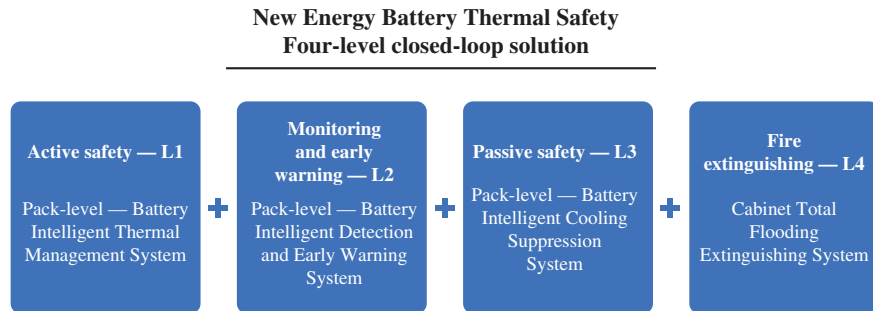


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WHO WE ARE

We are a leading one-stop new energy battery thermal safety solutions provider in China, focusing on innovation in new energy battery thermal safety technologies. We specialise in the research, development, manufacturing and sales of new energy battery thermal safety products, offering an integrated four-level closed-loop safety solution and after-sales services that cover active safety (pack-level — Battery Intelligent Thermal Management System), monitoring and early warning (pack-level — Battery Intelligent Detection and Early Warning System), passive safety (pack-level — Battery Intelligent Cooling Suppression System) and fire extinguishing (Cabinet Total Flooding Extinguishing System).



We focus on new energy battery thermal safety solutions, aiming to play a key role in the ever-evolving field of battery safety innovation and address the thermal safety challenges faced by Li-ion batteries across various application scenarios. Leveraging our competitive advantages, extensive industry experience, market knowledge, and early market entry in China, we are able to stand out as an industry leader and maintain our competitiveness, even amidst rapid industry growth and intense competition.

OUR VALUE PROPOSITION

We are positioned at the forefront of the new energy Li-ion battery thermal safety industry in China. We organise our core products and solutions into four levels, designated L1 to L4, which form a thermal safety architecture for new energy battery systems. These products are used in EV and BESS projects in China and overseas. Our products perform different but complementary functions in managing thermal runaway risks, forming a comprehensive battery thermal safety system from pack-level thermal management to monitoring and emergency response and fire suppression capabilities. According to the F&S Report, in terms of revenue generated from Li-ion battery thermal safety solutions in 2025, we ranked first among the top five market participants in China. Among these top five companies, we are the only company capable of providing a comprehensive Li-ion battery thermal safety solutions covering L1, L2, L3 and L4 systems, and we hold the top market share. For details of our products and applications, please refer to the paragraph headed “Our Products and Solutions” below.

We are a leading one-stop new energy battery thermal safety solutions provider in China, and we are the only company among the top five market participants in this field to offer an integrated four-level closed-loop safety solution that covers L1, L2, L3 and L4.	
New Energy Heavy-Duty Trucks Battery Intelligent Thermal Management System 1st place Market share: 35.3% in 2025 (In terms of revenue in the Chinese market)	Electrochemical Energy Storage System Li-ion Battery Fire Prevention and Control Solutions 1st place Market share: 26.3% in 2025 (In terms of revenue in the Chinese market)

Sources: F&S Report

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According to the F&S Report, China’s Li-ion battery thermal safety solution market is experiencing rapid expansion alongside the growth of EV and BESS applications and the consolidation of safety standards. In the market for L1 (BITS) thermal management systems for new energy heavy-duty trucks, revenue generated by our L1 products recorded a CAGR of approximately 127.9% from 2023 to 2025, compared with approximately 84.7% for the overall PRC market for such systems over the same period, and our revenue market share reached approximately 35.3% in 2025, ranking first among all market participants.

In the market for L2 (BIDS) + L3 (BICS) + L4 (CTFES) fire prevention and control solutions for BESS applications, revenue generated by our products recorded a CAGR of approximately 70.2% from 2023 to 2025, compared with approximately 55.2% for the overall PRC market for such solutions, and our revenue market share reached approximately 26.3% in 2025, also ranking first.

From 2023 to 2025, market AUPs for L1 thermal safety systems for new energy commercial vehicles in China decreased from approximately RMB9,900 per unit in 2023 to approximately RMB9,800 per unit in 2024 and RMB8,300 per unit in 2025, while market AUPs for BESS L2-L4 thermal safety solutions decreased from approximately RMB45,800 per unit in 2023 to approximately RMB32,800 per unit in 2024 and RMB31,100 per unit in 2025. Over the same period, the AUPs of our L1 (BITS) products for EV applications were approximately RMB10,000, RMB10,000 and RMB9,000 per unit for FY2023, FY2024 and FY2025, respectively, and the AUPs of our L2 (BIDS) + L3 (BICS) + L4 (CTFES) products for BESS applications were approximately RMB47,000, RMB34,000 and RMB39,000 per unit for the corresponding years.

The Directors believe that our ability to maintain AUPs for our EV and BESS applications productions above overall market levels while achieving higher-than-market CAGRs and first-ranked revenue market shares in both the EV and BESS application segments, despite overall industry price pressure, reflects customers’ recognition of the value and performance of our Li-ion battery thermal safety solutions and the competitiveness of our products and solutions among Li-ion battery thermal safety solution providers in China.

OUR COMPETITIVE STRENGTHS

Mechanism-based platform technology and full-chain R&D capability

We have established a mechanism-based platform technology that covers the full chain from fundamental research to system-level application solutions for new energy battery thermal safety.

According to the F&S Report, thermal runaway in Li-ion batteries usually develops and spreads rapidly once ignition occurs, and such events are hard to suppress or contain once propagation occurs. We carry out mechanism-based research on thermal runaway of battery cells under different application scenarios, packaging configurations and abuse conditions, including the qualitative and quantitative analysis and modelling of heat release and propagation characteristics. We apply the results of our mechanism-based research to design targeted engineering application solutions. This approach allows us to develop thermal safety solutions that can suppress combustion effectively and prevent the spread of thermal events, thereby addressing key challenges in this field and forming full-chain platform technology R&D capabilities.

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In a test on a single 104.5 kWh LFP battery pack witnessed by the Tianjin Fire Research Institute, the battery pack was charged and subjected to conditions that led to thermal runaway, followed by open flames that persisted for three minutes. Our system extinguished the open flames in approximately 4 minutes 21 seconds and no re-ignition was observed within 24 hours. In another test on three LFP battery packs simultaneously heated to trigger thermal runaway, our system extinguished the open flames in approximately 15 seconds and no re-ignition was observed within six hours. These test results demonstrate the ability of our products to control high-energy burning of Li-ion batteries and reduce the risk of thermal propagation, and were achieved on the basis of our mechanism-based simulation, verification methodology and the supporting research data.

Our R&D process comprises five stages: (i) mechanism research on thermal runaway under different abuse conditions, (ii) product development based on data modelling and prototype testing, (iii) development of process design methodologies and process flows to support stable and repeatable mass production, (iv) establishment of a full-process production management system for batch manufacturing, and (v) system-level solution validation. During the Track Record Period, our major product lines recorded first time through (FTT) rates at or above 98%, and, through continuous data collection and feedback during production, we enhance management capabilities across the entire manufacturing cycle, ensuring consistent product quality and traceability from design to delivery.

During the Track Record Period, our major product lines achieved the following FTT rates:

	FY2023	FY2024	FY2025
	FTT rates	FTT rates	FTT rates
L1	98.69%	98.89%	98.90%
L2	98.32%	98.76%	98.93%
L3	98.99%	98.95%	98.97%

Guided by the core performance principles of technology effectiveness, product reliability, production consistency and cost-efficiency, we translate our mechanism research results into manufacturable solutions that meet automotive-grade, energy storage-grade and engineering-ready, thermal safety and performance requirements. This enables our products to maintain effectiveness and stability across long-term operation while supporting customers in balancing thermal safety performance with lifecycle cost.

We apply this mechanism-based platform technology not only to Li-ion batteries but also to other chemistries including sodium-ion batteries, and to advanced battery architectures such as semi-solid and solid-state batteries. Our early entry into this field and long-term technical accumulation have enabled us to obtain the first national certifications in China for several thermal safety devices and control devices specifically designed for EV and BESS applications. Our recognition as a national high-tech enterprise and as a “Specialised, Refined, Distinctive and Innovative” enterprise at both national and provincial levels further support our leading position in China’s battery thermal safety industry.

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Participation in over 35 Li-ion battery thermal safety standards supported by an experienced R&D and management team

As at the Latest Practicable Date, we had an R&D team of 82 technical staff with backgrounds in thermal management, mechanical and electrical engineering, thermal energy and power engineering, fire protection engineering, automotive engineering, electronic and information engineering, internet-of-things engineering and computer numerical control technology. This mix of skills allows us to address Li-ion battery thermal safety from different technical perspectives, and the same team typically follows a project through the entire process, from mechanism research to product design, testing and system integration, as well as participating in the development of test methods, optimisation of product structures and on-site application support.

We work closely with universities and research institutions in China, including engineering and safety science schools, and have established joint R&D platforms and collaborative laboratory that focus on battery thermal safety. For example, we have established the Shanghai Key Laboratory for Electrochemical Energy Storage Safety and Protection (上海電化學儲能安全與防護重點實驗室), which provides facilities for mechanism research, full-scale tests and system-level validation. Through these collaborations, our team is able to combine academic research with field data from EV and BESS projects when developing new products and test methods.

Our team has also played an active role in the formulation of Li-ion battery thermal safety standards. We have been involved in the formulation of more than 35 industry and group standards for Li-ion battery thermal safety in EV and BESS applications and have participated in national standards projects on detection, early warning and suppression systems for battery thermal runaway, including a project titled ‘General technical requirements for fire monitoring and warning systems for electrochemical energy storage stations’ (GB/T 46261-2025 電化學儲能電池火災監測預警系統通用技術要求). In the EV field, we have submitted proposals on classifying thermal safety indicators by EV scenario, such as city buses and heavy trucks, and on extending verification methods to more comprehensively cover the entire lifecycle of EVs. These activities allow us to bring practical experience into the standard-setting process and to align our product design with emerging technical requirements.

We have an experienced and stable management team with a long-standing focus on Li-ion battery thermal safety and related applications. Our ultimate controller, executive Director and chairman of the Board, Mr. Li, has 20 years of senior management experience in the international automotive components industry, including product development, operations and customer management roles at global auto parts groups. He serves as a member of a number of national and industry-level committees, including standing member of China Fire Protection Association (CFPA), a gold sponsor member of the CFPA-Asia (國際消防協會聯盟亞洲分會), the Sixth Technical Committee of the China National Fire Standardization Technical Committee (全國消防標準化委員會火災探測與報警分技術委員會), the 8th Session of China Fire Protection Association Electrical Fire Protection Professional Committee (中國消防協會電氣防火專業委員會第八屆委員會), the 2nd Session of China Fire Protection Association Fixed Extinguishing System Branch Committee (中國消防協會固定滅火系統分會第二屆委員會), the 3rd Session of China Fire Protection Association Electronic Fire Protection Branch Committee (中國消防協會消防電子分會第三屆委員會), which helps him keep abreast of industry trends and regulatory developments, and enables our Group to contribute to technical exchanges and standards-related work both domestically and internationally.

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Our senior management members primarily have backgrounds in the automotive industry and the fire protection industry, and some of them have also worked in battery companies. Many of them have experience in thermal management, fire safety applications, automotive electronics, software and system integration and control, and have worked in multinational auto parts groups or specialised safety companies, gaining experience in product engineering, quality management and international business development. Under the leadership of our management team, we have obtained national and industry recognitions, including “National High-Tech Enterprise”, “National Specialised, Refined, Distinctive and Innovative Key ‘Little Giant’ Enterprise” and “2025–2027 National Model Intellectual Property Enterprise” awarded by the China National Intellectual Property Administration, which we believe reflect our ability to build a sustainable, innovation-driven business model aligned with national industrial policies.

The majority of our senior management have been with our Group for a long period and have worked together through different stages of our development, sharing a common focus on mechanism-based R&D, product platform development and safety-critical applications, and have led us in expanding from our initial EV product portfolio to BESS applications and broader Li-ion battery thermal safety solutions while maintaining prudent risk management and a long-term development perspective.

We have established a strong customer base among commercial EV OEMs and BESS integrators.

During the Track Record Period, our primary customers were PRC commercial EV OEMs, in particular manufacturers of heavy-duty trucks, BESS integrators and other industrial customers requiring Li-ion battery thermal safety solutions. Our major customers include Sinotruk Group, Shaanxi Heavy Duty and FAW Jiefang, with whom we have maintained business relationships for approximately, 5, 4 and 3 years, respectively. Becoming a qualified supplier to these commercial EV OEMs and BESS integrators generally requires us to undergo their internal technical, quality and trial-use assessment procedures, which typically take around 6 to 12 months to complete. To the best knowledge of our Directors, our customers put significant emphasis on safety components and are thus unlikely to change to other suppliers once our products have passed their internal validation and approval processes. Furthermore, our solutions are adopted on a platform basis, resulting in relatively stable and recurring cooperation.

As China continues to promote new energy development and the wider use of Li-ion batteries in transportation and energy storage, demand for Li-ion battery thermal safety solutions is expected to grow, and we believe that, leveraging our existing relationships with commercial EV OEMs and BESS integrators, our project experience and our participation in battery thermal safety standards work, we are well-positioned to capture such growth opportunities in China and, in due course, overseas markets.

We have stable and reliable supply chain

Our main products include new energy battery thermal management systems, thermal runaway detection devices, and suppression systems. We source key materials and components such as compressors, suppressants, sensors, water pumps, and electronic components from suppliers with established operating histories and experience.

During the Track Record Period, we obtained the materials and components required for our production on schedule and on terms acceptable to us, and we did not experience any supply interruptions that had a materially adverse impact on our production and delivery schedules. We have

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maintained ongoing working relationships with our major suppliers, which are mainly based in China’s Yangtze River Delta Economic Zone, enabling us to work with them on technical requirements and product improvements and to secure materials that meet our prescribed production standards. These relationships have supported continuity of supply and allowed us to carry on uninterrupted manufacturing and deliveries without material disruption during the Track Record Period.

OUR STRATEGIES

We intend to develop our business in a measured way, focusing on areas where we have application experience and technical capabilities. Our strategies are designed to: (i) enhance technology innovation capabilities through continuous mechanism-based R&D; (ii) strengthen our position in the PRC Li-ion battery thermal safety market and our role in industry standard-setting; (iii) optimise our manufacturing capacity, cost structure and supply management; and (iv) expand overseas markets and support the application of thermal safety standards.

Enhancing technology innovation capabilities through continuous mechanism-based R&D

We plan to continue investing in R&D to enhance the intelligence and key technological innovation capabilities of our Li-ion battery thermal safety solutions, and to prepare for further developments in battery technologies and application scenarios. We intend to further combine our existing hardware platforms with software, algorithm and data capabilities, including optimising control strategies for thermal management and early warning based on operating data from different EV and BESS projects, refining pack-level risk identification models for key and specialised application scenarios and improving the linkage between detection, suppression and system-level operating strategies for EVs and BESS.

We plan to use data from long-haul heavy trucks, city buses and BESS stations to build differentiated risk models and to adjust alarm thresholds, suppression triggers and coordination with EV or BESS controls based on the characteristics of each scenario. We also aim to strengthen the integration between our thermal safety systems and EV or BESS controls so that, under elevated-risk conditions, measures such as power derating, alarms and cooling can be coordinated more effectively as part of a broader thermal safety management response.

In parallel, we aim to work on thermal safety systems and thermal management systems with lower environmental impact and energy consumption, in line with industry trends towards lower lifecycle environmental footprints. This may involve optimising system designs for more efficient use of agents, and studying the environmental and operational performance of different thermal management solutions over the lifetime of the product.

We will also continue to study thermal runaway mechanisms for emerging battery technologies, including large-capacity cells and new battery systems, and apply our findings to update our detection, suppression and fire protection strategies at cell, module and pack levels. In addition to existing EV and BESS applications, we intend to develop solution architectures for application scenarios at site or station level involving multiple battery systems and facilities, such as parking facilities, charging hubs and BESS stations, so as to provide more comprehensive thermal safety management capabilities at site or station level. Our R&D platform, supported by dedicated laboratories and specialised facilities and equipment, including a new dedicated laboratory to be established for mechanism-based research and testing capabilities designed to meet multi-regional and multi-jurisdictional international standards,

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allows us to combine mechanism-based research with product and solution development and application-specific engineering. We also plan to strengthen our capabilities in the design, R&D and, where appropriate, in-house manufacturing of core components, in order to support our “system integration + core component self-development” strategy and enhance cost control, quality stability and supply chain security.

We intend to make use of our cooperation with academic institutions to participate in national and industry research projects and to integrate research outputs into product upgrades and new solution offerings. In these projects, we expect to work on topics such as new test methods for thermal runaway and integrated thermal safety architectures for new types of batteries and application scenarios. At the same time, we plan to continue taking part in the formulation and revision of standards relating to detection, early warning and suppression for EV and BESS applications, so that our products remain aligned with evolving technical and regulatory requirements.

Looking ahead, we plan to continue attracting and retaining professionals in these technical areas and to make use of our cooperation with external institutions so that our R&D work remains closely connected with industry needs, regulatory trends and new developments in battery technologies.

