy and in-depth application of DES assets	• Conducive to driving the demand growth for DES asset aggregation, renewable energy trading and comprehensive energy services	• Continuously expand market layout, promote the transformation to VPP aggregation operation model, and improve electricity service capabilities, asset operation efficiency and the proportion of renewable energy trading; • Actively use financial instruments such as green bonds, green credit and asset-backed securities (ABS) to raise funds for the development and operation of DES assets

Greenhouse Gas Management

The greenhouse gas emissions from our daily operations mainly include Scope 2 emissions derived from purchased electricity and Scope 3 emissions generated from employees' business travel, and our Scope 1 emissions is relatively low. Therefore, we focus our greenhouse gas management on purchased electricity management and low-carbon travel measures. We are gradually improving the collection, accounting, and management mechanism of greenhouse gas emission data, and continually enhancing the level of relevant data management in light of business development. At the same time, we also continually control the emission intensity through reduction of unnecessary business trips, promotion of online meetings and advocacy of green commuting. The table below sets forth our greenhouse gas emissions of Scope 1, Scope 2 and Scope 3 during the Track Record Period.

	Year Ended December 31,		
Category	**2023**	**2024**	**2025**
Scope 1 Emission (tCO2e)	18.0	17.7	16.6
Scope 2 Emission (tCO2e)	367.6	316.9	315.6
Scope 3 Emission (tCO2e)	253.4	175.5	200.6
Total Greenhouse Gas Emissions (tCO2e)	639.0	510.1	532.8
Greenhouse Gas Emissions Intensity (tCO2e/million RMB revenue)	3.7	4.1	1.0

Note: Reasons for the fluctuations of emission intensity are similar to those for energy and water consumption as set forth in the table above.

In respect of carbon management, we actively explore carbon neutrality technological pathways and solutions and we evaluate the feasibility of participating in carbon trading mechanisms to facilitate the achievement of carbon reduction targets.

Social Responsibility

Employment and Labor Standards

We regard employees as an important foundation for our sustainable development, and are committed to creating a fair, diverse, safe, and development-oriented working environment. We continually improve the human resource management system, adhere to the principles of equality, standardization, and non-discrimination in recruitment, employment, promotion, compensation, and resignation, and strive to ensure that employees have fair development opportunities. We enter into labor contracts with employees in accordance with relevant laws and regulations, and continually improve the compensation and benefits, leave arrangements and employee care mechanisms based on actual operational conditions, so as to continually enhance employees' sense of belonging and satisfaction. We also attach importance to employee occupational health and safety management, continuously improve the safety management systems related to office premises, project sites and operational activities. In terms of employee development, we continually improve the training system to support the improvement of employees' capabilities and career development.

Customer Service Management

We attach importance to establishing long-term and stable cooperative relationships with customers, and continually improve customer service and operating support capabilities. We are committed to providing high-quality products and services to better respond to customers' needs in energy use management, operating efficiency and green transformation. In the service process, we continually strengthen communication with customers, timely understand their business plans and actual needs, and continually improve service quality combined with project implementation, operational management and follow-up support. At the same time, we improve the efficiency of problem response and handling through internal collaboration and process optimization, and continually enhance customer experience and satisfaction.

Supply Chain Management

We continually improve the supplier management mechanism and gradually incorporate sustainable development requirements into procurement and cooperation processes. In the supplier access and cooperation process, we comprehensively consider the quality of their products and services, delivery capacity, compliance performance, and safety management level, and promote the stable and standardized operation of the supply chain through continued evaluation and dynamic management. We also gradually pay attention to social responsibility factors in the supply chain. For example, we are gradually establishing environmental assessment mechanisms for suppliers, and requiring them to provide energy usage and carbon emission data to regularly assess their environmental performance. We will, in light of business development, continually promote suppliers to improve the level of compliant operation, quality assurance and sustainable development management, so as to jointly build a robust, transparent and sustainable supply chain system.

