

BUSINESS

OVERVIEW

Who We Are

We are one of the leading market players in the global mid-stage lithium-ion battery intelligent equipment industry specialising in R&D and manufacture of stacking technology and equipment for the new energy battery industry, particularly serving lithium-ion battery producers in the PRC and overseas countries. We are renowned for our high-speed stacking technology, continuously achieving industry breakthroughs in stacking speed, for instance, we had improved our overall stacking efficiency from 0.6 second per piece in 2016 to 0.1 second per piece as at the Latest Practicable Date. Our stacking machines employ various proprietary stacking technologies tailored for prismatic and pouch battery production, ensuring minimal cell variation, high consistency, and efficient automated manufacturing. According to the F&S Report, we are ranked (i) second amongst the global lithium-ion battery notching and stacking machine providers in the world in terms of revenue in FY2025, representing a market share of approximately 9.8% of the total revenue globally; and (ii) fourth amongst the global mid-stage lithium-ion battery intelligent equipment providers in terms of revenue in FY2025, representing a market share of approximately 5.7% of the total revenue globally.

Founded in April 2009, we were among the first PRC enterprises to develop one-station stacking machines and have since evolved into a centralised lithium-ion battery mid-stage equipment provider equipped with leading stacking technologies. Our capabilities cover R&D, production and sales of stacking machines as well as other automation equipment for notching, winding and filling, underpinned by continuous technological innovation, deep stacking expertise, and integrated mid-stage automation capabilities that deliver differentiated solutions for lithium-ion battery manufacturers. As a specialised producer, we believe we possess competitive edge comparing to other one-stop solutions providers, in a way that we are able to concentrate our R&D resources on mastering our core technologies and manufacturing processes, which enable us to upgrade and modify our solutions faster and more cost-effectively. Our equipment and integrated software systems enable lithium-ion battery manufacturers to enhance production efficiency and automation, improve product quality and traceability, and reduce manufacturing costs across energy storage, EV and 3C batteries.

During the Track Record Period, our customers included nine out of the global top 10 lithium-ion battery manufacturers in 2025 (ranked by shipment volume), with whom we have forged deep, long-term partnerships. These relationships are built on high entry barriers, rigorous and lengthy qualification processes, and strict requirements for product safety and reliability. We operate five strategically located manufacturing facilities in Shenzhen and Jiangmen of Guangdong Province, Huangshan of Anhui Province and Xiaogan of Hubei Province, with an aggregate gross floor area exceeding 60,000 square metres.

Our vertically coordinated supply chain, together with rolling procurement planning, reserved supplier capacity, managed inventory of common materials and standard components and expedited mechanism for urgent materials supports reliable, scalable and cost-efficient production to meet customers ramp-up schedules and nonstandard customisation needs. Despite a temporary slowdown in the global lithium-ion battery intelligent equipment industry in FY2024 due to a cyclical inventory destocking across the battery industry and a slowdown in capacity expansion investments during that year, we had maintained solid sales performance during the Track Record Period, with annual revenue of approximately RMB1.2 billion for each of FY2023, FY2024 and FY2025, reflecting our capability and reliability as a crucial industry player. We are confident that we will be able to benefit from the continuous expansion of the new energy battery industry and supportive national policies in the long run.

BUSINESS

Our Products, Services and Solutions

Our products and solutions cover the core mid-stage manufacturing processes of lithium-ion batteries, focusing primarily on the notching, stacking, winding and filling stages. The equipment we provide for these processes mainly includes various types of notching machines, stacking machines, winding machines, and filling machines, as well as automated conveyor lines and other equipment procured by our customers. We also offer ancillary services and after-sales services that complement our main offerings.

The core of the stacking machine lies in addressing electrode alignment and control precision issues to ensure production efficiency and product consistency, with our multi-station stacking machines further enhancing efficiency compared with traditional Z-type stacking technology. Our laser notching and stacking integrated machine achieved an overall stacking efficiency of 0.1 second per piece through computerised laser notching technology, which eliminates mold wear and dust risks. This in turn enables flexible production, improved precision in meeting production specifications, thereby reducing handling damage and improving tension stability and alignment precision in lithium-ion battery manufacturing. Our winding machines are typically used for high-speed cell and cylindrical cells, while our filling machines adopt high-pressure isostatic and vacuum alternating cycling technologies to shorten resting time, ensure thorough infiltration of micropores, and secure optimal battery capacity performance and lifecycle. Our automated conveyor lines replace manual handling processes to reduce occupational risks, enhance cell yield, and improve overall production efficiency and cost control.

Our Business Model

We specialise in made-to-order products tailored to diverse customer needs, where production is aligned precisely with individual order specifications. Our production process involves contract negotiation and project initiation, formulation of overall project plan, R&D process, procurement and quality control, assembly and commissioning, factory acceptance test (FAT), installation and site acceptance test (SAT), and after-sales services and warranty period, with the overall production cycle for each project typically ranging from three to six months. During the Track Record Period, over 90% of orders involved made-to-order production, reflecting our industry-leading technological R&D and non-standard customisation capabilities.

We maintain long-term partnerships with key supply chain partners, supported by rolling monthly procurement forecasts, reserved supplier capacity, managed inventory of common materials and standard components, and expedited mechanisms for urgent materials to ensure reliable, on-time delivery without compromising product quality.

BUSINESS

Our Technological Innovation and Achievements

Over the years, we have developed a comprehensive and differentiated portfolio of proprietary core technologies that encompass core mid-stage processes in lithium-ion battery manufacturing. These include advanced stacking technologies, multi-form adhesive application, high-stability winding pin technology, CCD imaging detection technology, high-speed laser notching and stacking integrated control system, and synchronous unwinding control system. Our proprietary technologies have been successfully commercialised across stacking, winding, and filling machines for EV, energy storage, and 3C battery cells, delivering superior stacking speed, dimensional accuracy, first-pass yield, and cell consistency compared with conventional equipment. Our technologies support the growing demand for fast-charging batteries and evolving applications in electric vehicles and energy storage. For details of our core technologies, please see the paragraph headed “R&D and Technologies – Our core technologies” in this section.

As at 31 December 2025, we had a multi-disciplinary R&D team of 387 personnel with specialisations in automation, mechanical engineering, electrical systems and software, and we devoted approximately 7.1% to 8.6% of our total revenue during the Track Record Period to R&D expenses. As at the Latest Practicable Date, we had been granted 326 Chinese utility and model patents and invention patents, nine international invention patents and 94 software copyrights, all of which were validly registered and remained effective.

We have obtained IPMS and ISO quality system certifications and have been recognised as National Key “Little Giant” Enterprise (國家重點“小巨人”) and National Green Factory (國家級綠色工廠). These credentials, together with our track record of serving major lithium-ion battery manufacturers, further reinforce our brand as a stacking technology and equipment market leader and a trusted provider of lithium-ion battery equipment.

Growth Opportunities

We are well-positioned to capture growth opportunities in both the PRC and overseas new energy battery markets, each of which presents significant potential for expansion. According to the F&S Report, with the continuous adoption of prismatic and elongated, thinner cell formats in the new energy battery sector, the application scope of stacking processes in lithium-ion battery manufacturing is expected to become the key development direction for mid-stage lithium-ion battery intelligent equipment. In addition, solid-state battery and semi-solid-state battery technologies are regarded as key pathways to break through the energy density limits of traditional liquid lithium-ion batteries while reducing thermal runaway risks. By 2030, global shipments of solid-state battery and semi-solid-state battery are expected to exceed 500 GWh, demonstrating strong commercialisation potential and further accelerating the adoption of stacking processes in lithium-ion battery manufacturing. Therefore, the development of solid-state and semi-solid-state batteries will simultaneously drive the evolution of manufacturing processes toward stacking-based production, jointly shaping the next generation of high performance battery technologies.

Leveraging our established capabilities in stacking technology, market reputation and extensive industry experience, we will continue to strengthen and maintain long-term relationships with existing customers through regular and in-depth communication, enabling us to remain informed of their business plan and evolving needs. We have also commenced the establishment of our presence in overseas markets to advance our global expansion strategy. During the Track Record Period and up to the Latest Practicable Date, we had established sales relationships with customers located in the PRC, Japan, South Korea, Europe and North America.

Supported by our robust R&D capabilities and experienced technical team, together with our scalable and resilient production capacity, and our established strengths in technological R&D, automated manufacturing, integrated information systems, and high-quality customer service, we believe we are well-positioned to capitalise on the continued expansion and upgrading trends within the new energy battery industry.

BUSINESS

OUR COMPETITIVE STRENGTHS

The following competitive strengths underpin our market leadership in stacking technology and other automated lithium-ion battery equipment for the new energy battery industry and support our long-term growth prospect.

We are one of the leading market players in the global mid-stage lithium-ion battery intelligent equipment industry and are well-positioned to capture growth opportunities in new energy battery industry.

As one of the leading market players in the global mid-stage lithium-ion battery intelligent equipment industry, we specialise in the R&D and manufacture of stacking technology and equipment for the new energy battery industry, particularly serving lithium-ion battery producers in the PRC and overseas countries. Since our establishment in April 2009, we have been among the first PRC enterprises to develop one-station stacking machines and have continuously advanced our core stacking technologies. We are recognised for our high-speed single-machine stacking technology, with continuous improvements in speed and precision. In particular, we had improved our overall stacking efficiency from 0.6 second per piece in 2016 to 0.1 second per piece as at the Latest Practicable Date, representing a breakthrough in precision, speed and equipment stability. Our stacking machines employ various proprietary stacking technologies tailored for prismatic and pouch battery production, ensuring minimal cell variation, high consistency, and efficient automated manufacturing. Our competitive advantage is rooted in continuous technological innovation, deep expertise in stacking processes, and integrated automation capabilities across core mid-stage manufacturing, which enable us to deliver differentiated solutions for lithium-ion battery producers.

To capitalise the growing opportunities in the lithium-ion battery intelligent equipment industry, we expanded our R&D and manufacturing processes to cover other core mid-stage manufacturing processes such as winding and filling stages. We succeeded in producing high-speed cell winding machines and advanced filling systems, reinforcing our position as a technology-driven centralised automated lithium-ion battery equipment producer.

Leveraging our technological depth, we have further developed integration capabilities that allow us to deliver combined process solutions across one or more mid-stage manufacturing stages. We are capable of integrating our self-developed equipment with third-party systems to provide complete, high throughput automated production lines. This flexibility reflects our technical readiness to serve as an integrator of specific stages or process segments in the future, underpinned by our automation oriented design philosophy and integrated information systems.

Driven by consistent R&D investment, our equipment has achieved large scale market adoption. During the Track Record Period, our customers had included nine out of the global top 10 lithium-ion battery manufacturers in 2025 (ranked by shipment volume). Supported by our strengths in technological R&D, automated manufacturing, integrated information systems and customer service, we are well positioned to capture the ongoing expansion and upgrading of the new energy battery industry and to expand into overseas market where our major customers set their growth footprints.

BUSINESS

Our achievements have been recognised through industrial and national honours. We have obtained IPMS and ISO quality system certifications and have been recognised as National Key “Little Giant” Enterprise (國家重點“小巨人”), acknowledging our efforts in specialisation and refinement of stacking as well as other new energy technologies and innovation, further solidifying our position as a trusted lithium-ion battery equipment provider in China.

Our robust R&D capabilities and experienced technical team, combined with our scalable and resilient production capacity, position us well to capture growth opportunities in both the PRC and overseas markets.

Over the years, we have established a comprehensive portfolio of proprietary core technologies covering core mid-stage manufacturing processes, including advanced stacking technologies, multi-form adhesive application, high-stability winding pin technology, CCD imaging detection technology, high-speed laser notching and stacking integrated control systems and synchronous unwinding control systems. These technologies have been successfully commercialised across our stacking, winding and filling machines, delivering superior stacking speed, dimensional accuracy, first-pass yield and cell consistency compared with conventional equipment. Our technologies support the growing demand for fast-charging batteries and evolving applications in electric vehicles and energy storage. For details of our core technologies, please see the paragraph headed “R&D and Technologies – Our core technologies” in this section.

We place considerable emphasis on innovation and continuous product development, and have assembled a professional and multidisciplinary R&D team comprising 387 personnel as at 31 December 2025 with specialisation in automation, mechanical engineering, electrical systems and software. Approximately 23 members hold master’s degrees, representing approximately 5.9% of the team. We allocated approximately 8.5%, 8.6% and 7.1% of our total revenue to R&D expenses during each year of the Track Record Period respectively. To closely follow the emerging technologies for the PRC new energy sector, we may evaluate the R&D opportunities for potential collaboration with universities and research institutes in China. As at the Latest Practicable Date, we had been granted 326 Chinese utility model and invention patents, nine international invention patents and 94 software copyrights, all of which were validly registered and remained effective. Our Company also participated in the formulation of four national standards for Digital Simulation of Mechanical Products Manufacturing Process (機械產品製造過程數字化仿真), which covers (i) requirements of production line planning and layout simulation; (ii) requirements of assembly workshop logistics simulation; (iii) requirements of numerical control machining process simulation; and (iv) general requirements, reflecting our commitment to advancing manufacturing digitalisation.

BUSINESS

We pride ourselves on our non-standard customisation and production capabilities which have forged strong and long-term partnerships with leading lithium-ion battery manufacturers.

We excel in delivering highly-tailored equipment customised to specific customer specifications, cell formats (typically include prismatic, cylindrical and pouch format cells) and production processes. Leveraging modular design, flexible R&D platforms, and “made-to-order” manufacturing, we provide precise and efficient solutions that align with customers’ operational needs. During the Track Record Period, over 90% of orders involved made-to-order production. Our ability to rapidly tailor equipment based on customer feedback and on-site validation enables us to deliver systems that meet the demanding standards of leading manufacturers, enhancing their ramp-up efficiency, production precision, and long-term performance.

We have cultivated a deep and strategic cooperation relationships with a diversified base of major lithium-ion battery manufacturers enabling us to capture incremental demand whilst maintaining our competitive leadership. Through these partnerships, we have accumulated extensive experience across EV and energy storage battery production environments, significantly enhanced our industry brand recognition, and established a stable and recurring revenue stream base. Our integration with industry leaders further enables early participation in their technology development and innovation cycles, positioning us as a strategic partner in the industrialisation of next-generation battery technologies.

As at the Latest Practicable Date, we operated five strategically located manufacturing facilities in Shenzhen and Jiangmen of Guangdong Province, Huangshan of Anhui Province and Xiaogan of Hubei Province, China, with an aggregate gross floor area exceeding 60,000 square metres. We maintain long-term partnerships with key supply chain partners, supported by rolling monthly procurement forecasts, reserved supplier capacity, managed inventory of common materials and standard components, and expedited mechanisms for urgent materials to ensure reliable, on-time delivery without compromising product quality.