We intend to use approximately HK\$[REDACTED] million, representing about [REDACTED] of the [REDACTED] from the [REDACTED], to strengthen our R&D capabilities and support the above initiatives, including establishing a new dedicated laboratory for mechanism-based research, upgrading testing capabilities designed to meet international standards, developing and certifying pack-level and compartment-level devices used in our L2 (BIDS), L3 (BICS) and L4 (CTFES) systems, conducting R&D of next-generation L1 (BITS) solutions and their core components, and developing site-level Li-ion battery thermal safety and emergency response systems. For further details, please refer to the section headed “Future Plans and [REDACTED]” in this document.

Strengthening our position in the PRC Li-ion battery thermal safety market and our role in industry standard-setting

We plan to further strengthen our position in the PRC Li-ion battery thermal safety market by deepening cooperation with relevant industry bodies and customers and by expanding the use of our solutions in both existing and new application areas. We intend to maintain regular communication with regulators, industry associations and standard-setting organisations in the EV and BESS sectors and, where appropriate, to participate in the drafting and revision of technical standards and guidelines relating to Li-ion battery thermal safety. Participation in such work is expected to help us understand policy and regulatory trends at an early stage, reflect industry practice in the standard-setting process and align our solution development with evolving requirements, while supporting the wider application of PRC thermal safety standards and technical requirements.

On the customer side, we aim to have early participation in customer platform and project design processes so that our pack-level thermal management, detection and suppression solutions are considered and integrated from the outset. This means engaging with commercial EV OEMs and BESS integrators during their platform definition, architecture design and prototype validation phases and working with their engineering teams to identify how and where our solutions can be integrated into their EV or BESS designs. Our objective is to become a long-term technical partner for our customers and to support them as they launch new EV and BESS projects and other high-capacity battery applications.

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We will continue to focus on application scenarios where thermal safety requirements are tightening and where multi-level thermal safety solutions are increasingly treated as necessary. These include large-scale BESS stations, distributed C&I BESS projects, heavy commercial EVs, electric vessels, data centres, electric construction machinery and other high-capacity battery applications scenarios. In these areas, regulators, operators and end-users are paying more attention to thermal runaway risks and related asset and safety impacts, which we believe will support demand for specialised Li-ion battery thermal safety solutions.

We also plan to expand the use of our solution portfolio within our existing customer base. At present, our solutions may be deployed on certain platforms or in specific projects of a customer, but not across their entire range of products or in all of their operating regions. As our customers expand into new markets or business lines that they have not previously entered, we will seek to provide them with integrated solutions that can be applied across their different product platforms, application areas and regions, so that they can adopt a more consistent and standardised approach to Li-ion battery thermal safety.

We intend to support the above initiatives, in particular our standards work, customer solution design and technical support, by allocating part of the [REDACTED] from the [REDACTED] that will be used to enhance our talent pool and domestic platforms. For further details, please refer to the section headed “Future Plans and [REDACTED]” in this document.

Optimising manufacturing capability, cost structure and supply management

We plan to improve our manufacturing capability and cost structure by further implementing intelligent manufacturing, platform-based design and modularisation across our core solution portfolio. We intend to increase the commonality of key components in our designs, such as control units, sensors and structural parts, so that different products can share a common platform while still meeting application-specific requirements. This is expected to help us simplify our bill of materials and reduce engineering and inventory complexity.

We plan to continue enhancing automation for critical processes in production, such as assembly, calibration and testing, and to strengthen digital traceability and data-driven quality control in manufacturing. By capturing and analysing more production data, we aim to identify bottlenecks and variances earlier and to refine our process parameters and equipment settings on a more timely basis. This is intended to support improvements in production efficiency and to help maintain stable product performance across batches.

We will also deepen cooperation with suppliers of core components, increase localisation of key parts where appropriate and, where economically justified, explore in-house production of certain components, particularly for detection and suppression products. In practice, this may include entering into framework agreements with selected suppliers, joint development of critical components and gradual localisation of parts that are currently imported or subject to supply constraints. These measures are expected to help streamline procurement, shorten development and production lead times, support continuity of supply and improve our overall cost structure.

With improvements in production efficiency and cost management, we expect to have more flexibility to expand our production capacity. We plan to upgrade and expand our production capacity, improve material utilisation and plan for additional capacity where appropriate so that we can respond to

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anticipated demand in a timely manner. When considering capacity expansion, we will also take into account factors such as demand visibility, capital expenditure requirements, labour availability and environmental and safety compliance, as well as the stages and pace of integration of any new facilities. At the same time, we will continue to refine our production planning and inventory management so that we can support customer delivery requirements while maintaining prudent management of working capital.

We intend to use approximately [REDACTED] million, representing about [REDACTED] part of the [REDACTED] from the [REDACTED] to support these initiatives by expanding our production capacity and enhancing our factory facility, including the construction of a new manufacturing base in Xuzhou and Chengdu to replace our existing manufacturing base in Shanghai, investments in warehousing and logistics facilities. For further details, please refer to the section headed “Future Plans and [REDACTED]” in this document.

Expanding overseas markets and supporting the application of thermal safety standards

Building on our operations in the PRC, we intend to gradually expand our presence in selected overseas markets. According to the F&S Report, PRC enterprises with established Li-ion battery thermal safety technologies and experience under China’s tightening standards are expected to have opportunities to supply solutions in overseas markets as safety and technical requirements in those markets become more stringent. We plan to leverage our experience in PRC EV and BESS projects, our mechanism-based thermal safety technology and our participation in PRC standards work to provide products and solutions that can be adapted to local requirements and to promote and support the application of thermal safety standards in overseas markets.

Different countries and regions adopt different electrical safety and protection standards for EV and BESS projects and may also have different approval and certification procedures. We plan to use our test facilities and R&D capabilities to design and validate products that meet the relevant standards and certification requirements in target markets, such as those in Europe, North America, the Middle East and Southeast Asia.

To support overseas expansion, we intend to enhance teams in the Chinese Mainland that are dedicated to overseas business development and project support. We plan to recruit personnel with experience in international EV and BESS markets. These teams will focus on activities such as overseas market research, product certification planning, solution design and project coordination, and will provide technical support and customer-service functions for customers whose end products are supplied to overseas markets. Meanwhile, we plan to conduct market development activities with overseas partners, participate in overseas industry exhibitions and technical conferences, and promote work related to thermal safety solutions and local standards.

Across different markets, customers may have different priorities for their solution applications, for instance, emphasis on environmental impact, cost, ease of maintenance or compatibility with existing protection systems. We plan to incorporate the insights, experience, and feedback gained from overseas projects into our product development and configuration strategies, so as to optimise product design and expand our solution portfolio to better meet the comprehensive needs of overseas customers. Overall, we aim to ensure that our solutions align with local requirements, support the broader adoption of high-standard Li-ion battery thermal safety products, and lay a solid foundation for long-term development.

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We intend to use approximately [REDACTED] million, representing about [REDACTED] of the [REDACTED] from the [REDACTED], to enhance our talent pool, management capabilities and infrastructure in the Chinese Mainland, including developing our Shanghai headquarters, recruiting and training management and professional staff, upgrading domestic management platforms and professional teams dedicated to overseas market development and enhancing our management systems. These initiatives are expected to support the expansion of our overseas-related business and the promotion of our battery thermal safety technologies and standards in overseas markets. For further details, please refer to the section headed “Future Plans and [REDACTED]” in this document.

OUR PRODUCTS AND SOLUTIONS

We organise our core products and solutions into four levels, designated as L1 to L4, which together form an integrated thermal safety architecture for various application scenarios of new energy battery systems. These products are used in EV and BESS projects in China and in overseas markets.

Overview of levels and applications

In our product architecture:

- L1 covers pack-level battery thermal management systems designed to regulate battery operating temperatures, thereby helping to extend battery life and reduce the probability of triggering thermal runaway.
- L2 covers a variety of integrated sensor applications designed to collect and analyse key parameters to identify early-stage signs of thermal runaway and trigger alerts through detection and early warning systems.
- L3 covers thermal runaway cooling and suppression systems that act inside battery packs at the early stage of thermal runaway by releasing suppressing agents to interrupt heat propagation paths and help control thermal spread at the source.
- L4 covers extinguishing and system-level emergency handling systems that act at battery compartment or system level after thermal runaway has developed into heat propagation or fire event, by automatically releasing extinguishing agents and coordinating ventilation and explosion suppression functions to control incidents at system level.

This layered approach is intended to provide “defence-in-depth” along the evolution of thermal events, from thermal management and early warning to suppression and system-level emergency handling. During the Track Record Period, substantially all of our revenue was derived from sales of L1 thermal management products and L2 to L4 thermal safety products, together with related engineering, installation and commissioning services.

Application scenarios and customer demand characteristics

In EV applications, our products are mainly configured for heavy trucks, public buses and other EVs that use large-capacity Li-ion battery packs and operate under intensive duty cycles, such as frequent fast charging, long-distance operation and complex road and climate conditions. In these scenarios, customers usually require:

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- maintaining battery operating temperatures within suitable range under different ambient conditions;
- maintaining adequate temperature uniformity within packs and cells;
- early identification of abnormal thermal and gas characteristics related to thermal runaway; and
- timely intervention through cooling and suppression systems to help suppress thermal propagation and reduce the impact of thermal events on personnel and property.

In BESS applications, our L2 to L4 products are primarily deployed in BESS application scenarios such as C&I energy storage, where batteries are installed in confined or semi-confined environments. Project owners and system integrators in these scenarios typically seek multi-level safety architectures that can:

- continuously monitor temperature, smoke and characteristic gases;
- trigger graded alarms and protective measures; and
- act quickly on early-stage thermal events so as to confine heat propagation or fire incidents within designated protection boundaries and reduce the probability of system-level incidents.

Drawing on our project experience, we configure L1 to L4 products and solutions according to different project requirements, applicable standards and customers’ risk preferences, with L1 providing thermal management and L2 to L4 providing monitoring, suppression and system-level emergency handling capabilities.

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Summary of product levels

Level	Product name	Main functions	Typical applications	Core elements	Our representative products
L1	BITS (Battery Intelligent Thermal Management System)	Pack-level thermal management (cooling, heating)	EVs, BESSs, other battery-based systems	Compressor, water pump, ECU, heat exchanger, heater, fans, high-voltage distribution box	
L2	BIDS (Battery Intelligent Detection and Early Warning System)	Pack-level detection and early warning of abnormal heat/flamable gases/smoke	EVs, BESSs, other battery-based systems	Composite detectors	
L3	BICS (Battery Intelligent Cooling Suppression System)	Pack-level suppression of thermal runaway and fire extinguishing and anti-reignition	EVs, BESSs, other battery-based systems	Suppression agent pressure container valves, ECU	
L4	CTFES (Cabinet Total Flooding Extinguishing System)	Cabinet-level fire suppression, ventilation and explosion venting	EVs, BESSs, other battery-based systems	Fire alarm control panel, combustible gas detector, explosion-proof exhaust system, total flooding fire suppression system, gas release indicator	

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L1 — Battery Intelligent Thermal Management System (BITS)

Our L1 thermal management systems, marketed under the name Zephyr BITS (Battery Intelligent Thermal Management System), are liquid cooling and heating units designed to maintain Li-ion battery within suitable operating temperature ranges and to support thermal uniformity among different battery cells. Effective thermal management is a basic part of battery safety, as suitable temperatures support battery performance, reduce thermal stress and lower the likelihood of thermal abuse and help extend battery life.

L1 systems use an intelligent controller to regulate coolant temperature and flow based on temperature feedback from the BMS and overall system operating status. Typical system elements include compressors, controller, water pumps, condensers, coolers, heaters, fans and high-voltage power distribution boxes, which work together to provide cooling and heating functions.

Based on our internal testing and customer feedback, our L1 systems under designed conditions can achieve relatively precise temperature control and are designed to keep battery temperatures within the target range of 25°C to 35°C with coolant control precision of $\pm 1^\circ\text{C}$ or better. We understand that such control can help improve battery performances and, based on our assessments, may extend battery life compared with battery systems without dedicated thermal management and may improve battery efficiency by approximately 30% or more compared with certain alternative thermal management configurations.

Our L1 product portfolio includes liquid cooling and heating units with varying capacities, as well as integrated applications of battery thermal management systems and cabin air-conditioning systems for EVs. We offer different module configurations and piping layouts to accommodate customers' diverse EV types and BESS of varying capacities and configurations, and we coordinate control strategies with the BMS and VCU to balance EV operating requirements.

In heavy truck and bus application scenarios, our L1 systems typically have high cooling and heating capacities and high-strength structures to adapt to application scenarios such as high temperature variation, long-haul operation, vibration and shock conditions. We offer different module configurations and piping layouts to accommodate customers' EV types.

For BESS projects, our L1 systems are deployed in energy storage containers and electrical cabinets. Depending on the project's specific location (such as residential areas) and climatic conditions (such as high temperatures, high altitude, or extreme cold), our L1 system employs different operating modes and intelligent temperature control algorithms to dynamically adjust cooling or heating power, thereby maintaining optimal battery temperatures while optimising energy conversion efficiency. Internal testing and long-term field operations for certain projects have demonstrated that, under appropriate conditions, our L1 system can improve temperature uniformity within the battery pack and reduce energy consumption compared to typical alternative configurations, thereby supporting enhanced battery performance and longevity.

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L2 — Battery Intelligent Detection and Early Warning System (BIDS)

Our L2 detection and alarm systems, marketed under the designation Zephyr BIDS (Battery Intelligent Detection and Early Warning System) and specifically designed for battery packs, consist mainly of composite detectors for Li-ion battery thermal safety. These devices are designed to provide early sensing and early warning for potential thermal runaway events so that protective actions can be taken as early as practicable. We consider early detection to be critical because Li-ion battery thermal runaway can progress from early-stage self-heating to complete combustion within a matter of minutes, leaving limited time for intervention.

L2 systems combine multiple sensing elements, such as temperature, smoke, carbon monoxide (CO), hydrogen (H₂), volatile organic compounds (VOC) sensors, with processing units that use algorithms based on observed characteristics of Li-ion battery thermal runaway. By monitoring several parameters at the same time and applying dynamic adaptive signal processing, L2 systems are designed to detect characteristic gases and thermal signatures released during the early stages of thermal runaway, typically when battery cells begin to vent electrolyte and flammable gases but before visible flames appear. This enables graded alarms and protective actions to be taken at an earlier stage than would be possible with single-parameter detectors.

We generally divide our L2 alarm logic into multiple levels, such as first-level warnings for early-stage abnormalities and second-level warnings for confirmed thermal runaway conditions which may trigger activation of L3 suppression devices and cooling measures. This graded approach is intended to balance sensitivity and false-alarm resistance, ensuring timely intervention while minimising disruption to normal battery operation.

L2 systems are designed to interface with EV or BESS project control systems and, where applicable, with our L3 and L4 systems through industry-standard communication protocols so that graded alarms and protective actions can be implemented according to pre-defined logic. In a typical configuration, lower-level alarms may trigger ventilation adjustments or power limitation, while higher-level alarms that correspond to confirmed thermal runaway may trigger activation of L3 suppression devices and cooling measures. Our L2 models have obtained Technical Certificates of Fire-Fighting Products from the Ministry of Emergency Management of China, making them suitable for EVs and BESS applications, which we believe helps support customers’ project approvals and acceptance processes.

BUSINESS

L3 — Battery Intelligent Cooling Suppression System (BICS)

Our L3 cooling suppression systems, marketed under the designation Zephyr BICS (Battery Intelligent Cooling Suppression System), are designed for battery packs to suppress thermal runaway, limit thermal propagation by cooling once a thermal runaway event has occurred and prevent the battery from catching fire. L3 systems are intended to work in combination with L1 and L2, so that if preventive and early detection measures are not sufficient to avoid an event, suppression measures can help reduce the impact. We consider pack-level suppression to be essential for mitigating the consequences of thermal runaway events that are not prevented by L1 thermal management systems and that, whether or not detected by the L2 system at an early stage, are not properly addressed, resulting in thermal runaway escalating into thermal propagation or a fire.

Systems primarily use FK5112 as the suppression agent, which we selected based on our combustion research and testing. Based on our mechanism-based combustion research and extensive testing, FK5112 provides rapid cooling and dilutes the concentration of oxygen and flammable gases in the air to create an inert combustion environment, while being non-conductive and residue-free. This can help avoid secondary damage to battery systems and electrical equipment and facilitates inspection and repair after suppression agent discharge.

We offer a range of structural designs for L3 systems. Depending on customer and project requirements, we can design stored-pressure type, non stored-pressure type or pump-type systems and work out nozzle layouts, discharge times and agent quantities with reference to applicable national and industry standards, project specifications and our own and third-party test results.

In EV applications, our L3 systems are typically deployed together with L2 detection devices and linked with EV control systems so that, when thermal runaway in a battery module is detected, the system can automatically open the relevant sub-control valve and discharge the suppression agent into the affected area while issuing audible and visual alarms to the driver and passengers; manual activation via in-vehicle interfaces is also available to allow prompt intervention by drivers or operating personnel when abnormal conditions are observed.

For BESS applications, we design nozzle layouts, discharge times and agent quantities by reference to applicable national and industry standards, project specifications and our own and third-party test results, with the objective of rapidly cooling battery cells, diluting the concentration of oxygen in the air and the concentration of flammable gas to achieve non-combustion conditions, or, where fire has already occurred, rapid extinguishing of open flames and achieving inert conditions to prevent re-ignition.

Our L3 FK5112 suppression devices for electric bus Li-ion power battery systems have obtained Technical Certificates of Fire-Fighting Products from the PRC Ministry of Emergency Management, and our fire prevention and control devices for marine battery packs have obtained type approval from the China Classification Society. We believe these certifications demonstrate the effectiveness of, and regulatory recognition for our suppression solutions and represent an important qualification barrier in the China's market.