Data Security, Integrity, and Anti-Fraud

We attach importance to data security, information protection and compliant operation, and continuously improve the relevant internal management mechanisms. In terms of data privacy protection, we comply with relevant laws and regulations such as the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》), and have established a data breach emergency response mechanism. We also continue to strengthen the protection of intellectual property rights to safeguard the security of our core technologies and trade secrets. At the same time, we adhere to the principles of honest operation and integrity in business, and oppose any form of bribery, fraud and improper transfer of benefits. We continually improve internal control and compliance management

requirements, focusing on procurement, sales, project cooperation, and other key business links, and have established reporting and feedback channels where relevant information is kept strictly confidential. For verified violations, we will handle them strictly in accordance with internal systems and applicable laws and regulations.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral, or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral, or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition, and results of operations.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition, and results of operations.

We are committed to fostering a culture of compliance by establishing and implementing various policies and procedures, such as comprehensive risk management procedures, to ensure that our operations consistently meet regulatory and compliance requirements.

Social Insurance and Housing Provident Fund Contributions

During the Track Record Period, we did not make full contributions of social insurance and housing provident funds for some employees. We had not fully settled the shortfall in contributions as of the Latest Practicable Date. In 2023, 2024, and 2025, the amount of shortfall in such contributions was RMB5.0 million, RMB6.4 million, and RMB1.6 million, respectively. Pursuant to PRC laws and regulations, if there is a failure to pay the full amount of social insurance as required, the social insurance premium collection department may require payment of the outstanding amount within a prescribed period, and it may charge a late fee of 0.05% per day of the delayed payment amount. If such payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times of the overdue amount.

During the Track Record Period, we also engaged third-party human resources providers to pay individual income tax and make social insurance and housing fund contributions for certain employees, because these employees preferred to participate in local social insurance and housing fund schemes in their place of residency, which differed from the cities where their employee contracts were executed. During the Track Record Period, the contributions made by third-party human resources service providers were RMB1.6 million, RMB1.0 million, and RMB0.3 million, in 2023, 2024, and 2025, respectively. Pursuant to PRC laws and regulations, the contributions to social insurance and housing provident funds made through third-party accounts may not be viewed as fully compliant. If these third-party arrangements are challenged by the competent PRC authorities, or if the contributions are not made in full or in a timely manner, we may be required to make supplemental contributions, pay late fees or penalties, and could be subject to labor disputes.

See "Risk Factors — Risks Relating to Doing Business in Jurisdictions Where We Operate — Any failure to comply with the PRC regulations regarding contribution of social insurance or housing provident funds may subject us to fines and other legal or administrative penalties."

As advised by our PRC Legal Advisor, the risk of us being subject to any material administrative penalties for failing to make full social insurance and housing provident fund contributions is remote, based on the following grounds: (i) we have obtained certificates issued by the competent authorities stating that, during the Track Record Period, we were not subject to any administrative penalties for violating laws and regulations related to labor and social insurance or housing provident funds; (ii) according to the Notice of the General Office of the State Taxation Administration on Conducing the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly and Effective Manner (《國家税務總局辦公廳關於穩妥有序做好社會保險費徵管有關工作的通知》) promulgated on September 13, 2018 and the Notice of the General Office of the State Council on Promulgation of the Comprehensive Plan for the Reduction of Social Insurance Premium Rates (《國務院辦公廳關於印發《降低社會保險費率綜合方案》的通知》) promulgated on April 1, 2019, all the local authorities responsible for the collection of social insurance are strictly forbidden to conduct self collection of historical unpaid social insurance contributions from company, and Notice of the State Taxation Administration on Implementing the Several Measures to Further Support and Serve the Development of Private Economy (《國家税務總局關於實施進一步支持和服務民營經濟發展若干措施的通知》) promulgated on November 16, 2018, repeats that tax authorities at all levels may not organize self-collection of arrears of taxpayers including private company in the previous years; (iii) as of the Latest Practicable Date, we had not received any material employee complaints or regulatory notices regarding social insurance and housing provident fund contributions, nor had we been involved in material disputes or subject to administrative penalties in relation thereto during the Track Record Period; and (iv) if we receive employee complaints or regulatory orders to make such payments, we will promptly settle the outstanding shortfall.

Based on the above, our Directors are of the view that the issues relating to the contributions of social insurance and housing provident funds would not have a material adverse effect on our business, financial condition, and results of operations.

To ensure full compliance with all statutory requirements relating to social insurance and housing provident funds, we have proactively initiated rectification measures. We have ceased all arrangements with third-party human resources service providers. In addition, we have made full and direct social insurance and housing provident funds contributions for all employees starting from November 2025.