This depth of collaboration is built on years of trust and proven performance. Downstream customers impose stringent standards for battery safety, reliability and quality, with supplier qualification, testing and certification processes often extending up to three months. Having successfully passed these rigorous assessments, we have secured entrenched positions within our customers’ supply chains. Moreover, our direct collaborations with reputable consumer-facing enterprises further strengthen our profile as a seasoned manufacturer with a proven track record and a strong reputation for quality and reliability.

We are distinguished by an experienced management team and a sustainable talent incentive system.

Our management team collectively possess extensive industry expertise, strategic vision, and strong decision-making capabilities that have guided our Group through critical growth phases since its establishment in 2009. Our Chairman, Mr. Lu, has over 19 years of experience in the manufacturing of automated equipment for the new energy battery industry and has played a pivotal role in our Group’s development, contributing distinctive leadership in strategic planning, business expansion, and key decision-making, particularly in technological commercialisation and market penetration.

BUSINESS

Other executive Directors have brought substantial front-line operational experience from the industrial sector, complemented by deep insights into new energy battery trends, sustainable development, environmental protection and corporate social responsibility. Their specialised expertise positions our management team as a driving force for technological innovation and competitive advancement, as evidenced by our Company’s evolution from one-station stacking machines to industry-leading stacking machines. For details of the biographies of our Directors, please see the section headed “Directors and Senior Management” in this document.

We have established a comprehensive talent incentive system, supported by streamlined and digitalised management structures, to enhance core team stability and execution capability. As an enterprise with global aspirations, we prioritise workforce development through structured skill training, international collaboration opportunities and overseas assignments, underpinned by competitive and flexible remuneration packages. These efforts reinforce the robust talent foundation that supports our sustained leadership in a highly competitive industry.

OUR BUSINESS STRATEGIES

We intend to pursue the following business strategies to capitalise on our technological leadership and market position in the lithium-ion battery intelligent equipment industry.

Expand production and operational capacity and advance digital transformation to enhance operational efficiency, cost control and support customer’s intelligent manufacturing.

We plan to scale up our production and operational footprint and expedite digital transformation to support the long-term development of our business. In terms of expanding production and operational scale, we intend to optimise our asset structure and elevate overall production and operational capabilities by expanding, constructing or acquiring production and operational bases, as well as purchasing or independently building relevant facilities. Meanwhile, where conditions permit, we plan to install photovoltaic and energy storage facilities at relevant production and operational bases to increase the proportion of green electricity usage and facilitate low-carbon and green production.

In terms of operational management, we will accelerate our digital transformation, with a focus on the development of a digitalised intelligent management platform, the construction of server rooms, and the deployment of computing power servers. Through the development and upgrading of our enterprise resource planning (ERP), supplier relationship management (SRM), customer relationship management (CRM) and office automation (OA) systems, the establishment of a data management center, supplementing and upgrading relevant softwares, together with the application of AI technologies, we will strengthen collaboration and integration across our R&D, procurement, production and sales functions to enhance data synchronisation, traceability and interoperability among various business modules. We also plan to combine AI-driven predictive maintenance and big data analysis to enhance cross-departmental data transparency, thereby improving the efficiency and visibility of customer service responses, real-time materials management, cost tracking and accounts receivable management, so as to enhance operational efficiency and cost control capabilities.

BUSINESS

Building on the enhancement of production and operational capacity as well as the development of digital capabilities aforesaid, we will continuously enhance the overall competitiveness of our products and solutions. By upgrading internal digital and management systems, we can further optimise R&D processes, production management and quality control, and in turn improve product quality, delivery efficiency and technical support capabilities. Leveraging the foregoing capabilities, we are well-positioned to provide customers with more competitive products and solutions, and support them in advancing their intelligent manufacturing capabilities.

At the same time, we will leverage technologies including data analytics, intelligent detection and predictive maintenance to assist customers in improving production efficiency and product quality, while enhancing operational stability and cost management capabilities. As customers’ demand for production automation, digitalisation and continuous operation continues to grow, we will also support them in progressively achieving the “lights out manufacturing” (黑燈工廠) model, whereby certain production processes can operate autonomously over an extended period without manual intervention, requiring only limited input for material and consumables replenishment, thereby enhancing production stability and overall competitiveness.

Furthermore, we will continuously optimise our data-driven service capabilities, improving pre-sale and after-sale service efficiency through digital platforms, including accelerating issue response and enhancing service transparency, to better cater to customers’ needs under their intelligent manufacturing and continuous production models, and further consolidate our long-term relationships with our customers.

We intend to apply approximately HK\$[REDACTED] million of our net [REDACTED] from the [REDACTED] (representing approximately [REDACTED]% of the total net [REDACTED]) for the expansion of our production and operation bases and accelerate corporate digital transformation. For further details, please see the section headed “Future Plans and Use of [REDACTED] – Use of [REDACTED]” in this document.

Strengthen R&D capabilities and enhance technological innovation to seize market opportunities in the new energy intelligent equipment sector.

We will continue to increase our investment in R&D to enhance our product design capabilities and technological innovation, and to expand our product portfolio in the new energy intelligent equipment sector. Our R&D efforts will primarily focus on next-generation battery manufacturing equipment, including the manufacturing equipment such as large-format energy storage battery stacking machine, solid-state batteries and sodium-ion batteries, as well as advanced equipment solutions supporting high-precision motion control, automated stacking, AI inspection and control, so as to strengthen our technological competitiveness in emerging application areas such as energy storage and electric vehicles.

Meanwhile, we will continue to optimise our existing equipment and products, and implement improvements in response to customer feedback and evolving end-market trends, in order to enhance product quality, operational efficiency and production stability, as well as to reduce overall production costs. Leveraging our close cooperation with downstream customers and our in-depth understanding of the industrial chain, we will accelerate the commercialisation of new technologies, promote product diversification and technological integration, and better address evolving market demands.

BUSINESS

We intend to apply approximately HK\$[REDACTED] million of our net [REDACTED] from the [REDACTED] (representing approximately [REDACTED]% of the total net [REDACTED]) for product R&D. For further details, please see the section headed “Future Plans and Use of [REDACTED] – Use of [REDACTED]” in this document.

Pursue strategic investments and collaborations to strengthen our industry position and overall competitiveness.

To further consolidate our market position and support long-term development, we plan to carry out strategic investments and collaborations in Chinese Mainland, and establish diversified cooperation arrangements with domestic partners with strengths in technology, service capabilities or market channels in the new energy and intelligent equipment sectors. Such strategic initiatives may include mergers and acquisitions, joint technology development, joint ventures and minority investments, with a view to optimising our product and technology portfolio as well as enhancing our overall solution capabilities and customer service standards.

When evaluating potential investment and collaborations opportunities, we will focus on targets or partners with a proven track record of financial performance, recognised qualifications or certifications such as “National Specialised, Sophisticated, Distinctive and Innovative” enterprises (國家專精特新企業), or possessed specific technological advantages and that offer complementary strengths in areas such as products, technology, supply chains or customer service. We will carefully assess the integration feasibility and long-term strategic value of such collaborations with our existing business, so as to ensure effective deployment of resources and sustainable returns.

Through the above strategic initiatives, we expect to further strengthen our integration capabilities in the industrial chain, consolidate long-term cooperative relationships with customers, and lay a solid foundation for our in-depth development in the Chinese Mainland market and potential overseas expansion in the future. Meanwhile, such investments and collaborations will help us seize industry opportunities and enhance our overall competitiveness and market influence.

We intend to apply approximately HK\$[REDACTED] million of our net [REDACTED] from the [REDACTED] (representing approximately [REDACTED]% of the total net [REDACTED]) for pursuing strategic investments and cooperation in Chinese Mainland. For further details, please see the section headed “Future Plans and Use of [REDACTED] – Use of [REDACTED]” in this document.

Expand our market presence and deepen customer relationships to drive overseas market expansion.

We plan to further integrate ourselves into the international supply chain system and leverage the global presence of our key customers to continuously expand into overseas markets. Our customers include a number of well-known domestic and overseas lithium-ion battery manufacturers. As these customers continue to pursue international expansion, we intend to align our strategic planning with their global expansion strategies, and provide continuous, efficient and seamless support through the on-site deployment of our proprietary technologies, production capabilities and operational expertise. This initiative will not only help strengthen our long-term relationships with core customers, but also enhance our brand recognition in the international market, and reduce market entry barriers and expansion risks in key overseas regions.

BUSINESS

For existing customers, leveraging our established market reputation and extensive industry experience, we will continue to deepen customer cooperation by establishing regular communication mechanisms and strengthening interaction at both technical and business levels, so as to better understand their business development plans and evolving technological and capacity demands. Meanwhile, we plan to steadily expand and diversify our customer base, gradually extending into emerging application sectors and relevant segments of the industry chain to broaden revenue sources and mitigate business risks.

Through the aforementioned initiatives, we will build on our development in the PRC market to gradually expand into overseas markets, continuously broaden our market coverage, enhance customer retention and depth of cooperation, and lay a solid foundation for the long-term and stable growth of our overseas markets.

OUR PRODUCTS

Overview

As an integrated manufacturing enterprise equipped with strong R&D and digital production capabilities, we are dedicated to serving our customers’ diverse customised manufacturing needs. During the Track Record Period, our R&D and manufacturing capabilities covered core mid-stage manufacturing processes for lithium-ion batteries, focusing primarily on the notching, stacking, winding and filling stages. The equipment we offer for these manufacturing processes mainly includes various types of notching and stacking integrated machines, winding machines and filling machines.

Distinguishing ourselves from traditional equipment providers, we place strong emphasis on our product customisation, operational efficiency, precision, and comprehensive after-sale optimisation and support. These capabilities are reinforced by our supporting software systems designed to facilitate and monitor the assembly, installation and post-installation stages. Our software features include production information traceability, access to auxiliary materials data, dimensional measurement system, defect detection, visual alignment and overhang detection, and call appearance inspection, all of which enhance the automation, efficiency, and reliability of our customers’ manufacturing operations.

Recognised by our customers for the exceptional quality of our products and solutions, we have been honoured as National Key “Little Giant” Enterprise (國家重點“小巨人”) among other industry accolades. For details of our accolades obtained during the Track Record Period, please see the paragraph headed “Awards and Recognitions” in this section.

Our product and service offerings

We provide fully automated equipment solutions for core mid-stage manufacturing processes focusing primarily on lithium-ion battery manufacturing and assembly equipment involving:

- **the notching stage**, including the R&D and manufacturing of laser and notching machines;
- **the stacking stage**, including the R&D and manufacturing of various models of stacking machines encompassing single station to multi-stations stacking machines; we also engage in the R&D and manufacturing of notching and stacking integrated machines;

BUSINESS

- **the winding stage**, including the R&D and manufacturing of winding machines for prismatic cells and cylindrical cells;
- **the filling stage**, including the R&D and manufacturing of various models of filling machines for prismatic, cylindrical and pouch cells; and
- the production of **automated conveyor lines** and other equipment procured by our customers.

In addition, during the Track Record Period, we also offered ancillary services to our main products stated above. These include, among other things, after-sales services and provision of our supporting software systems.

The following table sets out a breakdown of our revenue by principal products, with each expressed as a percentage of total revenue from our principal products for the years indicated:

	For the year ended 31 December					
	2023		2024		2025	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
	<i>(RMB'000, except for percentage)</i>					
Notching and stacking machines <i>(Note 1)</i>	684,621	58.8	448,052	38.8	716,534	58.7
Filling machines	326,211	28.0	408,338	35.4	194,086	15.9
Winding machines	67,038	5.8	217,249	18.8	237,321	19.4
Other products <i>(Note 2)</i>	85,431	7.3	78,753	6.8	71,305	5.8
Other income <i>(Note 3)</i>	1,903	0.1	2,269	0.2	1,812	0.2
Total	1,165,204	100.0	1,154,661	100.0	1,221,058	100.0

Notes:

1. Including notching machines, stacking machines, notching and stacking integrated machines and pouched stacking machines.
2. Including machines and equipment manufactured for our customers from time to time, which include automated conveyor lines, power modules and product accessories.
3. Including installation and commissioning fee, fees for our after-sales services and service fees for the provision of our supporting software systems, as well as other rental income generated from the lease of our equipment.

BUSINESS

The following table sets out a breakdown of our revenue by geographical locations of our customers, with each expressed as a percentage of total revenue for the years indicated:

	For the year ended 31 December					
	2023	2024		2025		
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
	<i>(RMB'000, except for percentage)</i>					
Chinese Mainland	1,160,509	99.6	1,146,857	99.3	1,184,902	97.0
Other locations	4,695	0.4	7,804	0.7	36,156	3.0
Total	1,165,204	100.0	1,154,661	100.0	1,221,058	100.0