BUSINESS

L4 — Cabinet Total Flooding Extinguishing System (CTFES)

Our L4 solutions provide system-level protection at EV platform and BESS level. L4 solutions coordinate L2 monitoring and L3 suppression within a unified thermal safety and extinguishing architecture, integrated with total-flooding extinguishing equipment explosion suppression and pressure relief devices, to manage and control thermal runaway when it escalates into a system-wide event.

A typical L4 configuration includes:

- fire alarm control panels;
- detectors for smoke, temperature and combustible gas;
- exhaust fans and ventilation control components;
- explosion vents and pressure relief devices;
- total-flooding fire suppression systems.

We design L4 solutions according to project-specific requirements, defining conditions for interrupting charge-discharge, activating suppression devices, implementing pressure-relief venting and deploying total-flooding extinguishing. Interactive control logic coordinates these actions across multiple battery packs, cabinets or clusters within EV or BESS projects, with system parameters set having regard to project layouts, ventilation and pressure-relief arrangements, applicable protection standards and environmental requirements for extinguishing agents.

In EV projects, L4 solutions are typically applied at the EV platform level, where we work with customers to integrate L2 detection and L3 suppression with EV control strategies, such as power derating, charging limits or interruptions, EV safety stops and activation of EV total-flooding extinguishing systems. In BESS projects, L4 solutions are typically deployed at container level to monitor and coordinate control of energy storage containers, enabling measures such as interrupting charge-discharge cycles, activating battery thermal runaway suppression devices, implementing venting and pressure relief for explosion prevention and deploying total-flooding extinguishing systems.

The AUPs of our L1 (BITS) products for EV applications were approximately RMB10,000, RMB10,000 and RMB9,000 per unit for FY2023, FY2024 and FY2025, respectively. The AUPs of our L2 (BIDS) + L3 (BICS) + L4 (CTFES) products for BESS applications were approximately RMB47,000, RMB34,000 and RMB39,000 per unit for FY2023, FY2024 and FY2025, respectively.

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OUR BUSINESS

Overview

Our business focuses on the research, development, manufacturing and sales of new energy battery thermal safety products, offering an integrated four-level closed-loop safety solution and after-sales services that cover active safety (pack-level — Battery Intelligent Thermal Management System), monitoring and early warning (pack-level — Battery Intelligent Detection and Early Warning System), passive safety (pack-level — Battery Intelligent Cooling Suppression System) and fire extinguishing (Cabinet Total Flooding Extinguishing System).

The table below sets out a breakdown of our revenue by application during the Track Record Period.

	FY2023		FY2024		FY2025	
	<i>(RMB million)</i>	%	<i>(RMB million)</i>	%	<i>(RMB million)</i>	%
EV Applications (L1)	103.3	44.1	180.0	46.5	536.5	58.6
BESS Applications (L2+L3+L4)	131.1	55.9	206.8	53.5	379.5	41.4
Total	234.4	100.0	386.8	100.0	916.0	100.0

Notes:

- (1) Revenue from EV applications was substantially generated from L1 (BITS).
- (2) Revenue from BESS applications was substantially generated from L2 (BIDS), L3 (BICS) and L4 (CTFES).

We primarily sell our products and solutions to commercial EV OEMs and BESS integrators. For details of our major customers, please refer to the paragraph headed “Our Customers” in this section.

Sales and marketing

Our customer development strategy focuses on application scenarios where new energy battery thermal runaway risks are particularly pronounced, such as heavy-duty trucks, large-capacity BESS cabinets and containers, marine power battery systems and data centres power systems. We position our L1 to L4 solutions to address these critical safety needs through direct engagement with commercial EV OEMs and BESS integrators.

In the early stages of customer engagement, our sales, thermal management products solutions and fire prevention and control product solutions departments work together to understand customers’ products and battery platforms, application scenarios and safety requirements, and to propose technical routes and solution architectures that integrate our L1 to L4 products with customers’ existing systems. We participate in the formulation and application of Li-battery thermal safety standards in China, and we seek to work with overseas partners to promote our technology and implement standards equivalent to those in China. As our brand recognition and project track record grows, our strategy is to secure repeat cooperation with existing customers, referrals from industry partners, and further expansion of application scenarios for new energy batteries.

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For key accounts, we typically seek to establish multi-platform or multi-project cooperation arrangements, under which we customise solutions for our customers' EV models or BESS project pipelines, with the aim of embedding our L1 to L4 solutions as preferred or standard configurations.

Order flow and delivery

Our project acquisition process generally begins with technical communication and solution design. We work with customers to define the architecture and configuration of L1 thermal management, L2 monitoring, L3 suppression and L4 fire extinguishing systems for specific EV platforms or BESS projects.

For EV projects, this may involve pack-level thermal management and pack-level design of monitoring and suppression layouts within battery packs and integration of control logic with vehicle BMS and VCU. For BESS projects, it may involve pack-level design of monitoring and suppression systems, integration with BMS and energy management systems, and coordination with other fire protection measures at station level.

Once customers confirm technical proposals and commercial terms, we proceed with product customisation, production, and delivery. The actual delivery model for each project depends on factors such as application scenario, customer engineering capabilities and delivery requirements:

- **Product supply model:** For certain EV projects, we primarily supply L1 products to customers' production plants according to their schedules. Customers install our products into EV platforms or battery packs.
- **Turnkey project model:** For most BESS projects, we mainly provide on-site installation of L2 to L4 products, commissioning and acceptance testing services.

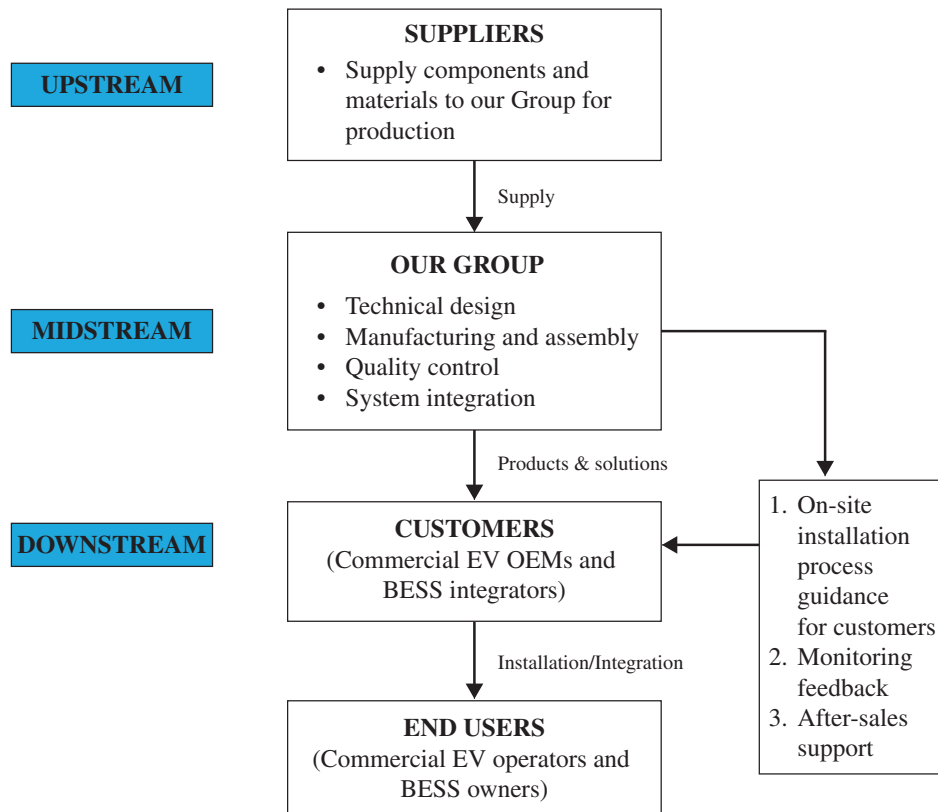
Following project handover, we provide after-sales services, troubleshooting support and, where agreed, spare parts supply and technical support for connected monitoring functions. We collect and analyse operating data and feedback from customers to improve our products and solutions.

The typical project cycle from contract execution to final delivery varies by product complexity and project scale, but generally ranges from 0.5 to 1 month for standard product orders and 1 to 3 months for integrated system projects with installation and commissioning services.

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Business flow:

The following chart illustrates our typical business flow:



PRODUCTION

Production framework

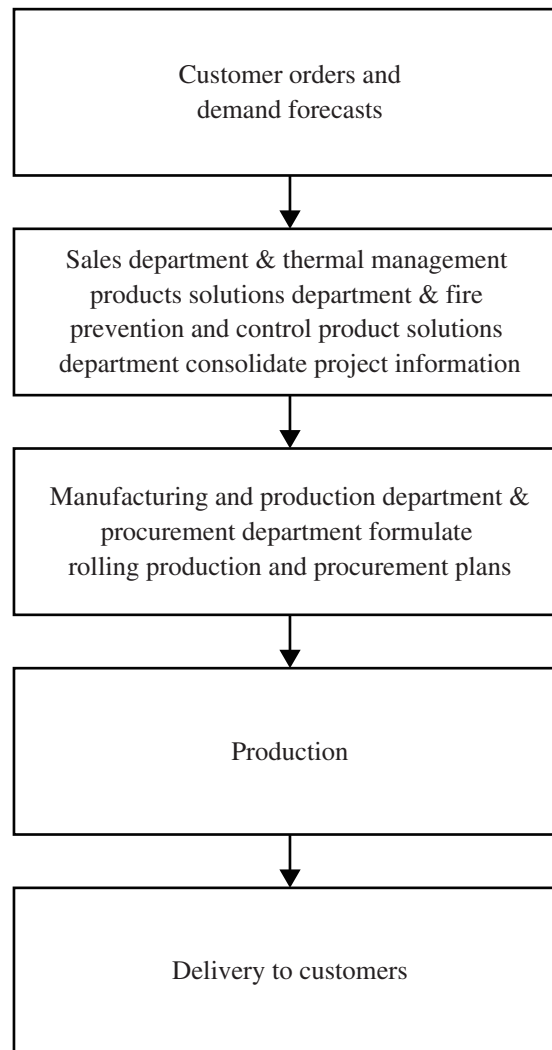
We organise our production planning with reference to confirmed customer orders and market demand forecasts, taking into account delivery schedules and the capacity of our major manufacturing bases. Our sales, thermal management products solutions and fire prevention and control product solutions departments consolidate information on project timetables and technical configurations, following which our manufacturing and production department and procurement department formulate rolling production and procurement plans to balance capacity utilisation, delivery lead time and inventory levels.

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We adopt a manufacturing model under which key modules and final assemblies of L1, L2, L3 and L4 products are performed in-house, with raw materials we purchased or specified/provided by some of our qualified suppliers. We have implemented intelligent and digitalised manufacturing management in our factory, including automation of assembly processes, on-line process monitoring and data-driven quality control.

By combining platform-based designs for L1, L2, L3 and L4 products with increased commonality of core components, we seek to enhance production flexibility, shorten product changeover time and improve overall manufacturing efficiency and cost structure. For projects with customised specifications or compressed delivery schedules, our thermal management products solutions department, fire prevention and control product solutions department, procurement department and manufacturing and production department participate together at an early stage of project planning to confirm production process, key control points and resource allocation, so as to support timely delivery while maintaining quality and thermal safety product technical standards.

Production planning flow

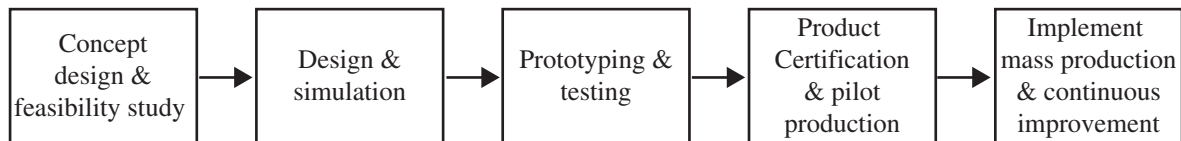


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Product development and key technologies (L1-L4)

We use the PLM system to manage and review the product development process. Our product development process typically covers concept development and feasibility study stages, detailed design and simulation, prototyping and bench testing, pilot production and design verification, type testing and certification and mass production preparation and continuous improvement. We maintain internal design rules and knowledge bases that capture our accumulated experience on thermal runaway characteristics, detection algorithms, suppression performance and linkage control strategies and apply these rules across our L1 to L4 product families.

Development stages



Manufacturing processes

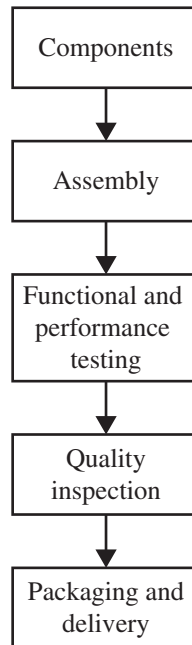
We use the MES system to monitor the product manufacturing process. Our manufacturing activities mainly cover the fabrication and assembly of L1 products for EV applications and L2 to L4 products for BESS applications.

For L1 products, the main processes include the assembly of compressors, controllers, refrigeration modules, heating modules, water circulation pipelines, sensors, high-voltage power distribution boxes and wiring harnesses, followed by leak, pressure, functional and performance testing of completed units. For L2 to L4 products, our production steps generally comprise processing pressure vessels, suppression agent filling and vessel valves, assembling control cabinets with pipelines and wiring harnesses, processing nozzles and composite detectors, and conducting functional and performance testing prior to product shipment.

The actual production cycle from order confirmation to delivery varies depending on product type, configuration complexity and order volume, with standardised products typically following established production processes and customised projects requiring additional engineering and validation steps. We maintain standard operating procedures and work instructions for key processes and we apply in-process inspections and quality checks to help ensure that critical performance parameters, including refrigeration capacity testing, heating testing and self-circulation testing for L1 systems and system functions testing, suppression agent discharge testing and reliability testing for L3 systems, remain within specified ranges.

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Manufacturing process flow:



Manufacturing bases and capacity utilisation

Our principal manufacturing facilities are located in Shanghai, China. During the Track Record Period, all of our production volume was attributable to these domestic manufacturing bases.

The table below sets out the utilisation rates of our principal production lines during the Track Record Period:

Production Line	Utilisation rate		
	FY2023	FY2024	FY2025
L1 (BITS)	30.83%	62.10%	72.95%
L2 (BIDS) — in-pack type	33.65%	65.62%	45.31%
L2 (BIDS) — plug-in type	N/A	24.87%	32.72%
L3 (BICS) + L4 (CTFES)	6.66%	40.41%	53.76%

Notes:

- (1) The utilisation rate of each production line is calculated by dividing the actual annual production volume of the relevant production line by its designed annual production capacity for the relevant year.
- (2) The designed annual production capacity of each production line is determined based on the average designed output per shift of the relevant production line, multiplied by three 7.2-hour shifts per working day and the actual number of working days in the relevant year.

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- (3) Our production lines operated for 250 working days in FY2023, 251 working days in FY2024 and 247 working days in FY2025.
- (4) The L2 (BIDS) plug-in type production line was a new production line introduced in FY2024. Accordingly, no utilisation rate is presented for FY2023.
- (5) The L2 (BIDS) plug-in type detector is a derivative product developed from our in-pack type detector and was introduced into production in FY2024. We believe part of the market demand that was previously met by in-pack type detectors has migrated to plug-in type detectors, resulting in a decrease in utilisation of the in-pack type detector production line, while the utilisation of the plug-in type detector production line has been increasing.

Seasonality

Our business relating to EV applications is subject to seasonal fluctuations. In the PRC, many corporate customers typically prepare their annual budgets and implementation plans in the first half of the year and, after obtaining internal approvals around mid-year, place purchase orders which are scheduled for delivery mainly in the fourth quarter. In addition, subsidy and support programmes launched by local governments in different parts of China generally follow a similar pattern, with policies and implementation rules announced in the early part of the year and specific procurement activities commencing in the second half of the year, with deliveries often concentrated in the fourth quarter. As a result, customer demand and delivery schedules for our EV-related products and solutions tend to peak in the fourth quarter compared to other quarters of the year, which may lead to fluctuations in our revenue, production volumes and utilisation rates between different periods.

Our business relating to BESS applications is also affected by seasonality. In the PRC, grid-scale BESS projects are often planned and connected to the grid towards the end of the calendar year, and industry data indicate that newly commissioned BESS capacity in China tends to peak in the fourth quarter, particularly from October to December. As a result, customer demand and delivery schedules for our BESS-related products and solutions are typically higher in the fourth quarter compared to other quarters of the year, which may lead to fluctuations in our revenue and results of operations between different periods.

RESEARCH AND DEVELOPMENT

Overview and R&D philosophy

Our R&D work focuses on mechanism-based research into new energy battery thermal runaway mechanisms and combustion science, and on developing pack-level thermal safety solutions that address the thermal safety characteristics of EV and BESS applications. We aim to provide targeted thermal management, detection, suppression and multi-level protection solutions that are aligned with EV and BESS application scenarios and life requirements, rather than generic products designed for traditional fire protection or general electrical equipment.

As at the Latest Practicable Date, our R&D team comprised 82 staff members across thermal runaway mechanisms and combustion science, product development engineers for L1 and L2 to L4 products and systems, testing and verification, standards, intellectual property and regulatory affairs, and embedded software and algorithm development. Our R&D organisation is structured around functional technical domains to support cross-functional collaboration across different product lines and application scenarios.