INTERNAL CONTROL AND RISK MANAGEMENT

We are exposed to various risks during our operations. We have put in place a set of internal control and risk management policies and procedures to address potential operational, financial, legal, and market risks identified in relation to our operations. We also periodically review these procedures to ensure their effectiveness. Our policies and procedures relate to managing our research and development management, sales operations, procurement execution, financial reporting, information disclosure management, and general controls over information technology.

We have designated responsible personnel in our Company to monitor the ongoing compliance by our Company with the relevant PRC laws and regulations that govern our business operations and oversee the implementation of necessary measures. In addition, we plan to provide our Directors, senior management, and relevant employees with continued training programs and updates regarding the relevant PRC laws and regulations on a regular basis with a view to proactively identify any concern and issue relating to any potential non-compliance.

We have adopted internal rules and policies governing various aspects of our business operations and management, including information system, physical assets, procurement, sales and marketing, financial reporting, and human resources. For example, we have designed and implemented a series of internal control policies and procedures relating to our information management system, such as the establishment of a dedicated team responsible for cybersecurity and data protection, the formulation of data protection policies and measures, and the provision of training to employees involved in data control and management. In addition, we have established internal control policies covering various aspects of human

resource management such as recruiting, training, work ethics, and legal compliance. Furthermore, we have adopted a set of policies and procedures in connection with our financial reporting management, such as financial and accounting policies, budget management procedures, and financial statement preparation procedures.

During the Track Record Period, our Directors did not identify any material internal control weakness or failure. We have also engaged an independent internal control consultant to evaluate our internal control system in connection with the [**REDACTED**]. The internal control consultant has conducted review procedures on our internal control system in certain aspects, including company level and process level controls. Our internal control consultant did not identify any material deficiency based on internal control review procedure.

AWARDS AND RECOGNITION

We have established strong brand and reputation with our technological capabilities and trustworthy service.

The following table sets forth certain significant awards and recognition that we have received.

Awarding Year	Award/Recognition	Issuing Organization
2025	2025 China Energy Storage Industry Best Virtual Power Plant Solution Award (2025年度中國儲能產業最佳虛擬電廠解決方案獎)	China International Energy Storage Conference (中國國際儲能大會) and China Energy Storage Network News (中國儲能網)
2025	Shanghai Top 100 High-Growth Software and Information Technology Service Enterprises (上海軟件和信息技術服務業高成長百家企業)	Shanghai Municipal Commission of Economy and Informatization (上海市經濟和信息化委員會)
2025	Shanghai High-tech Achievement Transformation Project (上海市高新技術成果轉化項目)	Science and Technology Commission of Shanghai Municipality (上海市科學技術委員會)
2024	National Specialized and New "Little Giant" Enterprise (國家級「專精特新」小巨人企業)	Ministry of Industry and Information Technology of the People's Republic China (中華人民共和國工業和信息化部)
2024	First Prize of Shanghai Science and Technology Award (「上海市科學技術獎」一等獎)	People's Government of Shanghai Municipality (上海市人民政府)
2024	"Shanghai Brand" Certification (「上海品牌」認證)	China Quality Certification Centre Co., Ltd. (中國質量認證中心有限公司)
2023	High and New Technology Enterprise (高新技術企業)	Science and Technology Commission of Shanghai Municipality (上海科學技術委員會), Shanghai Municipal Bureau of Finance (上海市財政局), and Shanghai Municipal Taxation Bureau of State Administration of Taxation (國家税務總局上海市税務局)
2023	National Intellectual Property Advantage Enterprise (國家知識產權優勢企業)	China National Intellectual Property Administration (國家知識產權局)

Awarding Year	Award/Recognition	Issuing Organization
2023	UNIDO Global Call 2022 Winner in "Green Growth" Category	United Nations Industrial Development Organization Investment and Technology Promotion Office
2022	First Prize of Science and Technology Progress, State Grid Corporation of China (國家電網有限公司科學技術進步一等獎)	State Grid Corporation of China (國家電網有限公司)
2021	Third Prize of the 2022 Jiangsu Science and Technology Award (2022年度江蘇省科學技術獎三等獎)	Jiangsu Provincial People's Government (江蘇省人民政府)