OUR PRODUCTION

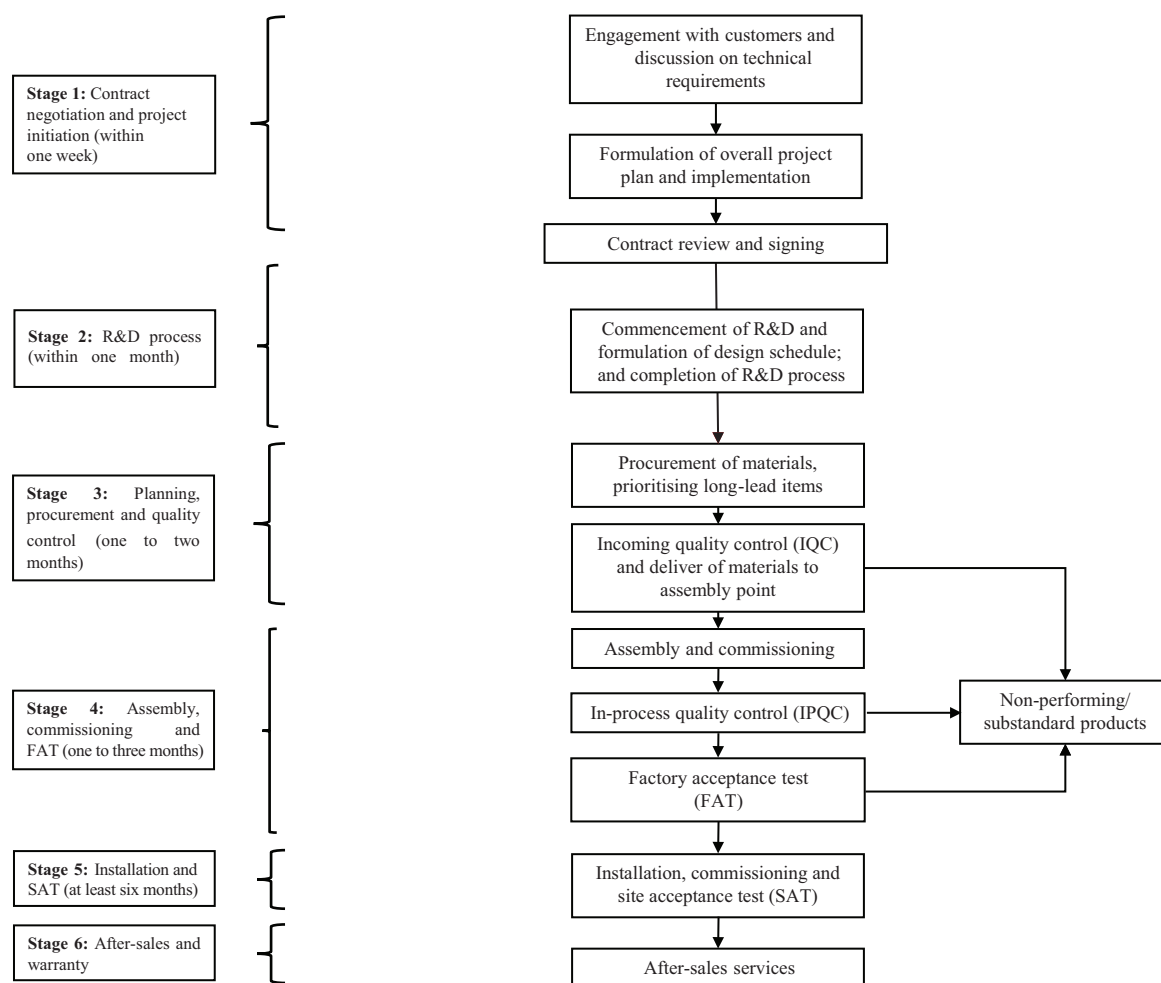
Our key production processes

We specialise in made-to-order products tailored to diverse customer needs, where production is aligned precisely with individual order specifications. Our sales department and R&D department first engage with customers to understand their technical requirements and specifications before progressing to contract review and signing. Prior to contract execution, our PMC department and R&D department coordinate with relevant departments to assess overall production capacity and formulate a project plan covering key material procurement, delivery timelines, and resource allocation to ensure adequate preparation for subsequent design and manufacturing stages. Following contract signing, our R&D department formulates a design schedule based on agreed specifications, while the procurement department sources raw materials from qualified suppliers, prioritising long-lead items. These materials are then delivered to our manufacturing facilities for assembly and processing. Supported by stringent quality control measures, our integrated R&D and manufacturing processes ensure reliable execution and customer satisfaction for acceptance.

Our R&D and manufacturing processes are closely connected with our delivery schedule. The production to delivery cycle (up to FAT) for each project typically ranges from three to six months per project. R&D and design generally require around one month, procurement takes around one to two months, and assembly, commissioning and FAT take between one to three months.

BUSINESS

The chart below depicts the general operation flow for our typical project cycle:



Stage 1: Contract negotiation to project initiation

Upon receipt of customer’s enquiry, our sales department and R&D department jointly engage with the customer to assess technical requirements, negotiate specifications and prepare an R&D agreement. We provide corresponding solutions under an order-driven business model. Based on the R&D agreement, our PMC department convenes project initiation meetings, coordinates cross-departmental communication, and develops project milestones and schedules.

BUSINESS

Stage 2: Commencement of R&D process

Based on the project schedule and technical specifications agreed with the customer, our R&D department formulates a design schedule based on the agreed specifications. Specifically, our R&D department designs the product’s three-dimensional structure with 3D modeling software, and completes the design according to the technical requirements of the customer. Our R&D department also conducts design verification and prepares a 3D review report and a management form of design issues. Our R&D department and sales department will meet regularly with the customer to monitor progress and optimise product design. This is one of the most crucial processes in our operations to ensure our designs meet the customer’s expectations as precisely as possible. Once finalised, our R&D department submits the final design to the PDM system for purchasing and production planning.

Stage 3: Procurement and incoming quality control

Our PMC department prepares the procurement plan based on monthly production tasks, inventory levels, and requisitions submitted by our R&D, engineering, and other departments. Raw materials with longer lead-time or which are affected by an engineering change notice are normally prioritised in the procurement plan. Quotations are obtained from at least three qualified suppliers from our approved supplier list, with evaluation based on price, delivery, quality and after-sales service.

Upon delivery of purchased materials, our quality control department conducts inspections against procurement specifications and issues incoming inspection reports. Qualified materials proceed to warehousing, while substandard or non-conforming materials are separated for supplier resolution, return or repair. Our procurement department maintains detailed procurement records to ensure compliance with customer, regulatory and internal standards.

Stage 4: Assembly, commissioning and quality control tests

Assembly stage

Our production stage encompasses two assembly procedures, namely mechanical assembly and electrical assembly. Our engineering department comprises two business units, (i) Business Unit I, responsible for the production of notching machines, stacking machines, conveyor lines and related software systems, and (ii) Business Unit II, responsible for the production of winding machines and filling machines. At the outset, the responsible business unit within our engineering department assesses production capacity and arranges workshop schedules according to the project milestones and production plan schedule, with the project leader monitoring daily progress, handling abnormalities and providing on-site management. Our engineers typically assemble components manually according to our internal assembly standard operating procedures and general equipment assembly specifications, followed by internal inspection and quality control sampling inspection prior to final assembly. The mechanically assembled equipment will then be transferred to electricians for wiring in accordance with electrical schematics, equipment electrical standards and general specifications, followed by power-on testing of electrical connections and failsafe backups.

BUSINESS

Equipment commissioning

Single-action commissioning for all functional modules commences after the equipment is powered on. The commissioning gradually progresses from software-driven one-station simulations to combined simulation of multi-station production, no-load equipment running tests, and finally load-testing using materials provided by our customers. Our operators also carry out tests on battery data and submit them to our quality control department for inspection according to the contractual requirements. Identified issues are promptly reported to project, quality control and R&D departments and resolved in line with internal quality control policies.

Factory acceptance tests (FAT)

The FAT is a quality control procedure that requires in-house testing by us and our customers before delivery. FATs are conducted first internally and then jointly with our customer. The internal FAT is performed by our quality control department, in coordination with our R&D department and engineering department, based on a FAT checklist derived from contractual specifications. Identified issues are documented and monitored by our quality control department, and resolved promptly according to the schedule stipulated in our internal policies.

On satisfaction of the internal test result, customers attend the on-site FAT, during which our designers in the R&D department address customers’ technical queries, our quality control members document items requiring enhancement, and commissioning operators handle equipment operation and testing. All issues raised during the customer FAT are monitored and resolved by our quality control department prior to delivery to our customers.

Stage 5: Installation and site acceptance test (SAT)

The SAT is a further quality control procedure conducted after the equipment is delivered to our customer, where our technicians install and conduct commissioning of the equipment on-site. Our on-site engineers assist customers with the installation and connection of equipment to power supply, ventilation, and the commissioning of equipment according to the specifications provided by our customers. Once commissioning results confirm that performance metrics meet contractual requirements, our on-site engineers submit SAT applications to our customers for approval. Our on-site engineers also provide training to customer operators and maintenance personnel.

Stage 6: After-sales and warranty

Our customer contracts typically include a 12-month warranty period commencing from equipment acceptance by our customers, during which we provide repair and maintenance services free of charge, except for damages caused by our customers or third-parties which would incur charges for repair and maintenance based on our standard rates. For details of our after-sales services, please see the paragraph headed “Sales and Marketing – After-sales services” in this section.

BUSINESS

OUR MANUFACTURING FACILITIES

We strategically locate our manufacturing facilities in three provinces in China with developed supply chain support. As at the Latest Practicable Date, we had five major manufacturing facilities in the PRC. The following table sets out certain information relating to these manufacturing facilities as at the Latest Practicable Date:

Facility (Location)	Approximate GFA (<i>m</i> ²)	Key Function	Key Products	Leased/ Owned
Shenzhen Factory, Longhua District, Shenzhen, Guangdong Province, China	10,690.4	Manufacturing, warehouse, R&D and office use	Stacking machines	Owned
Shenzhen Factory, Longhua District, Shenzhen, Guangdong Province, China	27,008.8	Manufacturing, warehouse, R&D and office use	Stacking machines and filling machines	Leased
Jiangmen Factory, Fengjiang District, Guangdong Province, China	11,566.7	Manufacturing and warehouse	Stacking machines, winding machines and filling machines	Leased
Huangshan Factory, Huangshan Gaoxin District, Anhui Province, China	1,580.0	Manufacturing and warehouse	Stacking	Leased
Xiaogan Factory, Xiaogan Gaoxin District, Hubei Province, China	9,657.7	Manufacturing and warehouse	Notching machines, stacking machines and automated conveyor lines	Leased
Total	60,503.6			

BUSINESS

The following table sets out the number of our principal products being shipped out in the years indicated:

	Year ended 31 December		
	2023	2024	2025
Our principal products	<i>Units Shipped</i> (Note 2)	<i>Units Shipped</i> (Note 2)	<i>Units Shipped</i> (Note 2)
Notching and stacking machines ^(Note 1)	198	137	194
Filling machines	143	48	64
Winding machines	255	51	31
Total	596	236	289

Notes:

1. Including notching and stacking integrated machines.
2. We typically commence manufacturing equipment after receiving customer orders, with the number of units shipped to our customers calculated based on the number of equipment units that complete all factory acceptance tests (FAT) and shipped out from our factories in the given year.

In FY2024, the units shipped to our customers decreased by approximately 60.4% as compared to FY2023 was primarily attributed to the fact that there was a reduction in sales order for our lithium-ion battery manufacturing equipment in general resulting from the temporary slowdown in the lithium-ion battery intelligent equipment industry during that year. The shipment number in FY2025 increase to 289 units as we received more sales order for our notching and stacking machines and filling machines. Since we typically offer customised products to our customers, which do not have standard selling prices, fluctuations in our shipment volume might not correspond to that in our revenue during the Track Record Period. For details of our results of operations, please see the section headed “Financial Information – Description of Key Components of our Results of Operations” in this document; for details of the general market conditions in FY2024, please see the section headed “Industry Overview – Overview of Global and China Lithium-ion Battery Intelligent Equipment Industry – Market size analysis of lithium-ion battery intelligent equipment industry” in this document.

Planned Manufacturing Facilities

We plan to establish one new production facility in Huangshan of Anhui Province in China. The following table sets out certain information regarding our planned new manufacturing facility as at the Latest Practicable Date:

Facility (Location)	Approximate		Key Products	Leased/Owned
	GFA (m ²)	Key Function		
Huangshan, Anhui Province, China	27,000	Manufacturing, R&D	Stacking machines	Owned

BUSINESS

Machinery and Equipment

Our equipment manufacturing processes are complex and involve specific and precise manual assembly techniques. Different product models may vary in material consumption, production time, and equipment usage. Furthermore, as our products are often highly customised depending on our customers’ specifications, and equipment adjustments are made based on such specifications received, product formulations, manufacturing processes, and design capacities may also vary. Accordingly, no single product or model can be used to represent our overall production capacity.

We heavily rely on our engineers to assemble components manually and produce the final automated equipment in accordance with the technical specifications agreed with our customers. Accordingly, we do not require substantial material equipment or machinery in our manufacturing process. Our production capacity is primarily determined by the size of our R&D and engineering teams, the expertise required to meet evolving technological demands from customers, as well as the sufficiency of factory space to accommodate our assembly processes. Given the flexibility of our production model, which is predominantly driven by R&D capabilities and the availability of skilled labour rather than fixed assets, we do not consider production utilisation rates to be a meaningful metric for assessing our production capacity.

SALES AND MARKETING

We are committed to delivering high-quality products and services that consistently achieve customers satisfaction. Adhering to our customer-oriented strategy, as at 31 December 2025, we had established a dedicated sales and customer service team of 320 members, of whom 12 are responsible for client outreach and 308 are customer service engineers who primarily handle on-site installation and commissioning. Our sales department is responsible for customer development and relationship management, project initiation, sales planning, and coordination among departments to address technical requests and feedback. If required, our sales team members will travel overseas to sites designated by our customers. During each year of the Track Record Period, our selling and distribution expenses amounted to approximately RMB9.6 million, RMB10.8 million and RMB9.4 million, respectively, which accounted for 0.8%, 0.9% and 0.8% of our total revenue in the respective year. For details of our selling and distribution expenses, please see the section headed “Financial Information – Description of Key Components of our Results of Operations – Selling and distribution expenses” in this document.

During the Track Record Period, we (i) secured new projects primarily through our sales team’s marketing efforts and referrals from existing customers, and (ii) sold all our products through direct sales to customers, and our sales team provided tailored presentations and product demonstrations to meet specific customer needs. As our products are used in the manufacturing of lithium-ion batteries that are widely used in EV, energy storage and power applications and data computing, our customers mainly comprise major lithium-ion battery manufacturers.

BUSINESS

We maintain comprehensive customer management procedures to ensure a timely and effective response to customers’ requests from pre-sale discussions and on-going communication during design and commissioning to post-delivery follow-up and warranty support. Our commitment to precision, responsiveness, and tailored solutions has enabled us to establish and maintain long-term customer relationships. We also aim to expand our overseas presence by leveraging the global operations of our existing customers. For details, please see the paragraph headed “Our Business Strategies” in this section. During the Track Record Period and up to the Latest Practicable Date, we had established sales relationships with customers located in the PRC, Japan, South Korea, Europe and North America.

After-Sales Services

Our contracts typically include a 12-month warranty period commencing from the date of equipment acceptance by our customers, during which we provide comprehensive after-sales support, including repair and maintenance services as well as emergency site visits without additional charge, except for damages caused by our customers or third parties, which would incur charges for repair and maintenance based on our standard rates. We also provide induction trainings to new joiners and regular technical training to all sales team members to ensure they remain familiar with industry developments and customer service standards.

R&D AND TECHNOLOGIES

We believe that one of the key drivers of our success is the contribution of our in-house developed technologies and dedicated R&D team. We adopt a recruitment strategy that prioritises cross-industry talent from the automation, mechanical engineering, electrical systems and software development disciplines to cultivate multidisciplinary innovation and collaboration. During each of the three years of the Track Record Period, our R&D expenses amounted to approximately RMB98.5 million, RMB99.5 million and RMB86.8 million, respectively, which accounted for 8.5%, 8.6% and 7.1%, respectively, of our total revenue.

Our R&D team

As at the Latest Practicable Date, our R&D department consisted of 387 personnel with specialisation in automation, mechanical engineering, electrical systems and software. Approximately 255 members of our R&D team hold bachelor's degrees, and 23 members hold master's degrees, representing approximately 65.9% and 5.9% of the team composition, respectively. For details of our R&D processes for a typical project, please see the paragraph headed “Our Production” in this section.

BUSINESS

Our core technologies

Through years of dedicated R&D activities, we have successfully transformed our R&D efforts into a series of proprietary technologies, which enabled us to compete effectively in the market. Set out below is a list of core technologies developed by ourselves independently and their corresponding applications as at the Latest Practicable Date.

