

BUSINESS

OVERVIEW

Who we are

We are a leading digital energy technology company. Our systematic digital energy technologies framework is built upon a suite of core competencies, including EMT simulation, mechanism-data dual-driven modeling, HIL simulation and frequency-domain stability analysis. Our technologies are centered on new power systems and advanced equipment electrical systems, spanning the full asset lifecycle of planning, design, construction and operation, helping our customers tackling the longstanding industry dilemma of maintaining high reliability under zero-fault-tolerance constraints. According to Frost & Sullivan, we are the largest domestic independent digital energy solution provider in China’s new power system industry in 2025.

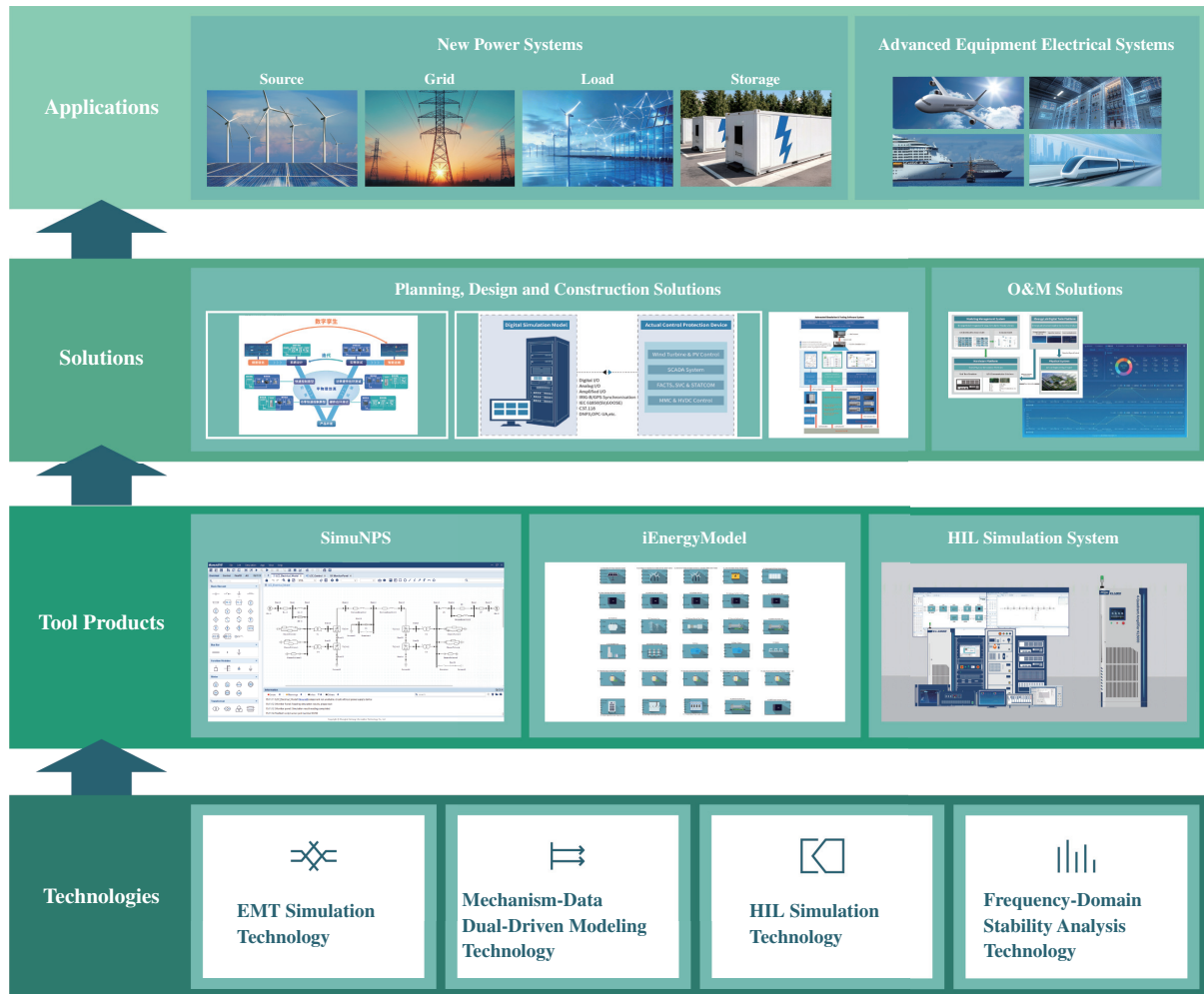
Our tool products and solutions have been widely deployed in (i) new power systems across all segments of the “source-grid-load-and-storage” value chain, referring to power generation (source), transmission and distribution networks (grid), consumption (load) and energy storage (storage); and (ii) advanced equipment electrical systems, including aircraft, marine vessels, and rail transit. These offerings provide indispensable system-level technical support across the full journey of safety-critical, high-complexity systems, enabling their transition from technical blueprints to reality, and from proven deployment to large-scale commercial rollout.