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R&D team structure

The table below sets out the composition of our R&D team as at the Latest Practicable Date:

Education level	No. of staff
Master’s degree	8
Bachelor’s degree	60
Associate’s degree	8
High school diploma or below	<u>6</u>

Total	<u><u>82</u></u>
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Sub-team	No. of staff
Thermal Management R&D Department	25
Thermal Management Products Solutions Department	5
Fire Prevention and Control R&D Department	7
Fire Prevention and Control Product Solutions Department	23
International Fire Solutions Department	11
Process Management Department	10
Technologies Management Department	<u>1</u>

Total	<u><u>82</u></u>
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This structure enables us to integrate mechanism research, product design, process development, application solutions development, testing and certification within unified project workflows and to support cross-functional collaboration across different product lines and application scenarios.

R&D expenses during the Track Record Period

	FY2023	FY2024	FY2025
R&D expenses (<i>RMB’000</i>)	66,777	45,620	49,736
Operating expenses (<i>RMB’000</i>)	141,858	125,607	134,715
R&D expenses/Operating expenses	47.1%	36.3%	36.9%
Revenue (<i>RMB’000</i>)	234,414	386,774	916,018
R&D expenses/Revenue	28.5%	11.8%	5.4%

Notes:

- (1) “Operating expenses” represents the aggregate of selling expenses, administrative expenses and R&D expenses for the relevant year.

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Mechanism-based thermal runaway study and combustion research

Unlike conventional electrical fires, new energy battery thermal runaway involves rapid exothermic chain reactions within battery cells that generate large quantities of heat, flammable gases, smoke particles and other compounds within very short timeframes. Our combustion research focus on characterising changes in heat generation and the thermal runaway process, and identifying the key physical and chemical parameters that govern each stage.

We conduct systematic testing on battery cells and modules, battery packs, and single- or multi-cluster energy storage units, subjecting them to electrical, mechanical, environmental and thermal abuses in 1,000-liter constant-volume combustion equipment and full-scale battery EV pack-level and battery storage container-level fire test rigs. Through these tests, we measure temperature changes, gas composition and concentrations, pressure build-up and release, flame propagation rates and heat release rates, and use the results to refine our understanding of early-stage thermal runaway versus complete combustion.

This mechanism-based knowledge underpins our design of L1 thermal management, L2 composite detection algorithms, L3 suppression agent selection and discharge strategies and L4 system-level linkage control logic.

Technical co-operation with universities, research institutes and industry partners

We maintain close technical cooperation with universities, research institutes and industry partners. We have entered into a technical service contract with a reputable PRC university for the development of a Li-ion battery thermal runaway test platform and related research on gas release characteristics and new suppression agents. We have also entered into a school-enterprise cooperation framework agreement with a State Key Laboratory of Fire Science at another PRC university and established a “State Key Laboratory of Fire Science New Energy Fire Protection Testing Base” (火災科學國家重點實驗室新能源火災消防試驗基地) at our facilities. In addition, we have funded a “Zephyr New Energy Fire Protection Teacher Award” through the education foundation of such university, which is intended to support teaching and research activities in the field of fire science and strengthen our long-term collaboration with the laboratory.

These collaborations provide access to advanced fire science facilities, support joint research on topics such as thermal runaway mechanisms, suppression agents and test methodologies and facilitate talent exchange and training. They also contribute to our participation in standard-setting and technical certification activities in the field of new energy battery thermal safety.

Participation in standards formulation and regulatory recognition

We have established an industry-leading position in standards formulation and regulatory recognition for Li-ion battery thermal safety in China. We have participated in the formulation of more than 35 national standards, industry standards, and group standards relating to EVs, BESS and other fields.

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Our standards work covers both solution-level and product-level technical requirements, and supports regulatory recognition of our key products. By acting as principal drafter or co-drafter of a number of standards in China, most of which have already been published, we contribute our industry experience and technical know-how to enhance the thermal safety, reliability and standardisation of applications involving BESS, power batteries for EVs and related fire protection systems.

Set out below is a summary of the key standards in which we act as principal drafter:

No.	Standard code and title	Nature of standard
1.	GB/T 46261-2025 General technical requirements for fire monitoring and warning systems for electrochemical energy storage stations (電化學儲能車站火災監測預警系統通用技術要求)	China National standard
2.	Q/GJ052-2018 Safety technical requirements for power battery systems of city buses* (城市客車用動力蓄電池系統安全技術要求)	China Association standard
3.	T/GDGJ 002-2020 Safety technical requirements for power battery system of city bus (城市客車用動力蓄電池系統安全技術要求)	China Association standard
4.	T/JSCTS 4-2021 Safety technical requirements for power battery system of city bus (城市客車用動力蓄電池系統安全技術要求)	China Association standard
5.	T/GDRTA 003-2020 Safety technical requirements for power lithium battery systems for new energy logistics delivery vehicles in Guangdong province (廣東省新能源物流配送車動力鋰電池系統安全技術要求)	China Association standard

R&D facilities and testing capabilities

We operate dedicated R&D and testing facilities equipped with 1,000-liter constant-volume combustion system, full-scale EV battery pack and container-level fire test rigs, detection test apparatus and fire suppression performance evaluation platforms. These facilities enable us to carry out thermal management performance studies, thermal runaway tests, fire propagation tests, detection sensitivity and response time tests, suppression agent discharge and cooling performance tests and integrated system validation tests under near-real operating conditions.

Our thermal management laboratories support the development and testing of L1 systems under EV and BESS standards. Our electronic and control system laboratories support the design, prototyping and testing of electronic hardware and software for L1 to L4 products.

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Key technologies (including intellectual property and innovation achievements)

We have developed a number of key technologies and protected them through patents and software copyrights covering L1 design, L2 algorithms, L3 sprinkler control, pack-level linkage control strategies and monitoring platforms. Below is an overview of our core technology areas:

1. *Suppression agent selection and sprinkler control*

Our research has supported our selection of FK5112 as the primary clean suppression agent for L3 (BICS) devices, with testing and third-party evaluations indicating rapid heat absorption and cooling, effective dilution of oxygen and inerting of combustible gases, while being non-conductive and residue-free. We focus on sprinkler control, including jetting method, nozzle design and flow control, to ensure effective agent distribution in battery packs and cabinets.

2. *Multi-parameter sensing and early-warning algorithms*

We have developed proprietary multi-parameter composite detection algorithms that integrate temperature, smoke, carbon monoxide, hydrogen, volatile organic compounds and data to achieve very early sensing, prediction and alarm. The graded alarm logic is linked with suppression and system control functions so that appropriate responses can be initiated before, or at the early stages of, thermal runaway events.

3. *Materials compatibility and sealing/moisture control to achieve gas-tightness*

In designing our L3 products, we place emphasis on compatibility between suppression agents and both metal and non-metal materials to avoid adverse chemical reactions and material degradation under storage conditions. We incorporate moisture (water) content control and sealing performance control into our designs to achieve gas-tightness and maintain long-term reliability.

4. *Heat absorption management*

Our technologies for L1 thermal management and L3 suppression are built around controlling heat absorption under both normal operation and abnormal conditions of new energy batteries. For L1, we focus on improving heat exchange efficiency and optimising refrigerant and coolant flow design so that individual cells in a battery pack operate within a suitable temperature range to support performance and extend battery life. For L3, we focus on the heat absorption characteristics of suppression agents, so that they can rapidly absorb heat and help slow or stop thermal runaway propagation.

5. *Pack-level product platforms and linkage control*

Our product platforms for L1 (BITS), L2 (BIDS), L3 (BICS) and L4 (CTFES) integrated systems serve as pack-level and cabinet-level building blocks that can be combined for EV and BESS applications. We design linkage control strategies that coordinate thermal management, detection, suppression and interaction with BMS, VMS and EMS systems to support coordinated responses at the EV level, BESS level and BESS station level.

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We intend to continue investing in these key technology areas, as well as next-generation thermal management, advanced detection and suppression technologies, and the further promotion and integration of our L1 to L4 functions into our customers' technology platforms.

OUR INFORMATION SYSTEMS AND DATA MANAGEMENT

We utilise a range of information systems to support our business operations and enhance data integrity and traceability across key processes such as product design and change management, production planning and scheduling, material tracking, process control, testing and inspection and after-sales service.

PLM system

We apply the PLM system to manage product structures, design documents, engineering change orders and version control from concept design through mass production and subsequent upgrades. Through PLM, we standardise technical documentation, maintain consistency between design and manufacturing data and support traceable change management across R&D, engineering and production functions.

MES

In manufacturing and quality management, we use MES to record and track critical process parameters, test results and inspection outcomes for products and components. MES manages production work orders, production process, material tracking, production statistics, equipment status and maintenance schedules and handling of non-conforming items, supporting real-time monitoring of production progress and process quality.

We apply individual traceability for critical components and batch-level traceability for non-critical components, enabling rapid identification of material batches, process conditions and inspection results if quality issues arise. This helps us respond efficiently to customer feedback and internal inspections.

ERP system

Our ERP system integrates core business processes such as finance, procurement, inventory, production, sales and human resources on a unified platform. By linking ERP system with MES and other systems, we support end-to-end planning and execution, improve resource allocation and enhance transparency in material flows and cost structures.

CRM system

Our CRM system is designed to manage and analyse customer interactions and related data throughout the customer lifecycle, from initial contact to after-sales support. It supports key functions including customer profile management, opportunity and sales tracking, quotation and contract management, order and payment management, after-sales service and work handling, as well as customer satisfaction monitoring. The system systematically organises and maintains customer information, tracks customer interactions across multiple touchpoints, and automates certain marketing and customer follow-up activities. It also generates insights into customer behaviour and preferences to support data-driven business and management decisions. By integrating with other core enterprise

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application systems, such as the ERP system and MES, the CRM system facilitates effective sharing and communication of information across functions and business units. This enhances internal collaboration, supports more efficient sales and service processes, enables more personalised and timely customer engagement, and contributes to improved customer satisfaction and loyalty.

Integration and data security

We intend to continue upgrading and integrating our PLM system, MES, ERP system and CRM systems to enhance linkage between our R&D, manufacturing, quality control, procurement, sales processes and customer feedback. Over the longer term, we plan to make greater use of data accumulated from R&D tests, production and field operations to refine design rules, improve product performance and support more predictive and intelligent thermal safety management.

We place emphasis on data security and confidentiality in the design and operation of our information systems. Internally, we have implemented access control mechanisms, user authorisation and segregation of duties, data backup and recovery procedures and network security monitoring for critical systems. For connected projects where we process or have access to operating data from customers' systems, we generally enter into agreements specifying data access, use, protection and retention and adopt technical and organisational measures intended to safeguard such data against unauthorised access, loss or misuse.

INTELLECTUAL PROPERTY

Our intellectual property rights are key to our success and competitiveness. We rely on a combination of patents, copyrights, trademarks, trade secret protections and confidentiality agreements to protect our intellectual property rights.

We proactively manage our intellectual property portfolio to safeguard our innovations and maintain a competitive edge in the market. One of our primary measures is to seek patent protection for our core technologies, enabling us to secure exclusive rights and prevent unauthorised use. To further protect our intellectual property rights, we take a multi-faceted approach that includes signing confidentiality agreements, non-competition agreements and intellectual property ownership agreements with individual employees, under which among others, (i) our employee shall keep confidential all non-public information relating to our business, technology and operations, until such information has been made fully known to the public; and (ii) we exclusively own all intellectual property rights in any work created by any particular employee during their employment with us, whether arising from their job duties, tasks assigned by us, or their use of our materials, information, or resources, and this ownership also extends to any related work created by the employee within one year after leaving our employment. These agreements are critical in safeguarding our trade secrets and sensitive information from disclosure.

Additionally, we have adopted a comprehensive set of internal rules and protocols for intellectual property management which set out the obligations of our employees and create a reporting mechanism in connection with the protection of our intellectual property. This vigilance allows us to take prompt action against any violations, ensuring that our rights are upheld and our innovations are protected. By employing these comprehensive strategies, we effectively manage our intellectual property and foster an environment of innovation within our Company.

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As at the Latest Practicable Date, we had obtained 292 registered patents, 44 trademarks, 49 software copyrights, and one domain name in China; and we have applied for registration of 7 trademarks in the World Intellectual Property Organization, Hong Kong, and the PRC which we consider to be material to our business; and we have applied for 38 patents in the PRC, Australia, European Union, and United States which we consider to be material to our business. For detailed information about our material intellectual property as at the Latest Practicable Date, please refer to “Further Information about our Group — Intellectual Property Rights” in Appendix VI to this document.

During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge and belief, we were not aware of any legal proceedings preventing us from exploiting our intellectual property rights in a manner that would materially and adversely affect our business operations, or legal proceedings brought against us for infringement of intellectual property rights that would have a material adverse effect on our business, financial condition or results of operations.

QUALITY CONTROL

Given the safety-critical nature of our products and solutions, we place strong emphasis on risk management and regulatory compliance in our business operations. We design and manufacture our products in accordance with applicable national and industry standards and have obtained relevant certifications for our major manufacturing sites, such as those relating to automotive quality, environmental, and occupational health and safety management systems. We consider these certifications and technical appraisals to constitute important qualification barriers in the industry of China market, as they are often required or preferred by customers, regulators and project approval authorities. As governments in various countries introduce policies to promote the new energy industry and our customers’ battery application scenarios evolve, we are required to adapt to new requirements under domestic and overseas laws and regulations, which in turn drives continuous enhancement of our technologies. According to the F&S Report, our technologies have supported the formation of strategic partnerships with EV OEMs and BESS integrators, helping to build our product sales and brand presence globally, while collaboration with local PRC customers has further increased our brand exposure in the PRC market.

We also maintain internal procedures for project risk assessment, product liability management and after-sales incident response. For major projects and new product applications, we conduct technical risk assessments that consider factors such as application scenario, operating conditions, interface with customers’ systems and regulatory requirements. In the event of product-related incidents, we work with customers to investigate root causes, implement corrective and preventive actions and, where necessary, refine our product designs and solution architectures.

Production and Quality Control

We have established a comprehensive, integrated and continuing comprehensive management system and have obtained a number of domestic and international certifications. Our systems are certified to comply with IATF 16949:2016 (automotive quality management system), ISO 9001:2015 (quality management system), ISO 14001:2015 (environmental management system), ISO 45001:2018 (occupational health and safety management system), IECQ QC 080000:2017 (hazardous substance process management system), ISO/IEC 33002:2015 (process assessment for automotive software), GB/T 29490:2023 (intellectual property management system), ESD S20.20:2021 (electrostatic discharge control programme) and GB/T 33000-2016 (work safety standardisation, Grade 3) standards, among

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others, forming a multi-dimensional and integrated management framework. We place particular emphasis on product safety, reliability and compliance, and continue to enhance our process quality and delivery assurance capability, to reliably meet customers’ high-end and customised technical requirements and globally applicable laws and regulations, and to provide customers with trustworthy products and services.

In terms of supplier quality control, we have established a stringent supplier admission and management mechanism. Supplier selection is conducted pursuant to rigorous entry procedures and based on comprehensive criteria, including the supplier’s operational scale and strength, technical capabilities, industry influence, quality assurance, cost competitiveness and reputation. Upon admission, suppliers are subject to ongoing audit and performance evaluation in accordance with our internal policies and procedures.

We have formulated standard operating procedures and inspection specifications for critical components. Our inspection regime covers key stages including in-process inspection, finished products testing and final inspection prior to shipment. Inspection items primarily include appearance, materials, dimensional tolerances and functional performance, and are carried out by reference to our internal standard inspection procedures (SIP) and the relevant national standards for sampling and acceptance criteria. All inspection personnel may only commence work after having passed the requisite training, and inspection results are documented in formal inspection reports which are retained for traceability.

We have established a dedicated quality control department led by a designated manager who reports directly to our Chief Executive Officers. The quality control department is responsible for overseeing the planning and implementation of quality control policies, conducting internal quality audits, and supervising all quality control points across our business operations, ensuring alignment with our Group’s standards. In addition, our after-sales services and exception handling procedures reinforce our commitment to product quality, reliability and safety.

We have established a thermal safety laboratory equipped with a 1,000-litre constant-volume combustion system, full-scale EV battery pack and container-level fire test benches and other specialised equipment for thermal runaway and fire-suppression tests. These facilities are used not only for research and development but also to validate product designs and solution configurations prior to mass production, helping to ensure that our products achieve their intended performance under conditions close to real-world operation. In addition, we cooperate with universities and other external partners to conduct third-party testing and joint evaluations, including tests for obtaining technical appraisal certificates for fire-fighting products issued by the Ministry of Emergency Management of the PRC and type-approval testing by classification societies.

Customer feedback and complaints, including but not limited to reports of quality issues, are systematically recorded and analysed. Our sales department coordinates the handling of non-conforming products and customer feedback pursuant to established procedures to ensure timely response and root-cause resolution, with the support of our technical support department and quality control department as needed. For details of our customer complaint handling procedures, please refer to the paragraph headed “After-Sales Service” in this section.

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Our Group retains quality-related records, including inspection records, audit records, complaint-handling records and training records, in a centralised document repository. Depending on the type of records, retention periods generally range from five to eight years in accordance with our document control policies and applicable quality management requirements.

WAREHOUSING, INVENTORY MANAGEMENT AND LOGISTICS

Our inventory mainly consists of raw materials, works-in-progress, finished products and changes in inventory, and is mainly stored at our warehouse at our production facilities in Shanghai, the PRC, which serve as delivery hubs for product distribution.