Type of technology	Our proprietary technology	Application
Mechanical structure technology	Z-type stacking technology, lamination technology, pouched stacking technology, u/c-shaped/single/double/quad adhesive technology, high-stability winding pin technology, winding pin diameter adjustment technology and notching technology	Applied in power, energy storage, 3C battery, sodium-ion battery and solid-state battery stacking machines and/or EV cell/energy storage cell winding machines
Visual inspection technology	CCD imaging detection technology	Applied in EV, energy storage, 3C battery stacking machines
Motion control technology	Active tension control technology, active deviation correction technology, drive traction technology and vacuum negative pressure conveying technology	Applied in power, energy storage, 3C battery stacking machines and/or EV cell/energy storage cell winding machines
Integration technology	CCD positioning technology and code scanning weighing system	Applied in power, energy storage, 3C battery stacking machines and/or automatic filling machines
Ultra-low vacuum filling technology	Vacuum filling technology	Applied in cylindrical/prismatic battery filling machines
High-pressure standing technology	Standing technology	Applied in cylindrical/prismatic battery filling machines
Unmanned filling machine technology	Control technology	Applied in prismatic battery mass production filling lines
Automation and digitalisation integration	High-speed laser notching-stacking integrated control system and synchronous unwinding control system	Applied in power, energy storage, 3C battery stacking machines

BUSINESS

As at the Latest Practicable Date, all core technologies mentioned above were applied in mass production and had been registered as our proprietary technologies. For details, please see the paragraph headed “Intellectual Property” in this section.

Our information technology systems

We maintain IT systems that support our business operations, including inventory management, production, quality control, external relationship management, and internal coordination. Our in-house IT team is responsible for developing, maintaining and customising these systems based on our operational requirements. Our key information technology systems include:

ERP System. Our ERP System serves as the foundation for our internal management. It integrates key business functions such as procurement, planning, production, quality management, R&D, sales, finance and cost management. It facilitates real-time data analysis, project management and product life-cycle management, streamlining workflows and enhancing cross-department collaboration. By optimising resource allocation and ensuring compliance with industry standards, the ERP system enables efficient management of production planning, inventory, supply chain, and financial processes.

PDM System. Our PDM system is a data-driven management platform developed for R&D. Its core function is to centrally manage product lifecycle data, including drawings, documents, bills of materials, processes, materials, and change records. It provides version control, access management, workflow approval, coding standards, data sharing, and traceability features, supporting cross-department collaboration to ensure data accuracy and consistency. At the same time, it enables data integration across design, production, procurement, and finance, reducing duplication and errors, improving R&D efficiency, shortening product development cycles, and supporting the enterprise’s digital R&D and product management.

BUSINESS

RAW MATERIALS AND SUPPLIERS

Raw materials and procurement

Our raw materials used in our production primarily consist of non-standard components and standardised components, which are typically procured based on the technical specifications prescribed by customers and the design plan formulated by our R&D department. The following table sets out the principal raw materials we had used in the production of our products and the respective total purchases incurred during the Track Record Period.

	For the year ended 31 December					
	2023		2024		2025	
	<i>Purchase amount</i>	<i>%</i>	<i>Purchase amount</i>	<i>%</i>	<i>Purchase amount</i>	<i>%</i>
<i>(RMB in million, except for percentage)</i>						
Non-standard components ^(Note 1)	452.1	43.6	144.6	42.7	346.8	52.4
Standardised components ^(Note 2)	584.1	56.4	194.2	57.3	315.3	47.6
Total	1,036.2	100.0	338.8	100.0	662.1	100.0

Notes:

1. Non-standard parts typically refer to metal structural parts and special mechanical components customised according to our R&D design scheme, as well as auxiliary materials such as wires and cables and packaging materials.
2. Standard parts typically refer to standardised components such as programmable logic controllers (PLCs), servo motors, industrial cameras, and pneumatic components that have uniform specifications and performance and can be purchased in bulk.

We have established procurement procedures to standardise and manage all products and services procured for our R&D and production processes. These procedures ensure that the quality, performance, delivery schedule and services of purchased items meet customers’ requirements and comply with all applicable laws, regulations and standards, while supporting our production and management needs efficiently. Responsibilities are clearly defined among our procurement, R&D, and quality control departments for preparing specifications and technical documents, evaluating and monitoring suppliers, inspecting and testing incoming materials, and maintaining procurement records. Standardised forms and registers, including purchase requisitions, purchase orders, approved supplier lists, and inspection reports, are used throughout the process.

Operationally, we follow a structured workflow that covers planning purchases based on monthly production tasks and inventory levels, initiating and approving purchase requisitions through our ERP System, obtaining quotations from at least three qualified suppliers, issuing and confirming purchase orders, monitoring delivery progress, and arranging warehouse receipt and storage of conforming materials.

BUSINESS

Our Suppliers

We maintain an approved supplier list under a structured supplier development and management system. We typically evaluate potential suppliers with reference to their reputation and qualification, track record of services and price offered. Our procurement department, in collaboration with our quality control and R&D departments, also identifies and screens potential suppliers through document reviews, on-site audits, sample testing and small-batch trial orders. Only suppliers that meet our evaluation criteria are classified as qualified suppliers and included in the approved list of suppliers. We conduct regular monthly and annual evaluations of approved suppliers based on product quality, delivery performance, pricing, service standards, and any major quality incidents, and update the list by upgrading, downgrading, suspending or removing suppliers in accordance with our internal reviewing procedures.

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 14.7%, 13.2% and 13.2%, 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 5.7%, 3.8% and 4.7% of our total purchases for the respective year. During the Track Record Period, all our suppliers were sourced from the PRC. The tables below set out the basic information on our Group’s top five suppliers during the Track Record Period:

FY2023

Supplier	Purchase amount (RMB million)	Percentage to total purchases of our Group	Commencement of business relationship	Background and principal business activity	Payment/ credit terms	Payment method	Major product category(ies) supplied
Shenzhen Moxin Control Technology Co., Limited* (深圳市摩芯控制技術有限公司)	60.1	5.7%	2019	A PRC entity principally engaged in the provision of motor control boards	Monthly payment with a credit term of 60 days	Bank transfer or bank acceptance bill	Motion control systems and drives, servo motors, etc.
Shenzhen Dekang Weier Technology Co., Limited* (深圳德康威爾科技有限公司)	28.6	2.7%	2019	A PRC entity principally engaged in the provision of motors and related automation equipment	Monthly payment with a credit term of 60 days	Bank transfer or bank acceptance bill	Motor systems and drives, etc.
Shenzhen Xinmeichi Electromechanical Equipment Co., Limited* (深圳市欣美馳機電設備有限公司)	24.9	2.4%	2019	A PRC entity principally engaged in distribution and sales of automation components	Monthly payment with a credit term of 60 days	Bank transfer or bank acceptance bill	Primary pneumatic fittings

BUSINESS

Supplier	Purchase amount (RMB million)	Percentage to total purchases of our Group	Commencement of business relationship	Background and principal business activity	Payment/ credit terms	Payment method	Major product category(ies) supplied
High Vision Technology (Suzhou) Co., Limited* (高視科技(蘇州)股份有限公司)	20.3	2.0%	2020	A PRC entity principally engaged in the provision of vision inspection systems	Monthly payment with a credit term of 60 days	Bank transfer or bank acceptance bill	Visual inspection systems and accessories, etc.
Shenzhen Dexunda Precision Industry Co., Limited* (深圳市德迅達精密工業有限公司)	20.2	1.9%	2018	A PRC entity principally engaged in the provision of molds, fixtures and related precision industrial components	Monthly payment with a credit term of 120 days	Bank transfer or bank acceptance bill	Metal structural parts and special mechanical components
Total	154.1	14.7%					

BUSINESS

FY2024

Supplier	Purchase amount (RMB million)	Percentage to total purchases of our Group	Commencement of business relationship	Background and principal business activity	Payment/ credit terms	Payment method	Major product category(ies) supplied
Shenzhen Moxin Control Technology Co., Limited* (深圳市摩芯控制技術有限公司)	12.9	3.8%	2019	A PRC entity principally engaged in the provision of motor control boards	Monthly payment with a credit term of 60 days	Bank transfer or bank acceptance bill	Motion control systems and drives, servo motors, etc.
High Vision Technology (Suzhou) Co., Limited* (高視科技(蘇州)股份有限公司)	10.9	3.2%	2020	A PRC entity principally engaged in the provision of vision inspection systems	Monthly payment with a credit term of 60 days	Bank transfer or bank acceptance bill	Visual inspection systems and accessories, etc.
Shenzhen Dekang Weier Technology Co., Limited* (深圳德康威爾科技有限公司)	7.7	2.3%	2019	A PRC entity principally engaged in the provision of motors and related automation equipment	Monthly payment with a credit term of 60 days	Bank transfer or bank acceptance bill	Motor systems and drives, etc.
Shenzhen Hengyida Machinery Co., Limited* (深圳市恒藝達機械有限公司)	6.9	2.0%	2015	A PRC entity principally engaged in manufacturing of machinery	Monthly payment with a credit term of 180 days	Bank transfer or bank acceptance bill	Metal structural parts and special mechanical components
Dongguan Yiheda Automation Co., Limited* (東莞怡合達自動化股份有限公司)	6.2	1.8%	2015	A PRC entity principally engaged in the provision of automation components	Monthly payment with a credit term of 90 days	Bank transfer or bank acceptance bill	Metal structural parts and special mechanical components
Total	44.6	13.2%					

BUSINESS

FY2025

Supplier	Purchase amount (RMB million)	Percentage to total purchases of our Group	Commencement of business relationship	Background and principal business activity	Payment/ credit terms	Payment method	Major product category(ies) supplied
Jingpin Intelligent Technology (Dongguan) Co., Limited* (晶品智能科技(東莞)有限公司)	31.1	4.7%	2024	A PRC entity principally engaged in the provision of electronic/ circuit protection components and solutions	Monthly payment with a credit term of 90 days	Bank transfer or bank acceptance bill	Motion control and drive systems, servo motors, etc.
Shenzhen Dekang Weier Technology Co., Limited* (深圳德康威爾科技有限公司)	14.9	2.3%	2019	A PRC entity principally engaged in the provision of motors and related automation equipment	Monthly payment with a credit term of 60 days	Bank transfer or bank acceptance bill	Motor systems and drives, etc.
Shenzhen Zhuoyue Laser Technology Co., Limited* (深圳卓越激光科技有限公司)	14.4	2.2%	2024	A PRC entity principally engaged in the provision of laser equipment and related automation solution	Stage payment: 30% prepayment; 70% upon delivery	Bank transfer	Laser-related parts
Shenzhen Huabiao Water Treatment Equipment Co., Limited* (深圳市華標水處理設備有限公司)	13.7	2.1%	2024	A PRC entity principally engaged in the provision of water treatment equipment and related systems	Stage payment: 30% prepayment; 30% before despatch; 30% upon six months from delivery; and 10% upon 12 months from delivery	Bank transfer or bank acceptance bill	Fluid and gas containers
Shenzhen Yimeng Automation Equipment Co., Limited* (深圳市一猛自動化設備有限公司)	12.3	1.9%	2016	A PRC entity principally engaged in the provision of automation equipment and solutions	Monthly payment with a credit term of 90 days	Bank transfer or bank acceptance bill	Metal structural parts and special mechanical components
Total	86.4	13.2%					

BUSINESS

To the best knowledge, information 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 Shareholder holding more than 5% of our issued share capital had any interests in any of our five largest supplier 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.

Salient terms of the framework agreement with our suppliers

We generally procure raw materials and components from our suppliers on a non-exclusive basis under long-term co-operation or framework agreements supplemented by individual purchase orders. These framework agreements typically have a term of three years and apply to all purchases we may place with the relevant supplier during the term, with renewal subject to mutual agreement. Specific quantities, models, specifications, unit prices, delivery dates and locations are set out in individual purchase orders, which become binding once signed or confirmed and may not be unilaterally amended or cancelled without our written consent. The prices of raw materials are generally either fixed for the effective term of the supply contract or determined taking into account the then prevailing market price, which allows us to manage our procurement costs more effectively and provide customers with more accurate pricing on our products. Set out below are the other key terms of the framework agreements we typically enter into with our suppliers:

Inspection and product returns	:	Our suppliers must ensure that products meet our agreed technical specifications and quality standards and must provide inspection reports and, where required, material certificates. We conduct incoming inspections and can treat products as non-conforming and reject, return, or otherwise request rework or replacement within specified timeframes. Our suppliers typically bear all related costs and, in the case of recurring or serious quality issues (such as repeated defects or customer complaints), are subject to contractual penalties and potential reduction or termination of future orders.
Credit terms and payment	:	The credit period and payment method shall be in accordance with the purchase order. Typically, our suppliers grant us a credit period of between 30 to 180 days. Payment is generally made by bank acceptance bills and bank transfers.
Minimum purchase commitment	:	We normally do not agree to a minimum purchase commitment or capacity-based purchase commitment. Instead, our purchase volume is determined by our actual production needs and supplier performance, and we retain the discretion to adjust or cancel orders (subject to limited cost compensation caps for materials already in process) in the event of design changes.

BUSINESS

Confidentiality	:	We usually include confidentiality clauses in the framework agreement, and the period of confidentiality obligations may be extended to after the expiration of the agreement.
Termination	:	The agreement will be terminated upon expiration. We are also entitled to terminate the agreement in circumstances such as repeated or serious quality defects, persistent late delivery, unauthorised order changes, breach of confidentiality, failure to cooperate in corrective actions, or other material default by our suppliers.

OUR CUSTOMERS

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 57.3%, 53.8% and 72.2%, respectively, of our total revenue for the respective year. Revenue from our largest customer for each year during the Track Record Period accounted for approximately 25.8%, 20.1% and 35.3% of our total revenue for the respective year. According to the F&S Report, from customer perspective, the lithium-ion battery intelligent equipment industry is characterised by high customer concentration and switching costs. Lithium-ion battery intelligent equipment typically undergoes lengthy validation, and once adopted into production lines, stable supplier relationships are formed, especially for leading manufacturers favoring long-term partners for joint R&D.