Our core value proposition is driven by our software, modeling, simulation and verification capabilities, and the integrated solutions they enable. Our solutions have been adopted by a broad base of enterprises and, through extensive real-world application, have been refined into referenceable industry methodologies.

Our tool products and customized solutions facilitate the development of new power systems. Through long-term and widespread adoption by our users, our products have become deeply embedded across all segments of new power systems, fostering an industry-wide consensus of “using KeLiang solutions for verification.” We have further reinforced our industry position by organizing the annual “Model-Based Intelligent Equipment Development and Testing Technology Conference”, an event focused on system modeling methodologies and practical problem-solving approaches that attracts a broad base of industry participants, thereby driving the technological advancement and strengthening customer stickiness through both technical depth and brand recognition.

The following graphic illustrates the architecture of our core technologies, tool products and solutions, and how they support applications across the new power system and the advanced equipment electrical system industries.

BUSINESS



Our customers are primarily based in the PRC and span the full spectrum of the energy and power industry. Our key customers include the national-level power grid companies, the two major energy enterprises, and are among the top ten power equipment manufacturers, the top ten power generation groups, as well as the top five global energy storage companies. Our customers also include power plants, third-party testing and certification institutions, as well as leading research and academic institutions such as the national-level and provincial-level electric power research institutes and leading universities, including over 50% of “Project 985” universities. All these customers have stringent requirements for the reliability, safety, and technological advancement of their power systems. Over the years, we have built enduring relationships with these customers, earning broad market recognition for our tool products and customized solutions.

We expect our market opportunities to grow substantially as new power systems trend toward higher penetration of both new energy and power electronics, and as the adoption of electronic and electrical systems in advanced equipment continues to increase.

We have demonstrated a strong track record of growth in our financial performance. Our revenue increased by 16.6% from RMB424.5 million in 2023 to RMB494.9 million in 2024, and further increased by 21.1% to RMB599.6 million in 2025. Our gross profit increased by 14.0% from RMB179.6 million in 2023 to RMB204.8 million in 2024, and further increased by 37.9%

BUSINESS

to RMB282.3 million in 2025. Our gross margin decreased slightly from 42.3% in 2023 to 41.4% in 2024 but increased to 47.1% in 2025.

Our tool products and solutions

Our tool products and solutions are essential parts of new power systems and advanced equipment electrical systems. We provide full-lifecycle digital infrastructure spanning planning, design, construction and operation, as well as across different system levels, from individual equipment to distribution networks and bulk power grids. We serve customers across all segments of the “source-grid-load-storage” value chain.

Our tool products and solutions portfolio spans from foundational tool products covering software and hardware to comprehensive solutions. As one of the few domestic technology enterprises offering full-lifecycle power system simulation and testing capabilities, we have become a key technology enabler of green energy transition and grid stability. We have built a multi-layered tool products and solutions portfolio, continuously extending our addressable market.