We have established comprehensive warehousing, logistics, and inventory management systems with standardised operational procedures, covering the entire process from material receipt and warehousing to production requisitioning, material returns, and finished goods delivery. To effectively manage finished goods and raw material inventory levels, we implement strict control strategies. Based on existing orders and projected sales volumes, we dynamically adjust inventory thresholds within our ERP information management system. To respond to urgent customer orders, we typically maintain buffer stock adequate to meet expected sales demands for the next two weeks. We conduct regular cycle counts, monthly inventory reconciliations, and annual physical counts to ensure inventory data accuracy and transparency. Simultaneously, we monitor and manage slow-moving and expired materials. Through efficient inventory management, we mitigate supply chain risks and enhance market responsiveness. For each of the three years ended 31 December 2023, 2024 and 2025, our inventory turnover days were 122 days, 106 days and 65 days, respectively. Moving forward, we will continue leveraging lean management practices to enhance inventory turnover rates and ensure the stable operation of our warehousing and logistics systems.

We engage qualified third-party logistics providers to handle the transportation and delivery of products and inventory. When selecting logistics service providers, comprehensive evaluations are conducted based on indicators such as corporate strength, operational capabilities, cooperation history, service pricing, and scale. Their service performance is regularly assessed, and strict adherence to our delivery and labelling requirements is mandated. We have not encountered any significant delays or improper handling of goods that have impacted our operations. We enter into formal service agreements (with a one-year term) with logistics providers and require them to purchase appropriate insurance for warehousing and transportation. Logistics-related costs and transportation risks are allocated according to mutual agreement, with relevant transportation and delivery risks transferring upon the logistics provider’s confirmation of product receipt. During the Track Record Period, to the best knowledge and belief of our Directors, our logistics partners did not experience any major delivery delays or cargo damage incidents that disrupted our normal operations.

OUR SUPPLIERS

Our suppliers

The raw materials that we purchase from our suppliers mainly include compressors, heaters, water pumps, condensers, fans, coolers, suppressing agents, pressure vessels, wiring harnesses, sensors and electronic components, as well as auxiliary materials and packaging. Other materials include container valves, piping, machined parts, and sheet metal components.

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Five Largest Suppliers during the Track Record Period

Purchases from our five largest suppliers for each year during the Track Record Period accounted for approximately 22.40%, 25.06% and 33.87%, respectively, of our total purchases for the respective year. Purchases from our largest supplier for each year during the Track Record Period accounted for approximately 6.12%, 7.88% and 13.33% of our total purchases for the respective year.

During the Track Record Period, we maintained stable business relationships with our five largest suppliers in each year which we believe will continue to ensure an adequate and steady supply of raw materials and help control future price fluctuations, and there have been no quality issues with our raw materials that significantly impacted our operations nor shortages or delay in the supply of raw materials that led to production disruptions.

The tables below set out the background information on our Group’s five largest suppliers during the Track Record Period:

FY2023

Supplier	Purchase amount (RMB in thousands)	Percentage of total purchase of our Group (%)	Background and principal business activity	Details of major products purchased	Year of commencement of business relationship	Credit terms	Payment method
Shanghai Highly New Energy Technology Co., Ltd.* (上海海立新能源技術有限公司)	12,502	6.12	A company established in the PRC and principally engaged in thermal management components for EV projects	Compressor	8 years	30 days	Bank acceptance bill
Supplier A	9,798	4.79	A company established in the PRC and principally engaged in fire suppression products for BESS applications	Printed circuit board assembly	4 years	90 days	Bank acceptance bill
Supplier B	9,750	4.77	A company established in the PRC and principally engaged in fire suppression products for BESS applications	Wiring harness	4 years	60 days	Bank acceptance bill
Shanghai HanYi Technology Co., Ltd.* (上海涵易科技有限公司)	7,382	3.61	A company established in the PRC and principally engaged in industrial automation equipment and related technological solutions	Equipment	5 years	30 days	Bank transfer
Hangzhou Kec Fire Chemical Co., Ltd.* (杭州科朝消防化學品有限公司)	6,335	3.10	A company established in the PRC and principally engaged in fire suppression products for BESS applications	Fire extinguishing agent	3 years	90 days	Bank acceptance bill
Total	45,767	22.40					

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FY2024

Supplier	Purchase amount (RMB in thousands)	Percentage of total purchase of our Group (%)	Background and principal business activity	Details of major products purchased	Year of commencement of business relationship	Credit terms	Payment method
Shanghai Highly New Energy Technology Co., Ltd.* (上海海立新能源技術有限公司)	30,850	7.88	A company established in the PRC and principally engaged in thermal management components for EV projects	Compressor	8 years	30 days	Bank acceptance bill
Supplier A	18,742	4.78	A company established in the PRC and principally engaged in the fire suppression products for BESS applications	Printed circuit board assembly	4 years	90 days	Bank acceptance bill
Supplier C	18,094	4.62	A company established in the PRC and principally engaged in overseas BESS projects	Flammable gas detector	2 years	Shipment upon receipt of payment	Bank acceptance bill
Tangshan Gongxing Electronics Co., Ltd.* (唐山共興電子有限公司)	17,116	4.37	A company established in the PRC and principally engaged in fire suppression products for BESS applications	Printed circuit board assembly	5 years	90 days	Bank acceptance bill
Suzhou KIM Electronic Technology Co., Ltd.* (蘇州鎧睦電子科技有限公司)	13,382	3.42	A company established in the PRC and principally engaged in fire suppression products for BESS applications	Wiring harness	7 years	90 days	Bank acceptance bill
Total	<u>98,184</u>	<u>25.06</u>					

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FY2025

Supplier	Purchase amount (RMB in thousands)	Percentage of total purchase of our Group (%)	Background and principal business activity	Details of major products purchased	Year of commencement of business relationship	Credit terms	Payment method
Shanghai Highly New Energy Technology Co., Ltd.* (上海海立新能源技術有限公司)	92,541	13.33	A company established in the PRC and principally engaged in thermal management components for EV projects	Compressor	8 years	30 days	Bank acceptance bill
EVLINK Electronics Co., Ltd.* (蘇州易為聯科電子科技有限公司)	64,908	9.35	A company established in the PRC and principally engaged in thermal management components for EV projects	Heater	4 years	90 days	Bank acceptance bill
Supplier D	27,609	3.98	A company established in the PRC and principally engaged in thermal management components for EV projects	High-voltage control box	2 years	60 days	Bank acceptance bill
Wuxi Kastil Technology Co., Ltd.* (無錫卡斯迪爾科技有限公司)	25,780	3.71	A company established in the PRC and principally engaged in thermal management components for EV projects	Wiring harness	9 years	90 days	Bank acceptance bill
Cangzhou Lanke Shengshi Precision Sheet Metal Manufacturing Co., Ltd.* (滄州藍科盛世精密鈹金製造有限公司)	24,380	3.51	A company established in the PRC and principally engaged in thermal management components for EV projects	Sheet metal parts	2 years	90 days	Bank acceptance bill
Total	235,218	33.87					

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To the best knowledge and belief of our Directors and save as disclosed in this document, as at the Latest Practicable Date, none of our Directors and their respective associates or any Shareholders holding more than 5% of our issued share capital had any interests in any of our five largest suppliers in each year of the Track Record Period. Our Directors confirm that our Group did not experience any material disruption, disputes or delay in relation to supply by our suppliers during the Track Record Period and up to the Latest Practicable Date.

Key Terms of Agreements with Our Major Suppliers

We enter into procurement agreements with our suppliers. The major terms of our procurement agreements generally include the following:

- Inspection and product returns** : Our suppliers must ensure products meet our agreed technical specifications and quality standards. We conduct incoming inspections and should the products have defects or quality issues, our suppliers shall unconditionally exchange, replace and supplement the same for re-inspection until accepted by us and be liable to pay us a penalty calculated at a fixed rate of the total contract price for every day that the products do not pass inspection. Further, our suppliers shall bear all costs for any defect, damage or loss to the products caused by improper packaging. The supplier shall be responsible for any damage or loss on arrival as a result of improper packaging by the supplier.
- Credit terms and payment** : The credit period and payment method shall be in accordance with the individual procurement agreement. Typically, our suppliers grant us a credit period of between 30 to 90 days.
- Warranty period** : The warranty period shall comply with the terms of the individual procurement agreement. Typically, our suppliers provide us with a five-year warranty and agree to offer complimentary technical support for the product sold.
- Termination** : If the supplier fails to deliver the products within 30 days after the agreed delivery date, we may, by written notice to the supplier, terminate this contract in whole or in part, and the supplier shall be liable for all losses incurred by the purchaser as a result of such termination.

Raw Materials and Supply Chain Management

We operate a structured supply chain and procurement system designed to support our L1 (BITS) thermal management products and L2 (BIDS) to L3 (BICS) and L4 (CTFES) fire prevention and control products, while maintaining quality, cost efficiency and supply stability. Our procurement activities mainly cover key components such as compressors, pressure vessels, suppressing agents, valves, condensers, coolers, water pumps, fans, wiring harnesses, heaters, sensors and electronic components, machining and sheet metal parts, as well as auxiliary materials and packaging.

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We maintain a supplier management system that covers supplier sourcing, evaluation, qualification, performance assessment and, where appropriate, exit. In selecting suppliers, we consider factors such as product and process capabilities, quality management systems, production capacity and delivery capabilities, cost competitiveness, financial status and, for certain critical components, relevant industry qualifications or certifications. For key categories such as compressors, heaters, condensers, coolers, pressure vessels, suppressing agents, sheet metal, wiring harnesses and electronic components used in safety-critical products, we generally conduct on-site audits and technical assessments and may perform sample testing in our laboratories or at third-party institutions before mass procurement. We also implement monthly performance reviews based on quality, delivery, cost and cooperation indicators and adjust our supplier strategy, where necessary.

To manage procurement risks, we seek to avoid over-reliance on a single supplier for core components and, for certain categories, maintain a dual-sourcing or multi-sourcing strategy. At the same time, for components that require deeper technical collaboration, long verification cycles or high quality standards, we work closely with selected strategic suppliers to jointly refine product specifications, manufacturing processes and quality control standards. Our supply chain management and production planning teams coordinate material demand based on confirmed orders, market forecasts and our own sales expectations, and we maintain appropriate safety stock levels for selected standard components and materials, taking into account lead times, storage conditions and cost considerations.

We have established procedures for the incoming inspection of critical materials, including visual checks, dimensional measurements, pressure and leak tests, functional and performance tests, and, where applicable, sampling tests for electrical and electronic characteristics. Materials that do not meet our acceptance criteria are handled in accordance with non-conforming material procedures, which may include re-work under our supervision or scrap, return to suppliers, depending on the nature and severity of the non-conformity. For certain safety-related components such as pressure vessels, we also review relevant inspection and test reports and regulatory documents provided by suppliers as part of the acceptance process.

We continue to promote digitalisation and standardisation in our supply chain and procurement processes. For example, we use information systems to support functions such as supplier information management, purchase planning, order placement, delivery tracking, inventory management and material traceability, and we integrate these functions with our production planning and quality management systems. We believe these measures help improve the transparency and responsiveness of our supply chain, support cost control and reduce the risk of supply disruptions, thereby underpinning our ability to deliver L1 to L4 products and solutions in a timely and reliable manner.

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OUR CUSTOMERS

Our Customers

During the Track Record Period, our customers mainly included leading PRC commercial EV OEMs in particular manufacturers of heavy-duty trucks, and BESS integrators.

Five Largest Customers during the Track Record Period

Revenue from our five largest customers for each year during the Track Record Period accounted for approximately 50.92%, 49.62% and 64.74%, respectively, of our total revenue for the respective year. Revenue from our largest customer for each year in the Track Record Period accounted for approximately 31.46%, 12.89% and 28.43% of our total revenue for the respective year. The tables below set out the basic information on our Group’s top five customers during the Track Record Period:

FY2023

Customer	Revenue contribution (RMB in thousands)	Percentage of total revenue of our Group (%)	Background and principal business activity	Type of customer	Sales model	Details of major products sold	Year of commencement of business relationship	Credit terms	Payment method
Customer A	73,752	31.46	A group comprises a number of companies established in the PRC and principally engaged in the research, development, and production of energy storage batteries, as well as the design, production, sales, and services of electrochemical energy storage systems	BESS integrator	Direct Sales	L2/L3/L4 products	4 years	60 days	Bank acceptance bill/bank transfer
Customer B	14,015	5.98	A company established in the PRC and is a contract manufacturer of battery packs	BESS integrator	Direct Sales	L2 products	4 years	60 days	Bank acceptance bill/bank transfer
Chengdu Dayun Automobile Group Co., Ltd. Yuncheng Branch* (成都大运汽车集团有限公司运城分公司)	11,734	5.01	A company established in the PRC principally engaged in the manufacturing and sales of heavy-duty trucks	Commercial EV OEM	Direct Sales	L1 products	5 years	60–80 days	Bank acceptance bill

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Customer	Revenue contribution (RMB in thousands)	Percentage of total revenue of our Group (%)	Background and principal business activity	Type of customer	Sales model	Details of major products sold	Year of commencement of business relationship	Credit terms	Payment method
Customer C	10,717	4.57	A company established in the PRC principally engaged in the manufacturing and sales of new energy buses and public transportation vehicles	EV OEM	Direct Sales	L1 products	10 years	90 days	Bank acceptance bill
Customer D ⁽²⁾	9,152	3.9	A group comprises a number of companies established in the PRC and principally engaged in the manufacturing and sales of charging and battery-swapping equipment for new energy battery-swapping heavy-duty trucks	OEM of EV charging and battery-swapping equipment	Direct Sales	L1 products	5 years	90 days	Bank acceptance bill/bank transfer
Total	<u>119,370</u>	<u>50.92</u>							

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FY2024

Customer	Revenue contribution (RMB in thousands)	Percentage of total revenue of our Group (%)	Background and principal business activity	Type of customer	Sales model	Details of major products sold/ services provided	Year of commencement of business relationship	Credit terms	Payment method
Customer D	49,852	12.89	A group comprises a number of companies established in the PRC and principally engaged in the manufacturing and sales of charging and battery-swapping equipment for new energy battery-swapping heavy-duty trucks	OEM of EV charging and battery-swapping equipment	Direct Sales	L1 products	5 years	90 days	Bank acceptance bill/bank transfer
Customer A	48,995	12.67	A group comprises a number of companies established in the PRC and principally engaged in the research, development, and production of energy storage batteries, as well as the design, production, sales, and services of electrochemical energy storage systems	BESS integrator	Direct Sales	L2/L3/L4 products	4 years	60 days	Bank acceptance bill/bank transfer
Customer E	36,433	9.42	A group, comprising a number of companies established in the PRC and principally engaged in the manufacture and sale of BESS, as well as EVs and related products; one of the companies in the group is listed on the Hong Kong and Shenzhen stock exchanges	BESS integrator	Direct Sales	L2/L3/L4 products	7 years	30 days	Customer E's electronic chain-financing payment system
Sinotruk Group	32,269	8.34	A group comprising companies established in the PRC and principally engaged in the manufacturing and sales of heavy-duty trucks, mining trucks, and special-purpose vehicles; it is a Chinese state-owned truck manufacturer	Commercial EV OEM	Direct Sales	L1 products	5 years	90 days	Bank acceptance bill

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Customer	Revenue contribution (RMB in thousands)	Percentage of total revenue of our Group (%)	Background and principal business activity	Type of customer	Sales model	Details of major products sold/ services provided	Year of commencement of business relationship	Credit terms	Payment method
Shaanxi Heavy Duty	24,356	6.30	A company established in the PRC principally engaged in the manufacturing and sales of heavy-duty trucks, mining trucks, and special-purpose vehicles	Commercial EV OEM	Direct Sales	L1 products	4 years	90 days	Bank acceptance bill
Total	191,905	49.62							

FY2025

Customer	Revenue contribution (RMB in thousands)	Percentage of total revenue of our Group (%)	Background and principal business activity	Type of customer	Sales model	Details of major products sold/ services provided	Year of commencement of business relationship	Credit terms	Payment method
Sinotruk Group	260,454	28.43	A group comprising companies established in the PRC and principally engaged in the manufacturing and sales of heavy-duty trucks, mining trucks, and special-purpose vehicles; it is a Chinese state-owned truck manufacturer	Commercial EV OEM	Direct Sales	L1 products	5 years	90 days	Bank acceptance bill
Customer E	117,921	12.87	A group, comprising companies established in the PRC and principally engaged in the manufacture and sale of BESS, as well as EVs and related products; one of the companies in the group is listed on the Hong Kong and Shenzhen stock exchanges	BESS integrator	Direct Sales	L2/L3/L4 products	7 years	30 days	Customer E's electronic chain-financing payment system

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Customer	Revenue contribution (RMB in thousands)	Percentage of total revenue of our Group (%)	Background and principal business activity	Type of customer	Sales model	Details of major products sold/ services provided	Year of commencement of business relationship	Credit terms	Payment method
Customer D	111,513	12.17	A group comprises a number of companies established in the PRC and principally engaged in the manufacturing and sales of charging and battery-swapping equipment for new energy battery-swapping heavy-duty trucks	OEM of EV charging and battery-swapping equipment	Direct Sales	L1 products	5 years	90 days	Bank acceptance bill/bank transfer
Shaanxi Heavy Duty	61,425	6.71	A company established in the PRC principally engaged in the manufacturing and sales of heavy-duty trucks, mining trucks, and special-purpose vehicles	Commercial EV OEM	Direct Sales	L1 products	4 years	90 days	Bank acceptance bill
Customer A	41,673	4.55	A group comprises a number of companies established in the PRC and principally engaged in the research, development, and production of energy storage batteries, as well as the design, production, sales, and services of electrochemical energy storage systems	BESS integrator	Direct Sales	L2/L3/L4 products	4 years	60 days	Bank acceptance bill/bank transfer
Total	<u>592,986</u>	<u>64.74</u>							

To the best knowledge and belief of our Directors and save as disclosed in this document, as at the Latest Practicable Date, none of our Directors and their respective associates or any Shareholders holding more than 5% of our issued share capital had any interests in any of our five largest customers in each year of the Track Record Period.