The tables below set out the basic information on our Group’s top five customers during the Track Record Period:

FY2023

Customer	Transaction amount (RMB million)	Percentage to total revenue of our Group	Commencement of business relationship	Background and principal business activity	Payment/ credit terms	Payment method	Major product(s) purchased
Customer A	300.6	25.8%	2018	Refers to a group of companies whose parent company is principally engaged in R&D, manufacturing and sales of lithium-ion battery products and systems	Milestone payment: 30% upon signing the sales agreement; 30% after passing FAT; 30% after passing SAT; 10% after expiry of warranty period	Bank acceptance bill or wire transfer	Stacking machines
Customer B	94.7	8.1%	2018	Refers to a group of companies whose parent company is listed on Shenzhen Stock Exchange and principally engaged in R&D, manufacturing and sales of power storage products and systems	Milestone payment: 10% upon signing the sales agreement; 40% after passing FAT; 40% after passing SAT; 10% after expiry of warranty period	Bank acceptance bill or wire transfer	Filling machines

BUSINESS

Customer	Transaction amount (RMB million)	Percentage to total revenue of our Group	Commencement of business relationship	Background and principal business activity	Payment/ credit terms	Payment method	Major product(s) purchased
Customer C	93.2	8.0%	2014	Refers to a group of companies whose parent company is listed on the Stock Exchange and Shenzhen Stock Exchange and principally engaged in R&D, manufacturing and sales of power battery systems and energy storage battery systems	Milestone payment: 30% upon signing the sales agreement; 20% after passing FAT; 30% after passing SAT; 20% after expiry of warranty period	Bank acceptance bill or wire transfer	Stacking machines and filling machines
Customer D	92.8	8.0%	2018	Refers to a group of companies whose parent company is listed on the Stock Exchange and Shenzhen Stock Exchange and principally engaged in lithium resource development and processing, and lithium-related materials and batteries	Milestone payment: 30% upon signing the sales agreement; 30% after passing FAT; 30% after passing SAT; 10% after expiry of warranty period	Bank acceptance bill or wire transfer	Stacking machines and filling machines
Customer E	86.4	7.4%	2022	A PRC entity principally engaged in R&D, manufacturing and sales of lithium-ion batteries and battery systems	Milestone payment: 30% upon signing the sales agreement; 30% after passing FAT; 30% after passing SAT; 10% after expiry of warranty period	Bank acceptance bill or wire transfer	Stacking machines and notching and stacking integrated machines
Total	667.7	57.3%					

BUSINESS

FY2024

Customer	Transaction amount (RMB million)	Percentage to total revenue of our Group	Commencement of business relationship	Background and principal business activity	Payment/ credit terms	Payment method	Major product(s) purchased
Customer F	232.1	20.1%	2022	Refers to a group of companies whose parent company is a PRC major automotive manufacturer	Milestone payment: 30% upon signing the sales agreement; 30% after passing FAT; 30% after passing SAT; 10% after expiry of warranty period	Bank acceptance bill or wire transfer	Stacking machines and filling machines
Customer G	136.9	11.9%	2022	Refers to a group of companies whose parent company is principally engaged in R&D, manufacturing and sales of energy storage batteries and systems	Milestone payment: 60% upon signing the sales agreement; 10% after passing FAT; 20% after passing SAT; 10% after expiry of warranty period	Bank acceptance bill or wire transfer	Stacking machines and filling machines
Customer A	120.3	10.4%	2018	Refers to a group of companies whose parent company is principally engaged in R&D, manufacturing and sales of lithium-ion battery products and systems	Milestone payment: 30% upon signing the sales agreement; 30% after passing FAT; 30% after passing SAT; 10% after expiry of warranty period	Bank acceptance bill or wire transfer	Stacking machines and filling machines

BUSINESS

Customer	Transaction amount (RMB million)	Percentage to total revenue of our Group	Commencement of business relationship	Background and principal business activity	Payment/ credit terms	Payment method	Major product(s) purchased
Customer H	66.8	5.8%	2015	Refers to a group of companies whose parent company is listed on the Shenzhen Stock Exchange and principally engaged in R&D, manufacturing and sales of lithium-ion batteries and energy storage solutions	Milestone payment: 30% upon signing the sales agreement; 30% after passing FAT; 30% after passing SAT; 10% after expiry of warranty period	Bank acceptance bill or wire transfer	Filling machines
Customer I	65.5	5.7%	2019	Refers to a group of companies whose parent company is principally engaged in R&D and provision of smart energy and green technologies covering intelligent wind power generation, energy storage, batteries, IoT systems and carbon neutralisation	Milestone payment: 30% upon signing the sales agreement; 30% after passing FAT; 30% after passing SAT; 10% after expiry of warranty period	Bank acceptance bill or wire transfer	Stacking machines
Total	621.6	53.8%					

BUSINESS

FY2025

Customer	Transaction amount (RMB million)	Percentage to total revenue of our Group	Commencement of business relationship	Background and principal business activity	Payment/ credit terms	Payment method	Major product(s) purchased
Customer A	431.5	35.3%	2018	Refers to a group of companies whose parent company is principally engaged in R&D, manufacturing and sales of lithium-ion battery products and systems	Milestone payment: 30% upon signing the sales agreement; 30% after passing FAT; 30% after passing SAT; 10% after expiry of warranty period	Bank acceptance bill or wire transfer	Stacking machines and filling machines
Customer G	200.7	16.4%	2022	Refers to a group of companies whose parent company is principally engaged in R&D, manufacturing and sales of energy storage batteries and systems	Milestone payment: 60% upon signing the sales agreement; 10% after passing FAT; 20% after passing SAT; 10% after expiry of warranty period	Bank acceptance bill or wire transfer	Winding machines
Customer I	104.1	8.5%	2019	Refers to a group of companies whose parent company is principally engaged in R&D and provision of smart energy and green technologies covering intelligent wind power generation, energy storage, batteries, IoT systems and carbon neutralisation	Milestone payment: 30% upon signing the sales agreement; 30% after passing FAT; 30% after passing SAT; 10% after expiry of warranty period	Bank acceptance bill or wire transfer	Stacking machines

BUSINESS

Customer	Transaction amount (RMB million)	Percentage to total revenue of our Group	Commencement of business relationship	Background and principal business activity	Payment/ credit terms	Payment method	Major product(s) purchased
Customer J	75.5	6.2%	2022	Refers to a group of companies whose parent company is listed on the Stock Exchange and Shanghai Stock Exchange and is a PRC major automotive manufacturer	Milestone payment: 30% upon signing the sales agreement; 30% after passing FAT; 30% after passing SAT; 10% after expiry of warranty period	Bank acceptance bill or wire transfer	Stacking machines
Customer F	69.7	5.7%	2022	Refers to a group of companies whose parent company is a PRC major automotive manufacturer	Milestone payment: 30% upon signing the sales agreement; 30% after passing FAT; 30% after passing SAT; 10% after expiry of warranty period	Bank acceptance bill or wire transfer	Stacking machines
Total	<u>881.5</u>	<u>72.2%</u>					

To the best knowledge, information 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.

Salient terms of the sales agreement with our customers

Our major customers include well-known domestic and overseas lithium-ion battery manufacturers.

BUSINESS

We generally enter into sales agreements with our customers. Set out below are the key terms of a sales agreement we typically enter into with our customers:

- Scope of services** : We typically provide services in relation to, among other things, design and development, manufacturing, installation, commissioning, training and after-sales services in relation to the manufacturing of equipment primarily used for the production of lithium-ion batteries. For projects requiring customisation, we also enter into an R&D agreement, which sets out the principal terms governing how the scope of R&D is to be conducted.
- Term** : The term typically commences from the signing date and continues to the completion of all obligations by each party as prescribed in the agreement. Typically, we are required to perform our obligations in accordance with the project milestone (details of which are set out in the R&D agreement) agreed with our customers. We are subject to a penalty not exceeding 5% of the contract sum for any delay.
- Price** : The prices of our products are generally set out in schedules attached to the sales agreement which specify the expected price of each equipment agreed to be purchased.
- Payment terms** : Payment is made on milestones. We typically receive four payment installments from our customers based on work progress in the following manner:
- (i) 30% of the total contract price upon signing the sales agreement;
 - (ii) 30% after passing the relevant FAT;
 - (iii) 30% after passing the relevant SAT; and
 - (iv) the remaining 10% within 30 days after the expiry of the 12-month warranty period.
- We generally accept bank acceptance bills and bank transfers as payment methods.

BUSINESS

- Delivery, inspection and quality control** : We generally deliver the equipment procured to sites designated by our customers, where we also conduct various inspections, commissioning and the final SATs in compliance with the product specifications designated by our customers. We appoint third-party logistics service providers to handle the delivery and purchase relevant insurance policies. The third-party logistics service providers are responsible for any product damage during transportation.
- The quality of the equipment shall comply with specifications designated by our customers.
- Intellectual properties** : Customers typically provide us with specifications and drawings for product customisation. We retain ownership of all pre-existing intellectual property rights and any improvements developed under the relevant sales agreements and/or R&D agreements. We also typically provide warranty to our customers that they shall be free from any litigation, arbitration or claims raised by third parties in respect of intellectual property rights (including but not limited to patent rights, trademark rights, copyright and non-patent technology) when using the equipment pursuant to the sales agreement and/or R&D agreement. Our rights and obligations relating to intellectual properties are independent of the sales agreement and shall not be affected by the termination or invalidation of the sales agreement or any part thereof.
- Warranty** : Typically, 12-months from the equipment acceptance by our customers (i.e. completion of SAT), depending on the sales agreement. During the warranty period, our customers may request that we replace or repair defective parts and components free of charge. Following the expiration of the warranty period, we provide value-added services including equipment repair, maintenance and upgrade services and supply parts and components to our customers for a fee based on the services required.
- 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.

BUSINESS

Termination : The sales agreement may generally be terminated (i) by mutual agreement in writing, or (ii) by our customers in the event that, as a result of our cause, (a) our production schedule is delayed for more than 30 days, or (b) we fail to rectify any quality deficiencies within the prescribed timeframe, and we are required to refund the contract sum paid by our customers together with liquidated damages amounting to 30% of the total contract sum.

Salient terms of the R&D agreement with our customers

We may enter into a R&D agreement with our customers for projects where customisation is required, which sets out logistical, operational, funding and other material terms for the implementation and execution of the project. This agreement is normally appended to the main sales agreement which we would enter into with our customer, and therefore the R&D agreement would typically not be presented to our customer as a standalone agreement for any project we undertook during the Track Record Period. Set out below are key terms of the R&D agreement we typically enter into with our customers:

Scope of services : Under the direction and mutual collaboration with our customers, we develop, design, manufacture, install, commission and deliver required equipment, and provide full-cycle technical services including supervision, inspection, performance testing, operation support, maintenance guidance and technical training.

Term : The term is typically effective from the signing date and continues to the completion of all obligations by each party as prescribed in the agreement. The agreement also typically sets out the specific project milestones, including the expected delivery date and dates of FATs and SATs, which we are required to follow.

Price : We may charge additional fees for our R&D work under the agreement, which typically include costs associated with equipment design, manufacturing, installation and commissioning, production, packaging, transportation, and any and all taxes, duties, tariffs, insurance or other fees levied in respect of the equipment and services, excluding any refundable packaging costs.

Payment terms : Payment is made in accordance with milestones. We typically receive 90% of the contract price after passing the relevant SAT, and the remaining 10% within 30 days after the expiry of the 12-month warranty period.

BUSINESS

Surety bond	:	We are typically required to provide a surety bond to our customer at the stage of signing the agreement to secure our performance under the agreement. Such surety bond shall be returned to us in full upon successful delivery of equipment.
Delivery, inspection and quality control	:	We will usually agree with our customers on the required technical specifications, standards and expected inspection scope and procedures for the products ordered by our customers.
Suspension of services	:	Our customers are typically not responsible for any costs, losses, expenses or damages arising from any delay or failure to accept the equipment and services caused by any event beyond their control. In such circumstances, our customers have the right to require us to suspend or cancel the delivery of all or part of the equipment and services. During each year of the Track Record Period, we did not receive any request from our customers for suspension of our services in this regard.
Confidentiality	:	We usually include confidentiality clauses in the R&D agreement, and the period of confidentiality obligations may be extended to after the expiration of the agreement.
Termination	:	Termination rights are typically set out in the sales agreement with our customers.

All products exported to our customers are shipped from China under either “Free On Board” or “Delivered At Place” terms, under which customers are responsible for customs filing and clearance in the destination countries. The majority of our sales outside Chinese Mainland during the Track Record Period were to customers located in Asia. In view of the foregoing, our Directors are of the view that the impact of the U.S. and European Union tariffs on our operations was immaterial or irrelevant during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, we had no sales to (i) any comprehensively sanctioned countries, and (ii) any Entity List entities in violation of the Export Administration Regulations or other major sanction list targets and maintained relevant internal control and export control measures in place to guide our general operations.

BUSINESS

To promptly address customer feedback, we adopted a structured complaint handling policy to ensure that customer complaints are addressed in a timely and effective manner. We record and classify all complaints received through any channel and assign them to the relevant departments responsible for analysis and resolution. We endeavour to provide a substantive response within two to four hours, arrange on-site support within 24 hours for urgent cases (and within 48 hours for others), and complete resolution within seven to 45 days depending on the complexity of the issue. Each case undergoes root-cause analysis, followed by corrective and preventive actions, which are then standardised into our procedures for ongoing monitoring and continuous improvement. During the Track Record Period, we did not receive any material complaint and product return request from our customers.

Pricing policy

The selling prices of our products are jointly determined by our sales department and operations department, taking into account factors such as production costs, technical and manufacturing complexity, order volume, opportunities for subsequent business cooperation, production and delivery schedules, downstream application industries, market competition, and a reasonable profit margin. The price quoted is submitted to our sales department for internal review and approval before being provided to our customers. In addition, we continuously monitor changes in the key factors that may affect our product pricing, such as raw material costs and market conditions, and adjust our prices as and when necessary.

INVENTORY MANAGEMENT AND LOGISTICS

Our inventory mainly consists of goods-in-transit and work in progress, and a small portion of raw materials and consumables as well as finished goods. For details, please see the section headed “Financial Information – Description of key Components of our Consolidated Statements of Financial Position – Inventories” in this document.

We optimise inventory management through standardised and system-based warehouse control procedures. For standard parts and basic materials, our procurement team manages warehouse inventory through our ERP System and warehouse processes. For project-specific or customised components, our ERP system automatically handles procurement and warehousing in accordance with production plans and purchase requisitions submitted by the relevant department. This ensures that inventory levels align closely with actual order demand and minimises build-to-stock exposure.

Logistics

During the Track Record Period, our logistics services were primarily handled by third-party logistics service providers, which bore the relevant logistics costs. We engage logistics service providers under procedures consistent with those applied to our general suppliers. We closely monitor the logistics processes, maintain customary insurance, and assess logistics service providers regularly based on qualifications and historical performance to update our approved service provider list. Our logistics service providers are required to deliver products in compliance with agreed specifications, quantities, and labelling requirements, and we reserve the right to decline acceptance for non-compliance. During the Track Record Period and up to the Latest Practicable Date, we did not experienced any significant delay or handling issues that materially or adversely affected our business operations.

BUSINESS

QUALITY CONTROL

We implement a full life-cycle quality management system covering all stages from supply chain management to after-sales services, with defined quality objectives, assessment mechanisms, and clearly assigned responsibilities for each control point.