The following table sets forth our key tool products:

Tool products	Categories	Functionalities	Customer base	Key advantages
SimuNPS	Simulation software	- Multi-timescale modeling and simulation - Frequency-domain modeling and stability analysis - Visualization and user-defined extensibility	- New power system enterprises - Research and academic institutions - New energy and power electronics manufacturers - Advanced equipment manufacturers	- Full user autonomy and control - High fidelity with high computational efficiency - Full-scenario coverage - Scalable for large-scale engineering validation
iEnergyModel . . .	Model library	- Standardized and parameterized models - Multi-domain coverage - Model calibration and management	- Grid companies - Research and academic institutions - New energy and power electronics manufacturers - Advanced equipment manufacturers	- Deep industry expertise and domain knowledge - Dual-driven by mechanism and data-driven approaches - User-friendly and customizable - Built for continuous iteration

BUSINESS

Tool products	Categories	Functionalities	Customer base	Key advantages
HIL Simulation System	Digital-analog hybrid simulation system	- CPU + FPGA real-time closed-loop simulation - Signal-level and power-level HIL - Multi-controller coordination - Dedicated interface adaptation	- Grid companies - Research and academic institutions - New energy and power electronics manufacturers - Advanced equipment manufacturers - Third-party testing and certification bodies	- Nanosecond-level real-time simulation - Multi-system interoperability - Engineering-ready

See “— Our Business Model — Our tool products” for more details.

Our solutions integrate our tool products, built on our core foundational technologies including EMT simulation technology, mechanism-data dual-driven modeling technology and HIL simulation technology. See “— Our Technology” for more details. These capabilities, combined with our deep industry know-how, analytical expertise and customized implementation capabilities, built over nearly two decades of focused engagement in the field of digital energy technology, enable us to deliver fully operational, ready-to-use solutions to our customers. Our solutions deliver integrated systems encompassing modeling and simulation, mechanism analysis, solution optimization and strategy formulation.

Our solutions support the planning, design and construction of new power systems by enabling high fidelity modeling and simulation, system level verification and optimization under diverse operating conditions, including extreme scenarios. For ongoing operations, our O&M solutions establish a comprehensive framework for system-level management and control over complex, dynamic power systems, covering real-time monitoring, predictive risk identification, dispatch optimization, fault diagnosis and response, and energy efficiency improvement. See “— Our Business Model — Our solutions” for more details.

Our achievements

New power systems are inherently difficult to model and predict due to their structural complexity, large number of variables, and rapidly time-varying dynamics. Real-world trial and error in such systems is prohibitively costly and operationally impractical, creating a critical need for high-fidelity simulation capabilities. Our products and solutions fulfill this need by leveraging digital energy technologies to replicate system behavior across diverse operating conditions and fault scenarios, serving as essential tools for scientific research, equipment manufacturing, system planning and construction, and operational control throughout the “source-grid-load-storage” value chain.

Through extensive adoption and real-world deployment across a broad client base, our solutions have become established industry methodologies.

BUSINESS

Participation in all completed VSC-HVDC transmission projects in the PRC. Throughout the course of the PRC’s UHV transmission development and construction, we have achieved breakthroughs in critical technical bottlenecks. We have played an important role in planning, developing and validating technically demanding VSC-HVDC transmission projects, deriving optimal equipment specifications and system designs that balance performance and cost, enabling smooth project implementation and commissioning, and safeguarding long-term operational stability and reliability following commissioning. As of the Latest Practicable Date, we have participated in all completed VSC-HVDC transmission projects (such as the Zhangbei project, the world’s first VSC-HVDC grid project) and most of VSC-HVDC transmission projects under construction in the PRC.

Addressing broadband oscillation challenges in new energy grid integration. New power systems feature high penetration of new energy and power electronics. This gives rise to broadband oscillation, a challenge widely recognized as one of the foremost technical barriers to the safe development of new power systems. Approaching this problem from its underlying physical mechanisms, we have developed proprietary broadband oscillation simulation and analysis tools that, for the first time, enable proactive oscillation risk assessment and the formulation of preventive mitigation measures prior to system deployment. We have a proven track record in effectively deploying our tool products and solutions to address real-world broadband oscillation challenges, including a sub-synchronous oscillation incident in Hami, Xinjiang.