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Key Terms of Sales Agreements with our Major Customers

Framework agreements

We generally enter into framework agreements with major customers, who place orders based on actual demand under the framework agreements. Although the contract terms vary, they usually include the following key terms:

- Term** : One year (subject to extension or renewal), or until terminated in accordance with contractual terms
- Contract price** : According to the price schedule which sets out the unit price of each product model to be purchased.
- Payment terms** : Depending on the framework agreement, payment is typically made by bank acceptance bill or bank transfer within a credit period of approximately 30 to 90 days after invoice issuance or customer acceptance of the products, with certain customers settling 90% of the contract amount within three months and the remaining shall be held as a quality retention.
- Quality control** : The purchased products shall comply with quality standards and production requirements designated by our customers. Depending on the framework agreement, such standards may be stipulated in separate agreements entered into between us and the customer and include international standards such as ISO 9001, ISO 14001 and IATF 16949; customer-specified procurement part approval process requirements and safety in manufacturing protocols; and domestic national standards and other laws and regulations in China.

Our customers are generally entitled to conduct a delivery inspection prior to accepting delivery of the products, followed by a detailed quality inspection to confirm satisfaction with the designated quality standards.

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- Delivery and inspection** : We generally deliver the purchased products to sites designated by our customers, shall be accompanied by our satisfactory quality assurance inspection report, user manual, and other necessary materials. We are responsible for and shall bear the costs of delivery logistics and insurance before receipt by our customers.
- Intellectual properties** : We retain ownership of all pre-existing intellectual property rights to products supplied and in any designs, drawings, technical documents and data provided by us to our customers under the framework agreement. Depending on the framework agreement, we may grant the customer a non-exclusive, non-transferable licence for use of our intellectual property rights solely as required for the purpose of the production and supply of the products under the agreement, which shall not be transferred to any third party without our prior written consent. On termination of the agreement, the customer shall immediately cease any use of our name and trademarks. We would also typically provide warranty to our customers that our products supplied do not infringe on any third party intellectual property rights.
- Warranty** : We usually set out warranty periods, typically 12 to 60 months from completion of the quality inspection by the customer. During the warranty period, our customers may request that we replace or repair defective products free of charge and to compensate our customers for any resulting losses.
- Confidentiality** : We usually include confidentiality clauses in the sales agreement, and the period of confidentiality obligations may be extended to after the expiration of the agreement.
- Termination** : The contracts generally allow either party to terminate the contract by written notice upon mutual agreement, or unilaterally under specified circumstances such as material breach, insolvency, force majeure, material adverse changes affecting performance or failure to remedy contractual default within a specified cure period.

During the Track Record Period and up to the Latest Practicable Date, none of our customers requested to terminate their agreements with us. During the Track Record Period, we sold all our products mainly through direct sales, supplemented by a small number of distributors. Direct sales account for approximately 99.67%, while distributor sales account for approximately 0.33%.

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Pricing policy

We primarily generate revenue from the sale of standardised and customised L1 to L4 products and related engineering services. Our pricing for L1 to L4 products takes into account factors such as product type and configuration, technical complexity, project-specific requirements, certification and testing needs and competitive landscape. For projects that require significant upfront engineering work, such as new vehicle platforms or energy storage facilities with special requirements, we may charge separate engineering service fees or incorporate such costs into product pricing depending on customer arrangements.

In general, our products are priced based on a comprehensive assessment of product specifications, raw material costs, manufacturing costs, market competition, and minimum gross margin requirements. For the L4 (CTFES) solution, the price typically includes an engineering service fee in addition to the standard pricing.

The selling prices of our products are jointly determined by our sales department, procurement department and finance department in accordance with a standardized pricing policy. The price quoted will be submitted to our director of sales, CFO and general manager for internal review and approval before providing to our customers.

In pricing our products, we adopt a cost-plus basis and take into account a range of factors, including the costs of raw materials, production costs, operating costs (including cost of procured components, manufacturing complexity, procurement strategies, and supply chain dynamics), technical specifications and performance requirements requested by customers, expected order volumes, order sizes, delivery requirements, length of our relationship with the customer, customer demand, and expected gross profit margins for each product, which may affect our unit costs.

We continuously monitor prevailing market conditions, the competitive landscape and competitive offerings, including our competitors' pricing for similar products, to maintain competitiveness while seeking to preserve appropriate margins. We adjust our prices as and when necessary in response to changes in these key factors, believing that our long-standing relationships, product quality and unique value proposition enable us to negotiate premium pricing while remaining competitive in the market.

Sales and Marketing

We adopt a customer-centric sales and marketing strategy focused on developing long-term business relationships and delivering high-quality products and services that consistently meet customer requirements. We emphasise technical collaboration with industry-leading customers, to develop solutions aligned with their product roadmaps, platform technology and specifications.

During the Track Record Period, our clientele primarily included leading PRC commercial EV OEMs, in particular manufacturers of heavy-duty trucks, such as Sinotruk Group, and BESS integrators. As at 31 December 2025, we contracted with customers in China only.

As at 31 December 2025, our sales team comprised 26 full-time employees. Our sales team formulates annual marketing plans, coordinates cross-departmental support and identifies market and industry opportunities, with responsibility for developing and maintaining clientele, handling project initiations, formulating sales plans and coordinating among departments within our Group to explore and

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address various maintenance and technical requests and feedback from our customers. Our sales department works together with our thermal management products solutions department and fire prevention and control product solutions department to gain an in-depth understanding of customers’ products and battery platforms, application scenarios and safety requirements, and to propose appropriate technical routes, solution architectures and other technical support that integrate our products with customers’ existing systems. Our engineers in our fire prevention and control product solutions department and thermal management products solutions department also collaborate closely with customers to provide reference designs, engineering reviews and optimisation services, thereby facilitating conformity with relevant specifications. Our comprehensive customer service guidelines and procedures ensure the timely and effective handling of customers’ requests and encompass pre-sales discussions, ongoing communication and feedback during the design and commissioning phases, post-delivery inspections, and warranty support. We believe that our commitment to addressing customers’ needs with precision through tailored and efficient solutions distinguishes us from competitors and enables us to foster enduring relationships with our customers. During each year of the Track Record Period, our selling expenses amounted to approximately RMB35.8 million, RMB40.00 million and RMB34.7 million, respectively, which accounted for approximately 15.3%, 10.3% and 3.8%, respectively, of our total revenue.

Advertising, Marketing and Promotion

We promote our products through direct sales and targeted marketing activities, including participation in leading domestic and international exhibitions and industry forums such as the China Energy Storage Safety Summit. We also maintain showrooms for product demonstrations, organise technical seminars, and participate in industry conferences and events to enhance brand visibility and engage potential customers. During the Track Record Period, we have hosted the first and second Energy Storage Fire Safety Industry Innovative Development Summit and participated in various recognised industry exhibitions, conferences and forums in China and overseas, including SNEC International Photovoltaic Power Generation and Smart Energy Conference & Exhibition, China International Energy Storage Expo, Energy Storage International Conference and Expo, China International Clean Energy Expo (中國國際清潔能源博覽會), as well as specialised energy storage fire safety forums and fire protection conferences in China and other Asia-Pacific markets.

Product Returns and Warranty

We typically provide a warranty period of no more than 60 months for our products to customers (including our top five customers during the Track Record Period). During the warranty period, we provide various product warranty services to our customers, which may include:

- (i) free replacement, free repair and free return of non-conforming products within specified period, including, where required, sending technical personnel to attend the customer site within a specified time, and taking all necessary emergency measures and providing remote support and immediate telephone support;
- (ii) compensation for any losses suffered and costs incurred upon claims submitted by the purchaser, which may include costs for replacement materials, cost for packaging and freight, costs for consequential damages to the customer’s products caused by our products, and labour costs; and

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- (iii) during the warranty period, inspections of our supplied products by the customer of their own volition or through an appointed third party. If the product passes inspection, the inspection expenses shall be borne by the customer; if the product fails inspection, we shall bear the inspection expenses and shall, at our cost, repair or replace the product until it meets the required standard.

Following the expiration of the warranty period, we generally provide a range of post-warranty services, which may include:

- (i) repair and replacement services for a fee based on the services required; and
- (ii) supply the customer with spare parts at favourable prices for a further specified period for maintenance and repair of the purchased products; and, if we will cease production of the purchased products before the expiration of such specified period, provide prior notice and information on any substitute models to allow the customer to secure sufficient spares.

Product quality is a key focus for internationally renowned brand clients, directly impacting their end-product sales and brand reputation. During the Track Record Period, we maintained a low product return rate, with average return rates across product lines of approximately 0.13% for L1 products and 0.20% for L2 to L4 products. The Directors and senior management unanimously believe that consistent and superior quality performance constitutes our core competitive advantage over industry peers, serving as a vital foundation for safeguarding profitability and maintaining long-term client partnerships. Furthermore, during the Track Record Period, our warranty expenses amounted to approximately RMB1.4 million, RMB4.6 million, and RMB8.8 million.

After-Sales Service

We have consistently placed great emphasis on customer service, delivering comprehensive, quality, and timely services to both customers. We attach great importance to customer service and consider the quality and accessibility of after-sales services an important factor influencing customers' purchase decisions and maintenance of long-term ongoing relationships with us. Our after-sales services cover delivery, return and exchange of defective products, on-site inspection and training to ensure proper installation and application, and continued technical support and training to facilitate our customer's monitoring and identification of potential issues arising. We have established standardised procedures for product returns and replacements, supported by comprehensive response mechanisms to ensure service quality and timeliness.

To promptly and efficiently obtain customer feedback and resolve complaints, we have established a structured customer service and complaint handling policy designed to ensure timely and effective responses. We maintain a 24/7 customer service hotline to answer inquiries and receive repair requests and complaints from our customers and end-users. All complaints received through any channel are recorded and classified and then assigned to the relevant departments for analysis and resolution through the leadership of our quality control department. Our initial response time from receiving any customer feedback or complaint is typically within 24 hours, and we generally aim to provide a substantive response within 48 hours, arrange on-site support within one day for urgent cases and normally within three days for other cases, and to resolve customer complaints within one week depending on their complexity. For more complex issues, our fire prevention and control product solutions, thermal management product solutions and quality control teams would visit the customer's site to identify root

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causes and implement necessary adjustments for proper product performance. Upon completion of each service case, our customer service representatives follow up with customers or end-users to collect feedback on service quality. We conduct detailed cause analyses, implement corrective and preventive measures, incorporate effective solutions into our standard operating procedures, and maintain complaint records for ongoing monitoring and continuous improvement. Our sales and technical personnel attend regular training and performance appraisals to uphold service standards, and we conduct periodic customer satisfaction evaluations to identify potential areas for improvement and anticipate evolving customer needs.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with our customers, nor did we receive any material complaints from our customers. We did not receive any material product returns from our customers during the Track Record Period and up to the Latest Practicable Date, and to the best knowledge and belief of our Directors and senior management, there were no potential material product returns as at the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, our Group had not experienced any material losses due to product quality.

COMPETITION

According to the F&S Report, the Li-ion battery thermal safety solutions market in China is large and highly competitive, and remains in a phase of rapid development, evolving from a foundational stage dominated by L1 thermal management systems towards a stage centred on L2 and L3 monitoring, early warning and suppression solutions, with L4 fire-extinguishing systems forming a multi-tier safety system. The market size for Li-ion battery thermal safety solutions in China increased from RMB2.1 billion in 2021 to RMB11.5 billion in 2025 and is expected to further grow to RMB60.7 billion in 2030, driven primarily by large-scale energy storage systems and new energy vehicles, as well as emerging application scenarios such as IDCs, electric vessels, electric construction machinery and electric rail transit.

We face competition from companies focusing on one or more stages of the thermal safety chain. According to the F&S Report, in 2025 we ranked first in China’s Li-ion battery thermal safety solution market as a whole and in (i) Li-ion battery thermal management systems (L1) for new energy heavy-duty trucks and (ii) fire prevention and control solutions for Li-ion batteries in energy storage systems (L2+L3+L4), in terms of revenue. Our competitive position is supported by our focus on multi-tier thermal safety solutions spanning L1 to L4, our experience in EV and BESS projects, and our ongoing investment in R&D.

In overseas markets, construction of energy storage and new energy infrastructure and the enhancement of safety standards for Li-ion batteries in regions such as Europe and the United States are expected to drive growth in demand for Li-ion battery thermal safety solutions, and multi-tier thermal safety configurations are gradually evolving from optional to standardised. Benefiting from mature technical system and system integration capabilities, we expect to compete with both international and local players as we expand our presence in overseas markets.

For details, please refer to the section headed “Industry Overview” and “Risk Factors — We may not be able to achieve the desired goals from our R&D efforts, which may negatively affect our competitiveness and profitability.” in this document.

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AWARDS AND RECOGNITIONS

We have received a number of awards and recognitions since our establishment with respect to our brand, business operations, products and corporate responsibility achievements.

We have been recognised by the Chinese government and industry organisations with honours and designations such as National Specialised, Refined, Distinctive and Innovative Key Little Giant Enterprise, National High-Tech Enterprise, Shanghai Science and Technology Little Giant Enterprise and the first-batch Scientific Innovative China Lithium-ion Battery Safety Innovation Base.

We have also obtained significant regulatory recognition for our products. Our L2 (BIDS) composite fire detection devices for electric bus Li-ion power battery boxes and energy storage power stations and our L3 (BICS) FK5112 fire suppression devices for electric bus battery boxes and energy storage systems have received Technical Certificates of Fire-Fighting Products from the Ministry of Emergency Management of China, representing some of the first such certifications granted for Li-ion battery-specific detection and suppression products in the EV and BESS sectors. We believe that these Technical Certificates constitute a significant qualification barrier in China market, as they demonstrate compliance with stringent battery safety product standards and are often required or preferred by customers, regulators and project approval authorities. In addition, our fire prevention and control devices for marine battery packs have obtained type approval from the China Classification Society, and our products have been assessed as international advanced level by the Ministry of Science and Technology and recognised through the Registration Certificate of Scientific and Technological Achievements issued by the Ministry of Industry and Information Technology.

The following table sets out a selection of the material awards and recognitions that we have received during the Track Record Period and up to the Latest Practicable Date:

Year	Award/Recognition	Awarding Institution/Authority
2023	Annual Technology Innovation Award of China’s Energy Storage Industry” at the 8th Global Energy Storage and New Energy Influence Summit (GEIS 2023)	Organising Committee of Global Energy Storage and New Energy Influence Summit
2023	Pudong New Area Innovation and Entrepreneurship Award	The People’s Government of Pudong New Area
2023	China Industrial New Record — Electrochemical Energy Storage ‘Four-level Joint Prevention and Control Solution for Active Safety, Monitoring and Early Warning, Passive Safety and Fire Extinguishing	China Industry News Agency

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Year	Award/Recognition	Awarding Institution/Authority
2024	Recognised as a “Shanghai Municipal Technology Centre”	China Municipal Commission of Economy and Informatisation, Shanghai Municipal Finance Bureau, State Taxation Administration and Shanghai Municipal Tax Service
2024	Reaccredited as a national “Specialised, Refined, Distinctive and Innovative ‘Little Giant’ Enterprise	The Shanghai Municipal Commission of Economy and Informatisation
2024	Accredited as an “Expert Workstation” entity	The Office for the Guidance of Academician and Expert Workstations of Shanghai
2024	Awarded the title of “Top Ten National Fire Protection Enterprises” at the 17th CFIC Fire Protection Brand Event (CFIC 2024)	HuiCong Fire Safety Network (慧聰消防網)
2024	Rated as an “Advanced Intelligent Factory of Shanghai”	The Shanghai Municipal Commission of Economy and Informatisation
2025	Received an “Excellent Evaluation” in the acceptance of “Shanghai Pilot Demonstration Entity for Patent Work”	The Shanghai Intellectual Property Administration
2025	Our self-developed “fire prevention and control device for battery packs” for 314Ah high-capacity cells obtained certification	China Classification Society (CCS)
2025	Our “Key Technologies and Industrial Application of Fire Prevention and Control in Electrochemical Energy Storage Power Stations” was awarded the second prize in the first Science and Technology Innovation Award* (首屆應急管理科技創新獎)	China Fire Protection Association* (中國消防協會), China Association for Disaster Prevention* (中國災害防禦協會), China Society of Mine Safety* (中國礦山安全學會), China National Coal Association* (中國煤炭工業協會) and Office of the Emergency Management Science and Technology Innovation Award Committee* (應急管理科技創新獎勵委員會辦公室)

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Year	Award/Recognition	Awarding Institution/Authority
2025	Ranked ninth in the “Top 100 Growing Enterprises in Shanghai 2025”	Shanghai Enterprise Confederation, Shanghai Entrepreneurs Association and Jiefang Daily
2025	Recognised as a “Shanghai Manufacturing Single Champion”	The Shanghai Municipal Commission of Economy and Informatisation
2025	The second prize of the “Science and Technology Progress Award” under the 2025 Science and Technology Award	The China Communications and Transportation Association
2026	Recognised as a “National Intellectual Property Demonstration Enterprise” for the period from 2025 to 2027	The China National Intellectual Property Administration

CERTIFICATES, LICENCES, APPROVALS AND PERMITS

We are subject to regular inspections, examinations and audits by local regulators and are required to obtain various permits, licences, approvals and certifications from governmental authorities as required under the laws and regulations of jurisdictions where we operate. During the Track Record Period and up to the Latest Practicable Date, we had obtained the requisite licences, approvals and permits from applicable authorities that are material for our operations, and such licences, permits, approvals and certificates were valid and effective. We had not experienced any material difficulty in obtaining and/or renewing such licences, approvals and permits.