For materials and in-process products, we conduct incoming inspection, first-article verification, in-process inspection, internal pre-acceptance and final outgoing inspection in accordance with written work instructions. Each item is marked with clear status labels and corresponding inspection and assembly records. Non-conforming materials and products are segregated, documented through non-conforming product review reports, and addressed through corrective and preventive action measures. We also maintain a product identification and traceability mechanism which, by reference to project numbers and material codes, enables us to trace customer complaints back to incoming, process, commissioning and outgoing inspection records and supplier quality deviation notices, thereby facilitating continuous improvement and compliance with customer specifications and applicable quality and safety standards. For details of each of our quality control points, please see the paragraph headed “Our Production” in this section.

We have obtained a series of quality and management certificates, including GBT 23001 on integration of informatisation and industrialisation management system (兩化融合管理體系評定), ISO 9001 on quality control management, ISO 14001 on environmental management, ISO 45001 on occupational, health and safety management and ISO 50001 on energy management. Maintaining an effective quality management system is one of our top priorities, and we strive to fully meet customer-specific technical requirements and applicable regulatory standards.

We have established a quality control team led by designated team leaders for each of Business Unit I and Business Unit II, who report to our Head of Operations. They are responsible for overseeing the planning and implementation of quality control policies, internal quality audits, and supervising all quality control points. The respective Business Unit managers oversee product quality within their segments. In addition, our after-sales service and exception handling procedures ensure the fulfilment of our commitment to product quality, reliability and safety.

INTELLECTUAL PROPERTY

We consider our patents, trade secrets and other intellectual property rights to be some of the factors on which our business highly depends on and values. We seek to protect our intellectual property and proprietary rights primarily through intellectual property laws, relying on a combination of patent, trademark, trade secret and other intellectual property laws in China and other countries. As at the Latest Practicable Date, we had been granted 433 intellectual property rights, including 326 Chinese utility and model patents and invention patents, nine international invention patents, 94 software copyrights and four trademarks and copyrights, all of which were validly registered and remained effective. For details of the trademarks, patents and software copyrights that are material to our business, please see “Statutory and General Information – A. Further Information about our Group – 2. Intellectual Property Rights” in Appendix VI to this document.

BUSINESS

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 applying for patent protection for our core technologies, which enable us to secure exclusive rights and prevent unauthorised use. In addition to patents, we conduct international registration and expanded-scope registration for our registered trademarks, ensuring that our brand is protected on a global scale. We also pursue other proprietary legal rights for our technologies and products, fortifying our position against potential challenges. To further protect our intellectual property rights, we take a multi-faceted approach that includes signing confidentiality agreements with our suppliers and trade secret protection agreements with our employees. These agreements are critical in safeguarding our trade secrets and sensitive information from disclosure. Additionally, we have established protocols for monitoring potential infringements of our intellectual property. This allows us to take prompt actions 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 organisation.

During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, information 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, 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.

COMPETITION

We compete in the highly technologically concentrated lithium-ion battery intelligent equipment industry globally. According to the F&S Report, the market size in China for lithium-ion battery intelligent equipment is expected to grow from RMB36.9 billion in 2025 to RMB85.2 billion in 2030 with a CAGR of 18.2%; while the global market size is expected to grow from RMB63.2 billion in 2025 to RMB167.7 billion in 2030 with a CAGR of 21.6%, particularly recognising growth from the PRC, European and North American markets primarily driven by localisation initiatives as well as growing demand from new energy vehicles and energy storage applications, creating significant market opportunities for lithium-ion battery intelligent equipment manufacturers to support domestic and overseas production lines and project implementations.

Particularly for stacking technologies, according to the F&S Report, energy storage batteries are at a critical stage of continuous iteration and breakthrough in large capacity development, with ultra-large-capacity cells of 600Ah and above becoming the mainstream technical direction. Constrained by core factors such as electrode sheet size, internal stress distribution, space utilisation rate and safety, high-capacity cells above 600Ah almost universally adopt stacking technology. Stacking process has become the standard and optimal solution for the mass production of large-capacity energy storage cells. In addition, solid-state and semi-solid-state battery technologies are key pathways for overcoming the energy density limits of traditional liquid lithium-ion batteries while reducing thermal runaway risks with global shipments expected to exceed 500 GWh by 2030, accelerating the adoption of stacking processes in lithium-ion battery manufacturing. The development of solid-state and semi-solid-state batteries will drive manufacturing processes toward stacking-based production, shaping the next generation of high-performance battery technologies. The global notching and stacking machines market is projected to increase from RMB7.3 billion in 2025 to RMB29.0 billion in 2030, representing a CAGR of approximately 31.8%.

BUSINESS

As a lithium-ion battery equipment manufacture specialising in stacking and other mid-stage processes, we believe we possess a competitive edge over one-stop solutions providers as we can concentrate our R&D resources on mastering our core technologies and manufacturing processes, enabling us to upgrade and modify our solutions faster and more cost-effectively while helping customers mitigate technological lock-in risks associated with one-stop solutions providers committed to full-line services. According to the F&S Report, we were ranked (i) second amongst the global lithium-ion battery notching and stacking machine providers in the world in terms of revenue in FY2025, representing a market share of approximately 9.8% of the total revenue globally, and (ii) fourth amongst the global mid-stage lithium-ion battery intelligent equipment providers in terms of revenue in FY2025, representing a market share of approximately 5.7% of the total revenue globally. This demonstrates our strong industry competitiveness and market leadership in the lithium-ion battery intelligent equipment industry.

For details, please see the sections headed “Industry Overview” and “Risk Factors – Risks relating to our Business and Industry – Our business, financial condition, results of operations and prospects may be materially and adversely affected if we fail to maintain the competitiveness of our R&D and product development capabilities” in this document.

SEASONALITY

Our business is subject to seasonality, which affects our financial performance, with revenue typically lower in the first half of the year compared to the second half. This pattern is primarily driven by our project cycle and revenue recognition policy. Our projects generally span approximately one year, with the initial six months dedicated to R&D, manufacturing and FAT, followed by another six months for installation, commissioning and SAT, upon completion of which revenue is recognised. In addition, our customers typically place a significant portion of their orders at the beginning of the year. As a result, equipment acceptance procedures are usually completed toward the end of the year, leading to a higher concentration of revenue recognition during that period. Our customers’ annual budget cycle and procurement planning also often result in the completion of equipment acceptance procedures near year-end, which further contribute to this seasonal revenue pattern.

AWARDS AND RECOGNITIONS

We have received a number of awards and recognitions since our establishment with respect to our brand, business operations, products and technological achievements. The following table sets out a selection of the more important awards and recognitions that we received during the Track Record Period.

Year	Awards and Recognitions	Issuing Authority
December 2025	Recognised again as National High and New Technology Enterprises (國家高新技術企業)	Office of the National Leading Group for the Administration of the Recognition of High and New Technology Enterprises, China (全國高新技術企業認定管理工作領導小組辦公室)

BUSINESS

Year	Awards and Recognitions	Issuing Authority
September 2025	Recognised as National Key “Little Giant” Enterprise (國家重點“小巨人”)	MIIT
April 2025	Recognised as Longhua District Headquarter Enterprise (龍華區總部企業)	Development and Reform Bureau of Longhua District, Shenzhen, China (深圳市龍華區發展和改革局)
April 2025	Recognised as Shenzhen Manufacturing Single Champion Enterprise (深圳市製造業單項冠軍企業)	Shenzhen Municipal Bureau of Industry and Information Technology, China ((深圳市工業和信息化局))
January 2025	Recognised as National Green Factory (國家級綠色工廠)	MIIT
December 2024	Awarded the First Class Award of Guangdong Science and Technology Award (廣東省科學技術獎“一等獎”)	Guangdong Hi-tech Enterprise Association, China (廣東省高新技術企業協會)
September 2024	Recognised as Guangdong Manufacturing Single Champion Enterprise (廣東省製造業單項冠軍企業)	Department of Industry and Information Technology of Guangdong Province, China (廣東省工業和信息化廳)
August 2024	Recognised as Shenzhen Green Factory (深圳市綠色工廠)	Shenzhen Municipal Bureau of Industry and Information Technology, China (深圳市工業和信息化局)
March 2024	Recognised as Well-known Greater Bay Area Brand Enterprise (灣區知名品牌企業)	Shenzhen Famous Brand Evaluation Committee, China (深圳知名品牌評價委員會)
December 2023	Awarded the Longhua District Intellectual Property Advantage Enterprise (龍華區知識產權優勢企業)	Longhua Supervision Bureau of Shenzhen Administration for Market Regulation, China (深圳市市場監督管理局龍華監管局)

BUSINESS

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 to 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/Qualifications	Holder	Expiration Date
Stationary pollution source discharge registration	Our Company	29 April 2030
Stationary pollution source discharge registration	Shenzhen Lead	6 December 2029
Stationary pollution source discharge registration	Greensun New Energy	4 December 2029
Stationary pollution source discharge registration	Wuhan Greensun	25 February 2029
Stationary pollution source discharge registration	Jiangmen Greensun	1 December 2029

To the best of our Directors’ knowledge, 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 requirements.

INSURANCE

We have in place the mandatory insurance policies required by PRC laws and regulations and in accordance with the commercial practices in our industry. We maintain property risks insurance to protect against the loss of fixed assets such as machinery, equipment and inventory due to events such as theft and natural disasters. Our employee-related insurance consists of pension insurance, maternity insurance, unemployment insurance, work-related injury insurance, medical insurance and housing provident funds. During the Track Record Period and up to the Latest Practicable Date, we had not filed any material insurance claims in relation to our business. For details, please see the section headed “Risk Factors – Risks Relating to our Business and Industry – We may not have insurance coverage that is adequate to cover potential liabilities or losses” in this document.

BUSINESS

EMPLOYEES

As at 31 December 2025, we had a total of 1,224 employees. All of our employees were located in China. The following table sets out a breakdown of our employees by business function as at the same date:

Function	As at 31 December 2025	
	Number of employees ^(Note)	%
General manager’s office	7	0.6
Manufacturing	341	27.9
Sales and customer services	320	26.1
R&D	387	31.6
Finance and internal audit	31	2.5
General management and human resources	32	2.6
Operation, procurement and inventory management	82	6.7
Quality control	24	2.0
Total	1,224	100.0

Note: This comprised 1,124 full-time employees and 100 interns.

Our workforce comprises highly trained workers and professionals from various fields and academic backgrounds, including but not limited to engineering, finance and management, many of whom have extensive knowledge and experience in the new energy battery industry. As at 31 December 2025, 29.7% of our employees held a bachelor’s degree or above and 2.6% of our employees held a master’s degree or above. We enter into standard employment contracts and confidentiality agreements with our employees. We also enter into non-competition agreements with our key employees.

We value our employees and commit ourselves to providing competitive compensation and benefits. Our compensation system consists of basic salaries, performance-based incentives and bonuses and other benefits such as housing allowances, catering and transportation benefits. We participate in social security plans, including pension, unemployment insurance, and medical insurance and housing funds. We have also implemented the Employee Incentive Scheme to recognise contributions from our key employees and incentivise them to promote our long-term business development.

We invest heavily in our employees and have developed sophisticated and systematic training programs to improve their skills and knowledge. We provide professional training to our employees at various levels according to their career development stages. The topics of our training programs include R&D, engineering, sales and customer services and leadership.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any major labour dispute or disturbance that have interfered with our operations and we believe we maintain good employee relations.

BUSINESS

PROPERTIES

We own and lease properties in the PRC primarily for the use of manufacturing, R&D, office and/or dormitory purposes. As at the Latest Practicable Date, all our production facilities were based in China. Our headquarter is located on 4/F, Building No. 1, Jingmi Zhizao Building, No. 8 Jianyou Road, Kukeng Community, Guanlan Street, Longhua District, Shenzhen, Guangdong Province, China.

Owned Properties

As at the Latest Practicable Date, we owned 52 properties with an aggregate gross floor area of approximately 12,778 square metres, all located in the Jingmi Zhizao Building, No. 8 Jianyou Road, Kukeng Community, Guanlan Street, Longhua District, Shenzhen, Guangdong Province, China. These properties are primarily used for manufacturing and dormitory purposes. Additionally, we hold land use rights for one piece of industrial land situated in Huangshan of Anhui Province, with an area of approximately 19,127 square metres. We have obtained all title certificates for these properties in China.

Leased Properties

As at the Latest Practicable Date, we leased 16 properties in China with an aggregate gross floor area of approximately 54,535 square metres that are primarily used for office manufacturing and dormitory purposes. The leases generally have a term of six months to five years.

As at the Latest Practicable Date, 11 lease agreements of our Group had not been registered with the appropriate government authorities. As advised by our PRC Legal Advisers, failure to rectify such non-compliance within the prescribed time frame after receiving notice from the relevant PRC government authorities may result in penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority. During the Track Record Period, in relation to the aforementioned leased properties, we had not been penalised or fined by the relevant authorities. Our PRC Legal Advisers are of the view that the aforementioned failure to complete the registration of the lease agreements does not affect the validity of the lease agreements. Based on our PRC Legal Advisers’ view above, our Directors are of the view that the failure to complete the registration of the said lease agreements does not materially affect our normal use of the leased properties, and it will not materially and adversely affect our business, financial condition and results of operations.

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 Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

BUSINESS

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

Board Statement on ESG Governance

Our Board has overall responsibility for our Group ESG governance and is accountable for overseeing Our Group’s ESG strategy, policies, risk management, performance and reporting. Our Group has adopted an ESG Policy and related procedures to strengthen its ESG monitoring and reporting processes and reinforce the confidence of different key shareholders. In discharging its responsibilities, our Board evaluates and determines our Group’s ESG-related risks, oversees management in the design, implementation and monitoring of effective ESG risk management and internal control systems, and reviews and approves the ESG report prior to publication to ensure that the disclosures are true, fair and compliant with applicable reporting requirements. Our Board also ensures that adequate resources are made available to relevant departments so that ESG-related responsibilities can be properly discharged.

To support the discharge of its ESG responsibilities, our Group has established an ESG working group (the “**ESG Working Group**”) comprising representatives from key functional departments, including operations, human resources and finance. The ESG Working Group assists our Board in implementing our Group’s ESG Policy and monitoring its implementation on an ongoing basis. It is also responsible for collecting relevant ESG data from relevant departments, establishing data collection procedures, maintaining communication on relevant ESG matters, including environmental, service quality and occupational health and safety management, and providing our Board with updates on applicable ESG laws and regulations. The ESG Working Group reports to our Board on ESG performance, the effectiveness of the ESG system and recommendations for system improvement at least annually and more frequently as required by our Board or where material issues arise; the ESG Working Group will maintain related policies, data collection protocols and evidence trails to support the relevant disclosures. Where necessary, our Board may engage external professional advisers to provide support and advice on ESG-related matters and/or the preparation of the ESG report.