Tackling complex operating conditions. Our solutions have been deployed in projects with the most demanding technical requirements, including the following national-level projects:

Industry	Project	Significance
New power systems . . .	Zhangbei project (張北工程)	World’s first VSC-HVDC grid project
New power systems . . .	Qinghai photovoltaic DC project (青海大規模光伏經直流並網工程)	Large-scale photovoltaic DC grid integration
New power systems . . .	Rudong project (如東工程)	China’s first large-scale offshore wind power DC grid integration project
New power systems . . .	East China regional grid (華東地區電網)	World’s largest multi-DC landing point regional grid (ongoing operational optimization)
Advanced equipment electrical systems . . .	C909 aircraft	China’s first regional jet
Advanced equipment electrical systems . . .	C919 aircraft	China’s first narrow-body commercial aircraft
Advanced equipment electrical systems . . .	High-speed maglev system	World’s first 600 km/h long-haul high-speed maglev system for long-distance trunk line operations

BUSINESS

We have been recognized as a National “Little Giant” Enterprise (全國專精特新“小巨人”企業) since 2022 by the Ministry of Industry and Information Technology of the PRC. This qualification is generally reassessed by the relevant authorities every three years, and our current qualification is valid until 2028. We were also awarded the First Prize of the Excellent Scientific Research Achievement Award (科學研究優秀成果獎一等獎) by the Ministry of Education of the PRC in 2025. See “— Awards and Recognition” for more details.

Our market opportunities

Both globally and in the PRC, the digital energy solutions market is experiencing sustained growth, driven by increasing demand for full-lifecycle support, higher requirements for system-level verification and long-term operation, continuous advancement of technologies, and growth of downstream application industries.

Growth of downstream application industries. In the new power system industry, continuously growing electricity demand, driven by the accelerating electrification of end-use equipment and the expansion of emerging high-power-consumption sectors such as AIDCs, underpins rising demand for new power system infrastructure and related digital energy solutions. As new capacity is continuously added, grid topology and operating conditions evolve dynamically, increasing overall system complexity and reinforcing the need for continuous refinement of grid models and simulation-based verification frameworks. In the advanced equipment electrical system industry, accelerating electrification and increasing performance requirements of equipment are driving demand for more intelligent electrical systems.

Favorable policy environments. In the new power system industry, the Chinese government has been actively encouraging the development of and sustained capital investment in new power systems, with cumulative grid investment during the 15th Five-Year Plan period expected to exceed RMB5 trillion on the power grid side alone. In the advanced equipment electrical system industry, national policies in China promote large-scale equipment renewal and upgrades, combined with a regulatory shift toward stricter technical standards. Manufacturers are encouraged to continuously upgrade their electrical systems.

Continuous advancement of technologies. Technological advancement has been profoundly enhancing the fidelity, efficiency, and scalability of digital verification solutions, accelerating widespread commercial deployment of digital energy solutions.

For more details of drivers of the global and China digital energy solutions market, see “Industry Overview — Market drivers of the global and China digital energy solutions industry.”

Our tool products and solutions are integral to the development of new power systems, and the cumulative know-how, models and data that customers have built on our platform over time reinforce lasting partnerships with our customers. These trends, together with China’s leadership in energy system transformation and growing global demand for intelligent digital energy solutions, present us with significant and sustained market opportunities.

OUR COMPETITIVE STRENGTHS

Industry leadership with a broad and high-quality client base

Our industry leadership is underpinned by nearly two decades of focused engagement in the field of digital energy technology. We have spent nearly two decades focused on developing digital energy solutions that ensure the reliable and stable operation of new power systems and

BUSINESS

advanced equipment electrical systems. This sustained focus has earned us a leading position in our industry. According to Frost & Sullivan, our digital energy solutions had a market share of 5.48% in China’s new power system industry in 2025, making us a leading digital energy solutions provider in China.

A broad and high-quality client base built on long-standing trust. Over the past decade, we served over 700 clients cumulatively, including leading enterprises with significant influence in the new power system industry. Through deep involvement in multiple national-level projects, we have earned sustained recognition from our customers and established a strong demonstration effect that reinforces our market position. Our top five customers in each year during the Track Record Period have worked with us for an average of over 10 years.