A list of material permits, licences and filings held by us as at the Latest Practicable Date is set out below:

Licence/Filing/Qualification	Holder	Expiration Date
Customs Filing Receipt for Consignor and Consignee of Import and Export Goods (海關進出口貨物收發貨人備案回執)	Our Company	31 December 2099
Qualification Certificate for Construction Enterprise (建築業企業資質證書)	Our Company	6 April 2027
Registration Receipt for Fixed Pollution Source Discharge (固定污染源排汙登記回執)	Our Company	1 April 2031
Work Safety Licence (安全生產許可證)	Our Company	21 April 2028

As advised by the Company’s PRC Legal Adviser, during the Track Record Period and up to the Latest Practicable Date, there was no legal impediment for us to renew these licences, permits and certificates as long as we comply with the relevant legal and regulatory requirements in the industry in China.

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INSURANCE

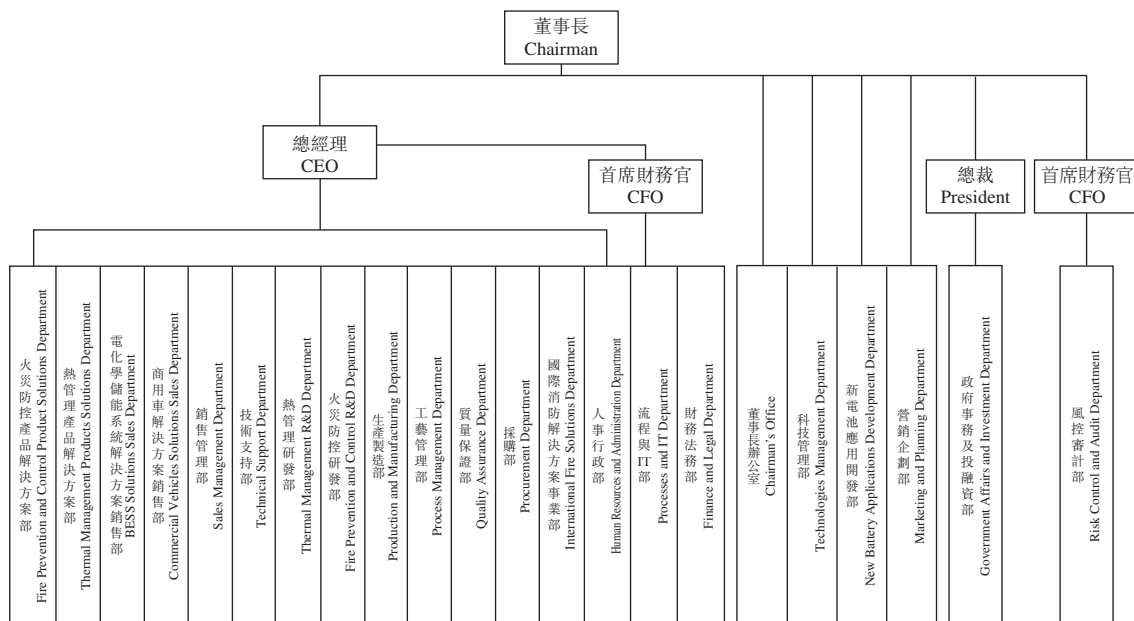
We take out social insurance for our employees including endowment insurance, unemployment insurance, maternity insurance, work-related injury insurance and medical insurance. We also maintain employer’s liability insurance, product liability insurance, and vehicle insurance.

During the Track Record Period and up to the Latest Practicable Date, we did not file any material insurance claims in relation to our business. Please refer to “Risk Factors — We may not have adequate insurance to cover losses and liabilities arising from various operational risks and hazards.” in this document.

EMPLOYEES

As at the Latest Practicable Date, we had a total of 248 full-time employees, all of whom were located in China. The table below sets out a breakdown of our employees by business function as at the same date:

Entity	No. of employees
Our Company	207
Shanghai Tingzhen	39
Zephyr Nanjing	2



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Function	As at the Latest Practicable Date	
	Number of employees	%
R&D	82	33.06
Manufacturing and production	41	16.53
Technological affairs and support	38	15.32
Sales	26	10.48
Quality control	22	8.87
Procurement	12	4.84
Finance, Legal, Process and IT	13	5.24
Chairman’s Office	7	2.82
Administration and Human Resources	7	2.82
Total	<u>248</u>	<u>100</u>

Our workforce comprises highly trained professionals and workers from various fields and academic backgrounds, many of whom have extensive knowledge and experience in the new energy equipment manufacturing business. As at 31 December 2025, 51.8% of our employees held a bachelor’s degree or above.

Based on our business plan, we formulate personnel recruitment plans and aim to train and reserve talents to meet future business needs. We have developed detailed policies governing our recruitment process. Our employee recruitment channels include referrals and online job portals. We and our employees enter into standard employment contracts covering matters including salary, bonuses, employee benefits, and reasons for contract termination. We also enter into standard confidentiality, non-competition and intellectual property ownership agreements with our employees.

We place significant emphasis on investing in our employees and have established a well-rounded talent development system. Our training programs are categorized into company-level, department-level and function-level training. We offer a wide range of specialized training aimed at enhancing the professional skills of our employees and regularly require our employees to pass examinations. In addition, we have cultivated a number of internal training courses and developed a series of targeted professional courses to effectively implement our talent development strategy, foster the growth of key talents and enhance the managerial proficiency of our team. Further, when employees are hired, we give them an employee handbook, which informs them of our policies and their rights in all material respects, from recruitment, compliance, salary, benefits, performance assessment to training and development.

Sharing success with employees and empowering them to grow is one of the core elements of our corporate culture. We always strive to provide employees with comprehensive remuneration and social benefits, a safe working environment and diverse career development opportunities. Meanwhile, we strictly abide by the laws, regulations and standards on workplace safety, and are committed to creating a safe and healthy working environment for employees, and ensuring the safety and physical and mental health of employees by implementing a highly efficient management system.

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In addition to our own employees, we engage third-party human resources service providers in the PRC to supply outsourced personnel to support certain routine production and operational functions at our facilities. These outsourced personnel mainly perform support work at our designated sites, while their labour contracts, social insurance and housing fund contributions and other statutory employment obligations are handled by the relevant service providers. We have entered into standard labour outsourcing agreements with such providers which set out the scope of services, service fees, qualification requirements and management responsibilities, and we monitor the performance of outsourced personnel and compliance with our safety and quality requirements through on-site supervision and regular communication with the service providers. During the Track Record Period, our Group incurred staff outsourcing expenses of approximately RMB6.7 million, RMB10.2 million and RMB15.1 million for FY2023, FY2024 and FY2025, respectively.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any major labor dispute or disturbance that had interfered with our operations.

PROPERTIES

We lease properties in China for the use of manufacturing, R&D, sales and customer services, and office purposes. As at the Latest Practicable Date, all our production facilities were based in China. Our headquarters are located in Shanghai, the PRC. We currently do not own any land use rights or properties. As at the Latest Practicable Date, we leased two principle properties in the PRC, being (i) a property with an aggregate area of approximately 11,241.06 square meters for production use; and (ii) a property with an aggregate area of approximately 410.24 square meters for office use.

As at the Latest Practicable Date, none of the properties held or leased by us had a carrying amount of 15% or more of our consolidated total assets. According to section 6(2) of the Companies (Exemption of [REDACTED] with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) MATTERS

Sustainability Governance

Our Group complies with applicable national laws and regulations relating to environmental protection, labour practices, occupational health and safety and business ethics. In support of regulatory compliance and sustainable development, our Group is establishing a comprehensive ESG framework in accordance with the ESG Reporting Code as set out in Appendix C2 to the Listing Rules. This framework sets out the respective governance roles and responsibilities of the Board of Directors (the “**Board**”) and employees in overseeing and implementing ESG-related matters.

In identifying and prioritising relevant ESG topics, our Group has had regard to generally recognised materiality principles, industry benchmarks and established reporting frameworks, including the GRI Standards and the SASB materiality maps, as well as prevailing peer practices. Following [REDACTED], our Group intends to conduct a formal materiality assessment to further validate and refine the identification of material ESG topics for future sustainability disclosures. This process is expected to enhance the clarity and robustness of ESG disclosures by improving the articulation of topic

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relevance, impacts and governance. Our Group will continue to review and enhance its materiality approach and disclosures in line with applicable regulatory requirements and evolving international best practice.

Our Group has established a range of sustainability-related internal policies and guidelines, including but not limited to the Environmental Operation Control Procedures (環境運行控制程序), Green Office Operating Guidelines (綠色辦公作業規定), the Employee Handbook (員工手冊), the Occupational Health Management Procedures (職業健康管理程序), Supplier Corporate Social Responsibility Agreement (供應商企業社會責任協議), Production Management Policy (生產管理政策), and Integrity and Ethical Conduct Undertaking (誠信廉潔承諾書), which collectively address various ESG considerations in its operations. Building on these existing practices, our Group is currently exploring the formulation of a comprehensive ESG Policy that integrates ESG considerations across its business at all levels. This ESG Policy is intended to enhance accountability to stakeholders, strengthen risk management and support the identification of sustainable business opportunities. It will set out our Group’s ESG policies, ESG strategy, and ESG risk management and monitoring approach.

During the Track Record Period, our Group complied, in all material respects, with applicable laws and regulations relating to social, environmental, health and safety matters, and did not incur any material fines or penalties arising from non-compliance with such laws and regulations.

ESG Governance Structure

Our Board has primary responsibility for overseeing our Group’s overall ESG approach. In this capacity, it provides strategic direction on ESG priorities, monitors performance and risk exposures, and retains ultimate oversight of our Group’s ESG-related objectives, initiatives and long-term sustainability considerations. Our Group also places importance on maintaining a balanced and diverse Board composition, taking into account factors such as gender, age, cultural and educational background and professional experience. To support effective oversight, our Group will arrange ongoing ESG-and climate-related training and information sessions to ensure that the Board remains adequately equipped to discharge its governance responsibilities.

To support the implementation of ESG-related initiatives and the management of material ESG risks, our Group plans to formulate an ESG Working Group (the “**Working Group**”) comprising representatives from relevant functional departments. The Working Group will be responsible for monitoring developments in ESG standards and regulatory requirements, conducting internal reviews and benchmarking exercises, assessing ESG-related practices and performance, and coordinating ESG data collection and disclosures. ESG-related matters will be reported to the Board on at least an annual basis to facilitate ongoing oversight and strategic guidance.

Recognising the growing importance of sustainable development and considering regulatory expectations and prevailing industry practices, our Group will, following [REDACTED], consider whether ESG-related performance considerations may, where appropriate, be taken into account within its management remuneration and performance assessment framework.

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ESG and Climate Risk Management

As a one-stop four-level integrated safety solution provider in China focusing on new energy battery thermal safety with an established operational scale, our Group recognises the importance of ESG considerations in supporting the stable and sustainable development of its business. Having regard to the nature of the industry and the associated considerations relating to energy usage, resource management and environmental protection, our Group has, where practicable and appropriate, incorporated relevant ESG considerations into its governance structure, risk management framework and daily operational arrangements. These arrangements cover, among others, raw material procurement, product quality and safety management, and environmental protection and occupational health practices. Following [REDACTED], our Group will comply with all applicable ESG disclosure requirements in accordance with the [REDACTED] Rules.

Taking into account the importance of effective risk governance in the sector, particularly in relation to environmental, occupational safety and supply chain risks that may arise during production, our Group adopts a prudent approach to the identification, assessment and management of ESG-related risks. Such risks include climate-related risks that may have potential implications for our Group’s operational stability, regulatory compliance, cost structure and reputation. Following [REDACTED], these risks are expected to be progressively incorporated into our Group’s enterprise risk management framework, where appropriate, taking into consideration factors such as climate-related scenario analysis, potential climate impacts on production facilities and supply chains, the sustainability performance of business partners, and evolving environmental and safety regulatory requirements. The Board will maintain ongoing oversight of these risks through established monitoring arrangements, with a view to supporting the gradual enhancement of our Group’s operational resilience and production safety standards.

In addition, our Group has identified a number of ESG-related management measures and indicative objectives as longer-term reference directions, including improving energy efficiency, reducing greenhouse gas emissions arising from production activities, strengthening waste and hazardous substance management, and continuously optimising production processes and equipment efficiency. These measures are intended to support our Group’s long-term sustainability direction and, where appropriate, contribute to the creation of sustainable value for stakeholders.

With respect to climate-related risks and opportunities that may affect our Group’s business, our Group has made an initial assessment of their potential short, medium-and long-term implications, and has adopted or plans to adopt corresponding mitigation and adaptation measures where feasible. Further information is set out in the section headed “Response to Climate Change”.

Environmental Protection

Our Group operates under a regulatory framework comprising environmental protection laws and regulations issued by national, provincial and municipal authorities in the PRC, including but not limited to “the Environmental Protection Law of the PRC” and “the Law on the Prevention and Control of Environmental Pollution by Solid Waste” of the PRC. Our Group recognises that effective environmental management is an essential component of sustainable operational development and regulatory compliance.

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To support compliance and strengthen internal environmental governance, our Group has established a suite of internal environmental management policies, including the Environmental Operation Control Procedures (環境運行控制程序), Environmental Aspect Identification and Evaluation Control Procedures (環境因素識別及評價控制程序), Green Office Operating Guidelines (綠色辦公作業規定), Waste Management Policy (廢棄物管理制度) and Resources and Energy Management Guidelines (資源能源管理規定). These policies provide structured guidance for managing key operational areas such as energy consumption, water use, waste classification and disposal, greening management and pollution prevention.

Our Group has implemented corresponding management measures to regulate internal environmental practices and promote consistent execution across its operations. Employees are required to adhere to relevant environmental policies and operational guidelines and are encouraged to actively participate in implementing environmental protection measures. Through these arrangements, our Group seeks to enhance environmental awareness within its workforce and support orderly, compliant and responsible environmental management practices.

Air Emissions

The air emissions we generate primarily include nitrogen oxides (“NOx”), sulphur oxides (“SOx”), and particulate matter (“PM”), with the main source being emissions from the company vehicles. The following table presents our air emissions data during the Track Record Period.

	Unit	FY2023	FY2024	FY2025
Nox	kg	54.23	98.22	110.16
Sox	kg	0.12	0.22	0.24
PM	kg	5.09	9.21	10.32

Note:

- (1) The air emissions are calculated in accordance with “Appendix 2: Reporting guidance on Environment KPIs” issued by the Stock Exchange.

As business activities expanded and the frequency of engagements increased, our Group experienced an overall increase in vehicle usage during the Track Record Period. Looking forward, our Group intends to continue implementing measures to manage vehicle-related emissions and to support its ongoing environmental sustainability efforts. With reference to the national “dual-carbon” targets, our Group has adopted the year ending 2030 as its target year and, using the year ended 2025 as the baseline, aims to maintain, and where practicable, achieve reductions of approximately 5% in NOx, SOx and PM emissions.

Waste Management

Our Group’s principal hazardous waste mainly comprises spent activated carbon, paint containers, waste printed circuit boards and laboratory waste liquids. Owing to our Group’s product design and the continuous optimisation of its manufacturing processes, its production activities generally do not generate hazardous waste such as heavy metals, electrolytes or cutting fluids. Non-hazardous waste arising from our Group’s daily operations primarily consists of general metal scrap and wastepaper. The table below sets out the hazardous and non-hazardous waste generated by our Group during the Track Record Period.

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	Unit	FY2023	FY2024	FY2025
Total Hazardous Waste	tonnes	0.03	0.11	1.82
Hazardous Waste Intensity	tonnes/employee	0.0001	0.0004	0.0074
	Unit	FY2023	FY2024	FY2025
Total Non-hazardous Waste	tonnes	15.73	22.24	10.77
Non-hazardous Waste Intensity	tonnes/employee	0.05	0.07	0.04

Note:

- (1) For FY2023, FY2024 and FY2025, our Group’s total workforce was 312, 301, and 247, respectively. This data will also be used for calculating other intensity data.

Our Group has established Waste Management Policy (廢棄物管理制度) for managing waste generated from its production and office activities. These procedures set out requirements for waste classification, collection, storage, recordkeeping and disposal, with responsibilities assigned to relevant functional departments. Waste must be stored separately by category, appropriately labelled where applicable, and handled to prevent environmental contamination. Our Group engages qualified service providers for waste transportation and disposal and maintains relevant transfer records in accordance with applicable requirements. The waste management procedures are subject to periodic review to ensure their continued appropriateness and effectiveness.

During the Track Record Period, our Group’s non-hazardous waste generation showed minor fluctuations, mainly due to changes in metal usage arising from product iteration and design optimisation. As part of ongoing efforts to enhance product performance and material efficiency, our Group has refined its operating processes, including the use of lighter or alternative materials and improved production techniques, thereby reducing metal use and associated waste. Our Group has also strengthened its classification of metal waste, as well as its recycling and reuse practices. Looking ahead, with reference to the national “dual-carbon” targets, our Group has adopted the year ending 2030 as its target year and, using the year ended 2025 as the baseline, aims to maintain, and where practicable achieve, a reduction of approximately 5% in non-hazardous waste intensity, taking into account operational feasibility and business development needs.