Our Board adopts an ESG management approach that takes into account our Group’s impacts on the environment and society, stakeholder expectations, compliance obligations and ESG-related risks identified through our Group’s annual risk assessment. Our Group seeks to balance business development with environmental protection and social responsibility, and is committed to continuously enhancing its ESG strategy to support sustainable development, environmental protection, service quality and broader corporate social responsibility. To formulate our Group’s ESG strategy, our Group will conduct at least one risk assessment annually to identify events that may have a negative impact on our Group’s image or give rise to short-, medium- and long-term risks to our Group, for example, potential environmental and social risks and impacts arising from its operations.

BUSINESS

Our Board oversees the process used to evaluate, prioritise and manage material ESG-related issues, including risks to our Group’s businesses. Our Group identifies and engages with its key stakeholders, including shareholders and [REDACTED], government and regulatory authorities, industry associations, suppliers and business partners, employees, customers and the community, through various communication channels such as general meetings, company announcements and website disclosures, visits, meetings, seminars, exchange activities, supplier reviews and assessments, employee training, employee satisfaction surveys, customer feedback and community activities. Taking into account stakeholder feedback, the ESG Working Group conducts a materiality assessment to identify ESG areas and key performance indicators that are material to our Group’s business and reports the results to our Board. Our Board determines the ESG matters that are sufficiently important to [REDACTED] and other stakeholders to be reported and monitored, having regard to their significance to stakeholders and their relevance to our Group’s operations.

Our Board reviews progress on ESG-related targets and evaluates whether they remain appropriate for our Group’s needs. In accordance with our Group’s ESG Policy, our Board establishes targets for each material ESG key performance indicator and reviews our Group’s ESG performance against those targets at least annually to assess the effectiveness of ESG performance and to ensure that they remain suitable for our Group’s needs. Where our Group’s ESG performance is found to be inconsistent with its ESG targets, the ESG Working Group is also responsible for investigating the differences, communicating with the relevant departments and taking follow-up actions in a timely manner, while our Board considers whether corresponding adjustments to our Group’s ESG strategy are required. Our Group’s key ESG targets may including but not limited to reducing air emissions, discharges into water and land, and the generation of hazardous and non-hazardous waste, while its material key performance indicators include greenhouse gas (“GHG”) emissions. On the social side, our Group emphasises product and service quality, customer rights and interests, employee rights and welfare, health and safety, training and development, supply chain management, privacy and cybersecurity, anti-corruption, and community contribution. These targets support our Group’s compliance, sustainable development, environmental protection, service quality and broader corporate social responsibility.

To facilitate our Board’s review of progress, the ESG Working Group coordinates ESG data collection and performance monitoring across our Group, with supporting records maintained by relevant departments, including finance, human resources, administration and operations. In accordance with our Group’s ESG Policy and data collection procedures, relevant records are maintained for emissions, fuel consumption, electricity consumption, paper usage, business travel, water consumption, waste disposal, employment, work-related injuries, training, supplier assessment, customer complaints, anti-corruption training, public welfare activities and donations. Such information is compiled based on supporting invoices, receipts, internal records and other documentary evidence to support the preparation of the ESG report. This enables our Board to review ESG performance on a consistent and quantitative basis and assess whether corrective actions or further system improvements are required.

BUSINESS

In addition, our Board is committed to maintaining an appropriate level of diversity and recognises that a diverse Board supports effective governance, constructive challenge and sound decision-making. In considering Board composition and succession planning, our Group seeks to take into account a broad range of diversity factors, including gender, age, cultural background, educational background, professional qualifications, industry knowledge and relevant experience, having regard to the needs of our Group’s business and governance. Our Group also recognises the importance of ensuring that our Board remains informed of relevant ESG developments, regulatory requirements and evolving governance expectations. Accordingly, our Group seeks to provide our Board, where appropriate, with regular training, briefings and updates on ESG-related matters, risk management, internal controls and applicable disclosure and reporting obligations, so as to support the effective discharge of our Board’s oversight responsibilities.

Our Board will continue to strengthen our Group’s ESG governance framework, refine the materiality assessment and risk management processes, improve data collection and internal controls, and enhance the integration of ESG considerations into business decision-making and operational management. Our Board believes that a robust ESG governance structure and clear progress review mechanism will help our Group respond effectively to stakeholder expectations, manage business risks and opportunities, and create sustainable long-term value for its shareholders and other stakeholders.

Managing Our Environmental Impact

Our Group is committed to preventing pollution, reducing environmental risks and promoting the efficient use of resources across its operations in the PRC. Our environmental management approach is governed by a set of internal procedures, including the Environmental Factors Identification and Evaluation Control Procedure, the Environmental Monitoring Control Procedure, and the Environment and Risk Control Procedure. Under these procedures, the Quality Centre is responsible for coordinating the identification, evaluation and monitoring of significant environmental aspects and for organising annual compliance reviews, the Human Resources and Administration Department oversee the monitoring of energy, resources and waste, and each department is responsible for identifying and monitoring the environmental aspects arising from its own operations.

Our Group identifies and evaluates environmental aspects arising from its activities, products and services on an ongoing basis, and conducts a formal review at least annually before management review. In doing so, our Group considers environmental impacts across past, present and planned activities, and under normal, abnormal and emergency conditions. The scope of identification covers, among others, air emissions, discharges into water, potential land contamination, hazardous and non-hazardous waste generation, noise, chemical storage and handling, and energy and resource consumption. Our Group also updates its environmental aspect assessment whenever there are changes in applicable laws and regulations, business activities, equipment, processes, environmental protection facilities or stakeholder requirements and concerns.

BUSINESS

To manage significant environmental aspects, our Group adopts a control framework that includes the setting of environmental objectives and targets, implementation of management programmes and operational procedures, employee training and awareness, emergency preparedness measures and operational controls. In accordance with the Environmental Monitoring Control Procedure, our Group carries out routine monitoring and measurement of relevant environmental performance indicators and retains the corresponding records. Monitoring items include, among others, monthly monitoring of water and electricity consumption, annual review of compliant waste transfer arrangements, annual external monitoring of exhaust gas emissions and boundary noise, monthly inspection of chemical storage conditions, and annual compliance evaluation. Where monitoring results deviate from environmental targets, indicators or applicable legal requirements, the matter is promptly reported to the management representative for follow-up and corrective action.

Our Group maintains a legal and regulatory compliance management mechanism for environmental matters applicable to its PRC operations. Under the Environmental Monitoring Control Procedure, our Group conducts a comprehensive review of compliance with applicable legal and regulatory requirements at least once a year, typically prior to management review, and the Quality Centre is responsible for organising updates to the compliance evaluation report. Environmental compliance is also embedded into our Group’s environmental aspect identification, ongoing monitoring and broader risk and opportunity management processes, so that changes in legal and regulatory requirements can be identified and incorporated into operational controls in a timely manner.

According to our Group’s latest List of Environmental Protection, Occupational Health and Safety and Energy Management Laws and Regulations and Compliance Evaluation (《環保、職業健康安全和能源管理法律法規清單及合規性評估》), with the compliance evaluation dated 2 March 2025, the applicable items relating to environmental protection, water pollution prevention, air pollution prevention, noise control, solid waste management, hazardous waste transfer and chemical management were assessed as compliant. Relevant laws and regulations with which our Group complied include, but are not limited to

- Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》);
- Cleaner Production Promotion Law of the People’s Republic of China (《中華人民共和國清潔生產促進法》);
- Environmental Impact Assessment Law of the People’s Republic of China (《中華人民共和國環境影響評價法》);
- Water Law of the People’s Republic of China (《中華人民共和國水法》);
- Law of the People’s Republic of China on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》);
- Law of the People’s Republic of China on Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》);
- Law of the People’s Republic of China on Prevention and Control of Noise Pollution (《中華人民共和國噪音污染防治法》);

BUSINESS

- Law of the People’s Republic of China on Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢棄物污染環境防治法》);
- Regulations of Guangdong Province on the Prevention and Control of Environmental Pollution by Solid Waste (《廣東省固體廢棄物污染環境防治條例》); and
- Standard for Pollution Control on the Storage and Landfill of General Industrial Solid Waste (《一般工業固體廢物貯存和填埋污染控制標準》GB 18599-2020).

Based on our Group’s established compliance review mechanism and the latest internal compliance evaluation, and after review by our Group’s external consultant, our Group was not aware of any material non-compliance with laws and regulations relating to air emissions, discharges into water and land, and the generation of hazardous and non-hazardous waste in the PRC that would have a significant impact on our Group during the Track Record Period. Our Group will continue to monitor regulatory developments, conduct annual compliance evaluations, and strengthen operational controls and environmental monitoring to support ongoing compliance and continuous improvement in environmental performance.

Air Emissions Management

Our Group manages air emissions under its environmental management system and related control procedures. In accordance with the Environmental Factors Identification and Evaluation Control Procedure, environmental aspects are identified and evaluated on an annual basis and updated whenever there are material changes in applicable laws and regulations, operating activities, products or services, equipment, processes, environmental protection facilities, or stakeholder requirements. The assessment covers normal operations, abnormal conditions and reasonably foreseeable emergency situations. Significant environmental aspects are managed through environmental objectives and indicators, operational controls, documented procedures, training and emergency preparedness measures.

Based on our Group’s current operational profile and the latest monitoring records available, the principal air emission sources identified for management purposes primarily include canteen cooking fume and motor vehicle exhaust arising from business transportation. Pursuant to the Environmental Monitoring Control Procedure, our Group arranges outsourced monitoring or inspection of identified environmental factors at prescribed frequencies, including annual monitoring of exhaust emissions in accordance with the environmental impact assessment requirements and annual inspection of motor vehicles for noise and exhaust emissions. Monitoring and measurement records are retained, and any material deviation from environmental objectives, indicators or legal requirements is required to be reported promptly for follow-up action.

BUSINESS

As our Group’s canteen uses electricity only for cooking, no direct air emissions from the combustion of gaseous cooking fuel are generated from canteen operations. Accordingly, the relevant canteen-related air emission source subject to monitoring is cooking fume. During the Track Record Period, our Group conducted outsourced monitoring of canteen cooking fume generated from its operations. The relevant emission performance was assessed against the national standard GB 18483-2001, Emission Standard of Cooking Fume (《飲食業油煙排放標準(試行)》), and the sampling and analysis were performed in accordance with HJ 1077-2019, Stationary Source Emission – Determination of Oil Fume and Oil Mist – Infrared Spectrophotometric Method (《固定污染源廢氣油煙和油霧的測定 紅外分光光度法》). Based on the latest monitoring report available, the canteen cooking fume emissions complied with the applicable standard.

In terms of motor vehicle exhaust, our Group identifies emissions arising from vehicles used for business transportation as a relevant air emission source within its environmental management system. In accordance with the Environmental Monitoring Control Procedure, motor vehicles are subject to annual outsourced inspection covering noise and exhaust emissions, while relevant monitoring and measurement records are maintained for review and follow-up. Vehicle-related air emissions are also assessed as part of our Group’s annual environmental factor identification and evaluation process, and control arrangements are updated where necessary in response to changes in applicable laws and regulations, operational conditions, equipment or stakeholder requirements. Through these measures, including annual inspection, environmental monitoring and timely corrective follow-up where deviations are identified, our Group seeks to strengthen control over motor vehicle exhaust and support continued compliance with applicable environmental requirements. For vehicle-related air emissions, the relevant pollutants may include nitrogen oxides (NOx), sulphur oxides (SOx) and particulate matter (PM) as shown in the table below.

		For the year ended 31 December		
	Unit	2023	2024	2025
NOx	kg	6.21	10.86	9.55
SOx	kg	0.11	0.16	0.17
PM	kg	0.46	0.80	0.70

Note:

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

With reference to the national “dual-carbon” targets, our Group aims to maintain, and where practicable, achieve reductions in NOx, SOx and PM emissions.

BUSINESS

Waste Handling and Management

During the Track Record Period, our Group generated both non-hazardous and hazardous wastes in the course of its operational and manufacturing activities. Our Group manages such wastes in accordance with its internal Waste Management Procedure, which sets out requirements for waste classification, collection, segregation, storage, transfer, inspection and record-keeping with the aim of promoting proper waste handling, resource utilisation and the reduction of environmental impacts. Under the Procedure, solid waste is classified into hazardous waste and general waste, and general waste is further distinguished into recyclable and non-recyclable streams. Relevant departments are responsible for sorting and placing waste at designated collection points, while the Human Resources and Administration Department is responsible for the centralised collection, cleaning and disposal arrangements of classified waste.

Our Group’s principal non-hazardous waste streams mainly comprised metal scrap (including waste iron, aluminium and stainless steel), wire and cable scrap, battery-related scrap, production-related and office wastepaper, and certain mixed recyclable scrap during the Track Record Period. Based on the waste records provided, metal scrap, in particular waste iron, represented the principal non-hazardous waste stream in each of 2023, 2024 and 2025. Recyclable non-hazardous wastes are segregated at source and transferred to recyclers or recovery parties for recycling and reuse, while non-recyclable general wastes are handled through the sanitation arrangements coordinated by our Group in accordance with its internal procedure.

A summary of our Group’s recorded non-hazardous waste generated during the Track Record Period is set out below:

		For the year ended 31 December		
	Unit	2023	2024	2025
Total Non-hazardous Waste	tonnes	23.39	46.21	22.06
Non-hazardous Waste Intensity	tonnes/employee	0.02	0.04	0.02

During the Track Record Period, our Group’s total non-hazardous waste surged in 2024, primarily due to the disposal of redundant materials and obsolete inventory during the relocation of the production facilities.

Notes:

- (1) For FY2023, FY2024 and FY2025, our Group’s total workforce was 1,415, 1,110, and 1,224, respectively. This data will also be used for calculating other intensity data.
- (2) Our Group is unable to provide a complete weight-based breakdown of all non-hazardous and hazardous wastes generated during the Track Record Period, as certain segregated waste materials are sold to third-party waste collectors or recyclers in bundled lots rather than by individual weight. Our Group will continue to enhance the traceability of non-hazardous and hazardous data to support more transparent disclosures where practicable.

BUSINESS

Our Group also generated limited hazardous waste arising mainly from machine waste oil generated by equipment maintenance and related operational activities, and other hazardous waste, if any, requiring separate control and handling. In accordance with our Group’s Waste Management Procedure, hazardous wastes are separately identified, collected and stored in designated containers with proper labelling. The Procedure further requires containers to be kept upright, closed and protected from rainwater, prohibits open-air placement, and requires storage areas to be located away from drainage inlets in order to minimise the risk of leakage or environmental exposure. Hazardous wastes are transferred to qualified third-party handlers for recovery, treatment or disposal in accordance with applicable requirements, and disposal records are maintained.