A pioneer in the field of digital energy technology possessing differentiated technological advantages

Our tool products are at the international frontier. Our new-generation simulation software, SimuNPS, is the first in the world to adopt a fully coupled “time-domain, frequency-domain, information-domain and multi-energy-domain” architecture, addressing a gap in the international technology landscape. In particular, we have overcome the technical bottleneck of simulation time-step precision, a critical breakthrough that underpins the accuracy and reliability of our simulation capabilities. SimuNPS has improved simulation time-step resolution from the microsecond level to the nanosecond level and tripled offline simulation computational efficiency.

A self-reinforcing cycle of model development and simulation-based verification and analysis that forms our high barriers to entry. Leveraging measured data accumulated from over a thousand projects, including pioneering and key national-level projects, and extensive engineering expertise, we have built a high-precision, continuously expanding proprietary model library. Our models are designed for continuous iteration, adaptable to diverse scenarios and built on verifiable mechanisms, allowing them to replicate standard and extreme real-world operating conditions with a high degree of precision and certainty. The resulting simulation insights, in turn, continuously sharpen our models, creating a virtuous cycle that sets our business apart and raises the bar for new entrants.

Technology leadership translating into strong financial performance. As our models become increasingly precise, standardized and modular, and our simulation, verification and analysis capabilities continue to advance, this has enabled us to deliver solutions more efficiently and to a higher standard, driving steady improvement in profitability. We had a profit of RMB 28.7 million in 2023 and RMB26.1 million in 2024, representing a net profit margin of 6.8% and 5.3%, respectively. Our profit increased significantly to RMB93.0 million in 2025, representing a net profit margin of 15.5%. Our revenue per employee was RMB1.2 million in 2023, RMB1.3 million in 2024, and RMB1.6 million in 2025, based on the number of total employees as of the end of each period.

We are committed to staying at the forefront of our industry through a structured, forward-looking approach to innovation. We always keep three generations of products in parallel motion: one in production, one in development, and one in pre-research. This ensures we are well positioned to tackle emerging industry challenges and contribute to the safety and stability of new power systems. Our research and development expenses amounted to RMB61.5 million, RMB77.7 million and RMB90.8 million in 2023, 2024 and 2025, respectively, accounting for approximately 42.0%, 46.2% and 46.4% of our total operating expenses for the same periods.

BUSINESS

Experienced R&D team driving our technological advancement

Research and development is central to our operations and a key driver of our competitive strength. As of December 31, 2025, we had a dedicated team of 146 research and development employees, representing 39.5% of our total headcount. Our R&D team includes algorithm engineers, software engineers, hardware engineers, electrical engineers, and system engineers. For more details of our R&D team, see “— Research and Development — Our R&D team.” As of the Latest Practicable Date, we had 47 registered trademarks, 124 issued patents, 138 registered software copyrights and 38 registered domain names in the PRC. As of the same date, we have registered patents for all our core technologies. For details, see “Statutory and General Information — Further Information about our Business — Intellectual property rights of our Group.”

High customer stickiness and strong brand recognition, creating a self-reinforcing virtuous cycle

High customer stickiness. We provide full-lifecycle solutions that support our customers from planning and design through construction to long-term operations. Through continuous R&D investment, we have developed proprietary technologies, advanced methodologies and a cohesive technical stack that are embedded across our solutions, enabling our customers to achieve reliable large-scale deployment and sustained operational improvement. As customers continue to use our solutions, their validation protocols, project know-how and operational data become increasingly embedded in our platform, which compounds the value of our platform and contributes to strong, enduring customer relationships. In 2025, revenue generated from our repeat customers was RMB498.8 million, accounting for 83.2% of our total revenue.

Recognized industry benchmark. Throughout our development, we have worked closely with leading researchers and experts across the industry, and have established joint laboratories with six of the top universities in the field of electrical engineering in the PRC, earning a high degree of academic endorsement and professional credibility. In parallel, our solutions have been deployed in national-level and other major projects spanning UHV transmission, new energy grid integration, and other critical areas, where they have been rigorously tested in demanding real-world environments and proven to deliver reliable results, gaining wide adoption as industry benchmarks. Together, this combination of deep academic collaboration and proven project performance provides a strong basis for translating our technical credibility into sustained market leadership.