Use of Resources

Our Group has established Resources and Energy Management Guidelines (資源能源管理規定) to promote the efficient use of water, electricity, raw materials, and to minimise unnecessary consumption. Responsibilities are assigned to relevant functional departments to support implementation and oversight. Water and electricity usage are monitored regularly, with follow-up actions taken when abnormal consumption is identified. Management measures are in place covering equipment operation, lighting, air-conditioning use, and raw material handling, with a view to supporting operational efficiency and appropriate cost control in accordance with internal requirements.

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Our energy consumption primarily comes from direct use by the company’s vehicles (petrol) and from the indirect use of purchased electricity, and our water consumption mainly arises from routine operational activities. Water is sourced exclusively from the municipal supply network, and our Group has not encountered any difficulties in securing an adequate and reliable water supply. The following tables present our energy consumption and water consumption during the Track Record Period:

	Unit	FY2023	FY2024	FY2025
Direct Energy Consumption				
— Petrol	MWh	79.60	142.36	158.83
Indirect Energy Consumption				
— Purchased Electricity	MWh	3,445.10	4,017.70	4,019.70
Total Energy Consumption	MWh	3,524.70	4,160.06	4,178.53
Total Energy Intensity	MWh/employee	11.30	13.82	16.92

Note:

- (1) The method for converting the units of direct energy consumption data is based on the “Energy Statistics Manual” issued by the International Energy Agency.

	Unit	FY2023	FY2024	FY2025
Total Water Consumption	m ³	5,034.50	4,470.00	4,900.00
Total Water Intensity	m ³ /employee	16.14	14.85	19.84

During the Track Record Period, our Group recorded an upward trend in both energy consumption and water usage, primarily attributable to the expansion of its business operations. Looking ahead, with reference to the national “dual-carbon” targets, our Group has adopted the year ending 2030 as its target year and, using the year ended 2025 as the baseline, aims to maintain, and where practicable achieve, a reduction of approximately 5% in both energy and water intensity.

Response to Climate Change

Climate-related factors can influence both environmental conditions and the resilience of our Group’s operations, underscoring the importance of a structured approach to identifying and managing these risks and opportunities. Consistent with the recommendations of the International Financial Reporting Standards Foundation (IFRS) S2 Climate-related Disclosures and the Task Force on Climate-Related Financial Disclosures (TCFD), our Group considers climate-related risks under two principal categories: physical risks, which may arise from extreme weather events and longer-term climatic changes, and transition risks, which may result from developments in policy, legal, technological and market environments.

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Type of Risk	Risk Description	Time Horizons	Actual or Potential Impact	Group Responses
Physical Risk	Extreme weather events like typhoons and longer-term climatic changes like the rise in average temperature	Short-term (1–3 years)	Disrupt operations, affect employee safety and health, increase operating and insurance costs, and lower revenue due to business interruptions	Integrate climate risk identification, adaptation, and mitigation into our decision-making processes, and equip employees with emergency support according to the Emergency Response Plan for Sudden Environmental Incidents (突發環境事件應急預案) for extreme weather events
Transition Risk	Change in policy, legal, technological and market, like higher energy efficiency requirements and tighter controls on carbon emissions	Medium to long term (4–9 years)	Increase business uncertainty, higher compliance costs, increased capital and training expenses, and reduced competitiveness if expectations are unmet	Monitor evolving laws, regulations, and market trends, conduct energy, and carbon audits to identify upgrade opportunities, and strengthen industry partnerships to support sustainable development

In light of the continued global emphasis on decarbonisation and the development of clean energy, climate change also presents opportunities for industry growth. As the adoption of new energy vehicles, energy storage systems and renewable energy installations continues to expand, market demand for efficient, safe and reliable products are expected to increase, providing integrated safety solution providers with opportunities to broaden application scenarios and enhance market penetration.

Driven by the ongoing energy transition and electrification trend, customers and participants across the upstream and downstream value chain have placed increasing emphasis on product performance, energy efficiency management, and product safety. Through continuous optimisation of product design, improvements in material selection and upgrades to operating processes, our Group may be able to support downstream customers in improving energy efficiency and reducing carbon emissions, thereby reinforcing its positioning within relevant market segments.

In addition, as regulators and customers place growing attention on the environmental impacts of products across their life cycles, including energy use, resource efficiency and environmental management performance, integrated safety solution providers with well-established environmental management practices and compliance capabilities may be better positioned in terms of business cooperation, customer selection and the establishment of long-term partnerships. Our Group will continue to monitor industry trends and relevant policy developments and, where practicable, explore ways to capture potential opportunities arising from the low-carbon transition through enhancements in operational efficiency and product competitiveness.

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Greenhouse Gas Emissions

During the Track Record Period, our Group’s greenhouse gas (“GHG”) emissions primarily originate from Scope 1 direct emissions generated using company vehicles, Scope 2 indirect emissions associated with the consumption of purchased electricity, and Scope 3 other indirect emissions of freshwater processing from Category 1 purchased goods and services under the GHG Protocol. The table below sets out the GHG emissions performance during the Track Record Period:

	Unit	FY2023	FY2024	FY2025
Scope 1	tco2e	21.91	39.18	43.72
Scope 2	tco2e	2,137.68	2,492.98	2,494.22
Scope 3 — Category 1 Purchased				
Goods and Services	tco2e	1.29	1.14	1.25
Total GHG Emissions	tco2e	2,160.88	2,533.30	2,539.19
Total GHG Emissions Intensity	tco2e/employee	6.93	8.42	10.28

Note:

- (1) The GHG emissions data is calculated with reference to guidelines including, but not limited to, the “Appendix 2: Reporting guidance on Environment KPIs” issued by the Stock Exchange, the “Announcement on the Release of the 2024 Electricity Carbon Footprint Factor Data” (關於發佈2024年電力碳足跡因數資料的公告) issued by the Ministry of Ecology and Environment of the PRC, and the “Annual Report 2023/24” issued by the Water Supplies Department.

Based on our Group’s GHG emissions profile, its Scope 1, Scope 2, and Scope 3 emissions sources are directly linked to the air emissions, energy consumption, and water usage described above, respectively. Accordingly, our Group’s GHG emissions recorded an upward trend during the Track Record Period, which was primarily attributable to the expansion of its business operations. Looking ahead, with reference to the national “dual carbon” targets, our Group has adopted the year ending 2030 as its target year and, using the year ended 2025 as the baseline, aims to maintain, and where practicable achieve, a reduction of approximately 5% in GHG emissions intensity, taking into account operational feasibility and business development needs.

Employment Practices and Development

Our Group recognises that effective people management is fundamental to its long-term and sustainable development and has implemented a structured internal framework governing employment practices and employee welfare. This framework is supported by a suite of internal policies, including the Recruitment Management Policy (招聘管理制度), the Employee Handbook (員工手冊), the Remuneration and Performance Management Policy (薪酬績效管理制度) and the Employee Appraisal and Recognition Policy (評優政策). These policies collectively set out our Group’s approach to employment matters, including recruitment and career advancement, remuneration arrangements and cessation procedures, working hours and rest periods, equal opportunity, and employee benefits and welfare. Through these arrangements, our Group seeks to ensure that employment practices comply with applicable laws and regulations and that employees clearly understand their rights and obligations.

Our Group does not tolerate child labour or forced labour in any form. All personnel employed by our Group satisfy the minimum age requirements under relevant national laws and regulations. Where any potential or suspected instances of child labour or forced labour are identified, our Group’s human resources would promptly initiate an internal review and engage relevant personnel to address the matter

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and would take appropriate remedial and disciplinary actions in accordance with its internal policies and applicable legal requirements. During the Track Record Period, our Group was not aware of any incidents involving child labour or forced labour.

In relation to employee capability building, our Group has established internal arrangements to support workforce development and training. Relevant policies include the Personnel Training Management Guidelines (人員培訓管理規範) and the Measures on Encouraging Employees to Obtain Professional Qualification Certificates and Professional Titles (關於鼓勵員工報考“職業資格證書”及“職稱證書”等的辦法). These guidelines are designed to encourage employees to participate in training programmes and professional qualification initiatives, with the objective of enhancing technical competencies and supporting longer-term personnel development.

The table below summarises our Group’s workforce composition and employee turnover rate during the Track Record Period. All employees of our Group were full-time employees and were based in the PRC.

Workforce	Unit	As at 31 December		
		2023	2024	2025
Total	person	312	301	247
By Gender				
Male	person	227	228	187
Female	person	85	73	60
By Age Group				
<30	person	51	71	47
30–49	person	254	222	194
≥50	person	7	8	6

Note:

- (1) The reduction in our Group’s total workforce during the Track Record Period was primarily attributable to the progression of its projects from a research-intensive development phase to a mass production and routine operations stage, together with organisational and workforce structure optimisation undertaken to align staffing levels with evolving operational needs.

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Turnover Rate	Unit	FY2023	FY2024	FY2025
Total	%	30	36	31
By Gender				
Male	%	33	33	29
Female	%	22	45	37
By Age Group				
<30	%	31	39	40
30–49	%	28	36	28
≥50	%	71	13	50

Note:

- (1) Turnover rate is calculated by dividing the number of employees who left employment during the financial year by the number of employees at the end of the financial year, then multiplying the result by 100.

Occupational Health and Safety

During the Track Record Period, our Group complied in all material aspects with applicable occupational health and safety laws and regulations in the PRC. Our Group places importance on maintaining a safe and healthy working environment and has implemented internal policies, including the Occupational Health Management Procedures (職業健康管理程序) and the Labour Protective Equipment Issuance Management Policy (勞防用品發放管理制度), to support workplace safety and employee well-being.

Under these policies, our Group provides employees with relevant safety information, operational guidance and supervision, as well as appropriate labour protection equipment, with a view to reducing workplace hazards and mitigating occupational health risks. Internal procedures are also in place to address work-related incidents and injuries in a timely and appropriate manner. During the Track Record Period, no material occupational safety incidents or work-related fatalities were reported by our Group.

To further strengthen safety awareness, our Group conducts periodic occupational health and safety training and communications in accordance with relevant work safety guidelines. Through a combination of training sessions, safety briefings, emergency drills and routine inspections, our Group seeks to reinforce employees’ awareness of workplace safety practices and emergency response measures.

Sustainable Supply Chain Management

Our Group manages its suppliers through a Supplier Corporate Social Responsibility Agreement (供應商企業社會責任協議), which sets out expectations in relation to labour practices, occupational health and safety, environmental protection and business ethics. Suppliers are required to comply with applicable laws and regulations and are encouraged to promote the relevant corporate social responsibility requirements across their supply chains. Our Group reserves the right to review suppliers’ compliance with the agreement, subject to reasonable prior notice.

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With respect to environmental responsibility and green procurement, the agreement encourages suppliers to adopt appropriate environmental management practices, including pollution prevention, resource efficiency, energy management and responsible material use. Suppliers are expected to manage emissions, waste and hazardous substances in accordance with applicable requirements and to consider environmental factors in the provision of products and services.

Community Engagement

As a one-stop four-level integrated safety solution provider in China focusing on new energy battery thermal safety, our Group recognises the importance of contributing positively to the communities in which it operates and seeks to support sustainable community development in a prudent and responsible manner. Our Group will engage with local communities through appropriate initiatives, which may include participation in volunteer activities, collaboration with social organisations and support for programmes that promote education, skills development and workplace safety awareness.

Our Group also encourages employee participation in community and charitable activities where appropriate, with a focus on fostering social inclusion and supporting community resilience. Through these community engagement efforts, our Group seeks to maintain constructive relationships with local stakeholders, support community well-being and contribute to long-term positive social outcomes aligned with its operational footprint.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We are, from time to time, party to court, arbitral and administrative proceedings arising in the ordinary and usual course of our business operations. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any court, arbitral or administrative proceedings that we believe may be of material importance to our assets and liabilities or profits and losses nor, so far as we are aware, are any such proceedings pending or threatened.

Non-Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material incidents of non-compliance. Our Directors are of the view that we had complied, in all material respects, with all relevant laws and regulations in China during the Track Record Period and up to the Latest Practicable Date.

INTERNAL CONTROL AND RISK MANAGEMENT

We have developed and implemented internal control measures and risk management policies in relation to our business operations, financial reporting, and general compliance.

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Internal Control

We engaged an independent internal control consultant to assess the effectiveness of our internal controls, identify system deficiencies, and provide recommendations for strengthening internal control measures. The agreed work scope of our internal control consultant covers the following controls and procedures: corporate governance practice, revenue and receipts management, procurement and payments management, financial reporting and accounting, cash and treasury management, manufacturing quality control, inventory management, human resources and payroll management and general IT controls. Our internal control consultant proposed certain suggestions and recommendations to improve and enhance our internal control system.

The internal control consultant also performed a follow-up review on the status of our actions to address the findings in the evaluation and did not identify any material weakness or raise any further recommendation in the review.

After considering the internal control measures implemented, our directors confirmed that the enhanced internal controls are adequate and effective, having regard to the obligations of our Company and directors under the Listing Rules and other applicable legal and regulatory requirements.

Risk Management

We have established and implemented a comprehensive risk management and internal control framework designed to address specific business and compliance-related risks. We have also instituted a series of operational risk assessment and mitigation procedures aimed at effectively achieving risk avoidance, reduction, and response through the proper identification, classification, and evaluation of various risks.

To ensure the continuous enforcement and effectiveness of our post-[REDACTED] risk management policies and corporate governance measures, we have adopted or will continue to adopt the following risk management initiatives:

- our Board is responsible for monitoring our internal control system, assessing its effectiveness and maintaining suitable and effective risk tolerance levels. To monitor the ongoing implementation of our risk management policies, and strengthen the oversight of our Board over our internal controls, we have established the Audit Committee to revise and supervise our financial reporting process and internal control system on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operation. Please refer to the section headed “Directors and Senior Management — Board Committees” in this document;
- we have adopted various measures and procedures regarding relevant aspects of our business operation, including those related to the management of production, R&D, procurement, sales and marketing, environmental and safety protection, information system, human resources and data protection. We provide regular training on these measures and procedures to our employees. We also regularly monitor the implementation of these measures and procedures through internal inspection and monitoring process;

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- to manage financial reporting risks, we have implemented a set of policies, including budget management, funds management, and cost control. We have various procedures and IT systems in place to implement our accounting policies; and
- regular training to be provided by external legal adviser to our Directors and senior management after [REDACTED] on the subject of compliance of relevant [REDACTED] Rules requirements and applicable PRC laws and regulations.

DATA PRIVACY AND INFORMATION SECURITY RISK MANAGEMENT

We are committed to safeguarding information security and we strive to provide a safe, secure environment for our customers. We are committed to full compliance with applicable laws, regulations and industry standards for data privacy and information security. We have formulated comprehensive response measures over information system risks. By establishing a high-standard data security management system that ensures full coverage, we have laid a robust foundation for information security, benefitting our customers.

We have implemented robust protective measures for the privacy data we collect. These measures include (i) establishing internal control systems including data security management system. These systems clearly stipulate our management of data confidentiality, data approval authority, data classification and grading, data backup and recovery, and encryption strategy change management, and we have effectively implemented and executed these systems; (ii) strictly minimising the access and circulation rights of private information and requiring stringent system authorization for the use of such information; (iii) adopting technical measures such as encryption and anti-leakage to protect information; and (iv) establishing an information security management system to ensure information security. In particular, we strictly limit the access to, and management of, our employees’ personal information database to our dedicated personnel to further safeguard our information security from unauthorized internal access.

During the Track Record Period we had not (i) received any breach or non-compliance notices from cybersecurity, data protection, or confidentiality authorities; (ii) faced any compensation claims under data protection laws for data inaccuracies, loss, or unauthorized actions; (iii) been subject to investigations or sanctions related to data privacy or cybersecurity by relevant authorities; (iv) received any communication regarding warnings or sanctions under the PRC Cybersecurity Law; (v) been aware of any pending investigations, actions, or claims concerning cybersecurity or data protection; and (vi) had any warrants issued for premises searches by authorities related to cybersecurity or data protection.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material information leakage or loss of operating or transaction data and were not involved in any cross-border data transactions. Based on the measures our Company has been taking described above and to the best knowledge of our Directors, our Company had complied with applicable laws and regulations relating to cybersecurity, data privacy and protection and cross-border data transmission in all material respects during the Track Record Period and up to the Latest Practicable Date.

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CORPORATE GOVERNANCE MEASURES

We recognise the value and importance of achieving high corporate governance standards to enhance our business performance, operational transparency and the confidence of our Shareholders in our Group. In order to comply with the requirements under the Listing Rules, in particular, the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, as at the Latest Practicable Date, we had adopted the following measures:

- we [have established] the audit committee, remuneration committee and nomination committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. Please refer to the section headed “Directors and Senior Management” in this document for further information;
- our Board has adopted the terms of reference with regard to corporate governance in accordance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules;
- we will arrange appropriate insurance cover on our Directors’ liabilities in respect of legal actions against our Directors arising out of corporate activities before the [REDACTED];
- our Directors will act in accordance with the Articles which require the interested Director not to vote or to be counted in the quorum on any resolution of our Board approving any contract, arrangement or other proposal in which the interested Director or any of his/her close associates is materially interested;
- our Directors, including our independent non-executive Directors, will be able to seek independent professional advice from third parties in appropriate circumstances at our cost;
- our Company has adopted comprehensive internal policies covering legal and regulatory compliance; and
- our Directors will attend professional development trainings on various topics including corporate governance after the [REDACTED].