To strengthen control over waste-related environmental risks, our Group conducts routine inspections over waste collection and storage arrangements. Under the Waste Management Procedure, personnel designated by the Human Resources and Administration Department inspect waste collection conditions to facilitate timely transfer of collected wastes to the designated storage areas, and the Department also performs periodic checks on overall waste management conditions and annual supervision over solid waste disposal practices. In the event of leakage involving oil or other powdery or liquid hazardous waste, the affected area must be cleaned immediately using suitable absorbent materials such as wiping cloths or fire sand, and the contaminated cleaning materials are subsequently handled as hazardous waste.

In addition, our Group has established a directional waste reduction objective to progressively reduce the generation of non-hazardous and hazardous wastes from its operations by reducing avoidable scrap generation at source, strengthening segregation and recovery of recyclable metal and battery-related waste streams, and enhancing internal waste data traceability so as to support more refined quantitative target-setting in future reporting periods. This directional objective is complemented by our Group’s waste management measures under its internal environmental management procedures.

During the Track Record Period, our Group was not aware of any material non-compliance with applicable laws and regulations relating to the generation, storage, transfer and disposal of hazardous and non-hazardous waste that would have a significant impact on our Group.

Use of Resources

Our Group has established an Energy Resources Management Procedure to promote the prudent and efficient use of water and electricity, with a view to reducing avoidable consumption and supporting operational efficiency. Clear responsibilities are assigned to relevant functional departments for day to day management and oversight of energy and water use, while designated personnel are responsible for implementation and monitoring in accordance with internal requirements.

Under the Procedure, water and electricity consumption are recorded and monitored regularly, and abnormal usage trends are subject to review and follow-up to identify potential inefficiencies or operational issues. Management measures covering production operations, lighting, and air conditioning usage have been implemented, with an emphasis on proper use, routine supervision, and awareness-raising among employees to support efficient resource utilisation and appropriate cost control.

BUSINESS

Our Group’s energy consumption primarily arises from direct energy use associated with vehicles, as well as indirect energy use from purchased electricity. Water consumption mainly results from routine operational activities. In accordance with the Energy Resources Management Procedure, our Group adopts water-saving measures where practicable, including monitoring daily water usage and timely inspection of water-using equipment to minimise unnecessary loss. Our Group sources all water from the municipal supply network and has not experienced any difficulty in obtaining sufficient and reliable water supply for its operations.

The tables below set out our Group’s energy consumption and water consumption during the Track Record Period.

		For the year ended 31 December		
	Unit	2023	2024	2025
Direct Energy Consumption	MWh	70.22	108.29	109.01
Indirect Energy Consumption	MWh	1,557.34	1,854.30	2,214.19
Total Energy Consumption	MWh	1,627.56	1,962.59	2,323.20
Total Energy Intensity	MWh/employee	1.15	1.77	1.90

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.

		For the year ended 31 December		
	Unit	2023	2024	2025
Total Water Consumption	m ³	21,338.00	21,099.00	25,029.00
Total Water Intensity	m ³ /employee	15.08	19.01	20.45

During the Track Record Period, our Group’s energy and water consumption recorded a steady increase. The growth in energy consumption was directly correlated with the rise in production orders. Meanwhile, the increase in water consumption was primarily driven by a higher number of external visitors, including suppliers and customers, consistent with our Group’s business expansion. 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 year, endeavours to maintain the energy consumption intensity and water consumption intensity for general production and operational purposes, excluding consumption arising from the construction of new plants and other infrastructure facilities, within 10% above or below the level recorded for FY2025, where practicable.

Addressing Climate Change

Climate change affects both the environment and the stability of our operations, making effective identification and management of related risks and opportunities essential. In line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, we assessed two key categories of climate-related risks: physical risks arising from extreme weather and long-term climate change, and transition risks associated with policy, legal, technological, and market shifts.

BUSINESS

Our primary physical risks include heavy rainfall and extreme heat, which may disrupt operations, affect employee safety and health, increase operating and insurance costs, reduce asset value, and lower revenue due to business interruptions. To address these risks, we integrate climate risk identification, adaptation, and mitigation into our decision-making processes and equip frontline teams with emergency support mechanisms for extreme weather events.

Transition risks include stricter green technology regulations, the shift toward energy-efficient, low-carbon technologies, and rising demand for sustainable living. These may lead to increased business uncertainty, higher compliance costs, increased capital and training expenses, and reduced competitiveness if expectations are unmet. In response, we monitor evolving laws, regulations, and market trends, conduct energy and carbon audits to identify opportunities, and strengthen industry partnerships to support green technology development.

During the Track Record Period, no significant adverse climate-related impacts were identified, and our Group did not incur any material climate related compliance costs due to the absence of mandatory requirements imposing significant financial obligations. Looking ahead, evolving climate-related policies and disclosure requirements may introduce additional compliance costs, including those related to enhanced reporting, governance, data systems, and potential carbon-related measures. However, given uncertainties in future regulatory developments, our Group cannot yet reliably quantify such potential costs. Our Group will continue to monitor relevant policy and regulatory changes and assess their implications to ensure timely and appropriate compliance.

GHG Emissions

During the Track Record Period, our Group’s GHG emissions primarily originated from Scope 1 direct emissions generated from the use of vehicles, refrigerants from the air conditioning system and fire extinguisher, Scope 2 indirect emissions associated with the consumption of purchased electricity, and Scope 3 other indirect emissions under the GHG Protocol comprise Category 1: Purchased Goods and Services, which arise from fresh water used for processing, and Category 5: Waste Generated in Operations, which arise from disposal of A3 and A4 size paper waste and wastewater processing. The table below sets out the GHG emissions performance during the Track Record Period:

	Unit	For the year ended 31 December		
		2023	2024	2025
Scope 1	tCO ₂ e	23.73	96.96	44.70
Scope 2	tCO ₂ e	966.33	1,150.59	1,373.91
Scope 3				
– Category 1: Purchased Goods and Services	tCO ₂ e	5.46	5.40	6.41
– Category 5: Waste Generated in Operations	tCO ₂ e	20.43	12.91	20.08
Total GHG Emissions	tCO₂e	1,015.95	1,265.86	1,445.10
Total GHG Emissions Intensity	tCO₂e/employee	0.72	1.14	1.18

BUSINESS

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 “Annual Report 2023/24” issued by the Water Supplies Department.

During the Track Record Period, our Group’s GHG emissions recorded an upward trend, primarily driven by higher production and order volumes, increased on-site personnel and visitors, and the one-off disposal of idle and inventory materials due to factory relocation. Additionally, Scope 1 emissions recorded a significant increase for FY2024, primarily attributable to increased refrigerant usage arising from the relocation to a new factory with expanded floor area and additional air conditioning systems, as well as the replacement and replenishment of the previous fire extinguishers. Looking ahead, with reference to the national “dual carbon” targets, our Group has adopted the year ending 2030 as its target year and aims to achieve carbon peaking by the end of 2030 and carbon neutrality by the end of 2035, taking into account operational feasibility and business development needs.

Responsible Employment

Our Group adopts a people centric management approach and has established a comprehensive set of internal human resources policies, including the Employee Handbook (《員工手冊》), Employee Labour Contract Management Policy (《員工勞動合同管理規定》), Remuneration and Performance Management Policy (《薪酬績效管理規範》), Probationary Employee Assessment Management Policy (《員工試用期考核管理規定》), Attendance Management Policy (《考勤管理制度》), Employee Benefits Management Policy (《員工福利管理制度》), to safeguard employees’ lawful rights and interests. These policies provide a structured framework governing, among others, recruitment, remuneration, promotion, termination of employment, working hours, rest periods, leave entitlements, employee benefits and welfare, with a view to promoting fairness, transparency and consistency in employment practices in accordance with applicable labour laws and regulations.

Our Group’s employment policies emphasise equal opportunity, diversity and non discrimination, and apply uniformly to all employees. Matters relating to compensation, overtime arrangements, leave entitlements and employee benefits are administered under clearly defined procedures, while working hours and attendance are subject to internal control and monitoring pursuant to the Attendance Management Procedure.

With respect to labour standards, our Group strictly adheres to statutory requirements on minimum working age and working hours. Recruitment procedures require verification of employees’ identification and age to ensure compliance with minimum age requirements and that no individual below the legal working age is employed. Our Group also regulates working hours, overtime arrangements and rest periods through its attendance and leave management, with the objective of preventing forced labour. During the Track Record Period, our Group was not aware of any incidents of child labour or forced labour within its operations.

BUSINESS

The table below sets out our Group’s workforce during the Track Record Period.

Workforce	Unit	For the year ended 31 December		
		2023	2024	2025
Total	person	1,415	1,110	1,224
Male	person	1,237	968	1,073
Female	person	178	142	151

Occupational Health and Safety

Our Group attaches significant importance to occupational health and safety (“OHS”) and has established an Occupational Health & Safety Manual in accordance with GB/T 45001-2020 (ISO 45001:2018) to govern its OHS management activities.

Ultimate responsibility for OHS rests with our Group’s senior management, which is responsible for approving the Occupational Health & Safety Manual, objectives, and ensuring that adequate human, financial and operational resources are made available for the establishment, operation and continual improvement of the OHS management system. Our Group has also appointed a management representative and an OHS responsible person to coordinate the implementation and operation of the system, including internal audit arrangements, performance reporting, external liaison and overall safety management oversight.

Our Group’s Occupational Health & Safety Manual emphasises a people-oriented approach, compliance with applicable laws and regulations, full employee participation, hazard elimination and continual improvement. In line with the Occupational Health & Safety Manual, our Group has established overarching OHS objectives of zero major fire accidents, zero major work-related injury accidents and zero occupational disease incidence.

To identify and manage workplace risks, our Group has established documented procedures for hazard identification, risk and opportunity assessment, legal and regulatory compliance management and change management. Its hazard identification process is designed to be continuous and proactive, covering routine and non-routine activities, facilities and equipment, raw materials, workplace conditions, product and process design, production and assembly activities, maintenance, human factors, contractors, visitors, people in the vicinity of the workplace, potential emergency situations and actual or proposed operational changes.

BUSINESS

To support effective implementation, our Group provides OHS training and competency management for employees and other personnel engaged in work that may give rise to material OHS risks, including special operations personnel, and evaluates the effectiveness of such training through examinations, skills assessments and performance reviews. Our Group has also established consultation and participation mechanisms to facilitate employee involvement in OHS-related matters, including policy formulation, hazard identification, risk control measures, training needs, communications, audits and incident investigations.

In addition, our Group has adopted emergency preparedness and response procedures covering first aid, emergency training, drills and periodic review of response arrangements, and communicates relevant emergency information to employees and other relevant parties as appropriate. OHS performance is monitored through measurement and evaluation procedures, internal audits and periodic management review, while incidents, non-conformities and corrective actions are investigated and followed up to support the continual improvement of our Group’s OHS management system. During the Track Record Period, our Group did not record any material occupational safety incidents that led to work-related fatalities.

Sustainable Supply Chain Management

Our Group manages its suppliers in accordance with its internal Supplier Development Control Procedure (《供應商開發控制程序》), Purchase Control Procedure (《採購控制程序》) and Supplier Management Procedure (《供應商管理程序》). New suppliers are subject to qualification review, sample inspection and confirmation, and small-batch trial procurement before being included in the approved supplier list, while existing suppliers are subject to ongoing assessment based on factors such as quality, delivery, service and cost. Where supplier performance does not meet our Group’s requirements, our Group may take follow-up measures, including requiring corrective actions, conducting audits, suspending supply or disqualifying the supplier.

Our Group also incorporates environmental considerations into its supplier development and procurement processes and seeks to ensure that purchased materials and services meet applicable legal, occupational health, safety and environmental requirements.

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, to the best of our knowledge, information and belief, we and our major subsidiaries were not involved in any court, arbitral or administrative proceedings that we believe to be of material importance to our assets and liabilities or profits and losses nor, so far as we are aware, were any such proceedings pending or threatened. Please see the section headed “Risk Factors – Risks relating to conducting business in China – We are subject to complex laws as amended from time to time, regulations and governmental policies on market supervision and administration, as well as on overseas investment. Any actual or alleged failure to comply with related laws, regulations and governmental policies could damage our reputation, deter current and potential customers from using our products and services and could subject us to significant legal, financial and operational consequences.” in this document.

BUSINESS

Non-Compliance

During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, information and belief, 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.

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 practices, 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 independent internal control consultant also performed a follow-up review of the status of our actions to address the findings in the evaluation and did not identify any material weaknesses 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

Our Directors and senior management are responsible for formulating and overseeing the implementation and effectiveness of our internal control and risk management systems, which are designed to ensure our ongoing compliance with the applicable laws, regulations and rules relevant to our business operations and/or corporate governance, and to prevent any recurrence of any incidents of non-compliance. To monitor the ongoing implementation of our risk management policies and improve our corporate governance, we have adopted or will continue to adopt after [REDACTED] a series of internal control measures, highlights of which include the following:

- (i) establishing the Audit Committee to review and supervise our financial reporting process and internal control system. Please see the section headed “Directors and Senior Management” in this document for the qualifications and experience of the committee members;

BUSINESS

- (ii) adopting various internal control and corporate governance policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions and information disclosure;
- (iii) executing anti-corruption and anti-bribery compliance management on our senior management and employees to enhance their knowledge and compliance with applicable laws and regulations, and including relevant policies against non-compliance in employee handbooks. We have also implemented anti-corruption management policies which our headquarters, require designated managers to sign integrity agreements containing specific anti-bribery provisions, and maintain open email reporting channels accessible to all employees;
- (iv) organising training session for our Directors and senior management in respect of the relevant requirements under the Listing Rules; and
- (v) appointing South China Capital Limited as our compliance adviser to advise us on compliance with the Listing Rules.

DATA PRIVACY AND INFORMATION SECURITY RISK MANAGEMENT

We are committed to ensuring data privacy and information security. We do not engage in the collection of private information through public channels such as operational websites or apps, and the data we collect is limited. In the course of conducting our business, the only privacy data we collect mainly pertains to employee information, customer and supplier contact information, and other data necessary for operation and management. We make sure to obtain adequate authorisation and consent from our employees, customers, and suppliers before collecting and processing their personal information.

We have implemented protective measures for the privacy data we collect. These measures include (i) establishing internal control systems including information technology security management system, which stipulates our management of authorised usage of information technology systems, data encryption policy and confidentiality, data approval authority, as well as data backup and recovery, and we have effectively implemented and executed these systems, (ii) requiring our employees to strictly follow our confidentiality policies in relation to our information system and technological and trade secrets; (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.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material information leakage or loss of operating or transaction data and were not involved in any cross-border data transactions.

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:

BUSINESS

- (i) we have established the Audit Committee, Remuneration and Appraisal 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 see the section headed “Directors and Senior Management” in this document for further information;
- (ii) 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;
- (iii) 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];
- (iv) 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;
- (v) 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;
- (vi) our Company has adopted a comprehensive internal policies covering legal and regulatory compliance; and
- (vii) our Directors will attend professional development trainings on various topics including corporate governance after the [REDACTED] in accordance with the manner set out in Appendix C1 to the Listing Rules.