Cross-industry applicability of our technology, models, and analytical expertise

Our solutions are adaptable for broad applicability across industries and application scenarios. Through a modular architecture, standardized interfaces and a scalable software framework, our core technologies, models and analytical capabilities can be efficiently adapted to different industry requirements and use cases. This enables us to extend our solutions across multiple sectors with relatively low incremental development effort. Our technological framework facilitates deployment and integration of models and analytical methods in new contexts, supporting the continuous expansion of our application scope and commercialization pathways.

Management team with deep industry expertise and a proven track record

Our core management team has been at the forefront of the digital energy technology since the inception of our Company. With deep involvement in the ongoing development and

BUSINESS

innovation of China’s new power systems and advanced equipment electrical systems, they have accumulated first-hand experience across technology innovation, market development and operational management, positioning our Company for sustained long-term growth.

OUR STRATEGIES

Execute a three-dimension roadmap to continuously upgrade our value chain positioning

We are committed to supporting the safe, stable and intelligent operation of global energy systems. To achieve this goal, we plan to advance our strategic upgrade along three dimensions: first, continue to strengthen the technical sophistication and standardization of our existing tool products and develop new tool products; second, consolidate and extend our solution capabilities; and third, further evolve toward an AI-powered digital energy O&M solution provider. These three dimensions are closely interconnected and mutually reinforcing, forming a virtuous cycle whereby enhanced tool products underpin more competitive solutions, expanding solution capabilities in turn drive further product improvement, and the resulting growth across both dimensions accelerates our evolution toward an AI-powered digital energy O&M solution provider, progressively strengthening our overall competitive position. Through this progression, we aim to build a fully integrated value chain, designed to more systematically address the challenges and opportunities arising from the rapid development of new power systems.

Continue to invest in R&D to advance and commercialize our tool products and solutions portfolio

We believe that sustained investment in R&D is essential to maintaining our competitive edge. We aim to accelerate the development and commercialization of our products across our portfolio of tool products and solutions through the following initiatives:

Advance core R&D and product iteration. We will continue to invest in our tool products and solutions portfolio, alongside our modeling capabilities and simulation technologies. By leveraging real-world deployment data and customer feedback, we seek to enhance product performance, expand supported use cases, and drive greater computational efficiency across our portfolio.

Deepen industry-specific capabilities. We intend to continue to deepen our presence in the new power system industry, developing targeted solutions while remaining at the forefront of emerging trends. We believe this focused approach will reinforce our industry leadership, expand our market footprint, and position us to capture the favorable long-term dynamics shaping the industry.

Enhance our R&D infrastructure and talent base. We intend to grow our research and development team through a combination of internal promotion and external recruitment, while continuing to invest in laboratory facilities, computing infrastructure and testing environments that support ongoing innovation and enable us to respond promptly to evolving customer needs. Attracting and retaining top-tier talent remains central to sustaining our technological advantages.

Expand market reach with a customer-centric approach

Deepen engagement with our existing customers. As the energy sector’s digital transformation accelerates, we intend to deepen our relationships with existing customers to capture emerging opportunities. Many customers initially adopt our solutions for a specific

BUSINESS

application; from there, we seek to broaden our engagement across the full asset lifecycle, spanning the planning, design, construction and operation stages, and across the power value chain from generation, transmission, and load to storage, delivering integrated solutions backed by responsive technical support.

Broaden the reach of our technologies. We are committed to extending our technologies into new application areas, thereby reaching a broader customers base. In pursuit of this, we plan to refine our algorithms and tailor our solutions to an increasingly broad range of operational scenarios, making our technology platform more versatile and adaptable. Over time, we believe this will open up significant growth opportunities across the wider digital energy landscape.

Expand into international markets

As power systems worldwide transition toward carbon neutrality, markets outside the PRC are increasingly facing technical challenges similar to those we have addressed in the China market, including high-penetration renewable energy integration and grid stability. Our digital energy solutions have been developed and validated in the PRC, one of the world’s most complex and fast-evolving power markets, and we believe the experience and capabilities we have built position us well to serve customers in international markets with similar needs.

We plan to prioritize and establish our presence in the European market, where we intend to develop and provide localized products and on-the-ground technical support for the local customers, as well as build up our overseas sales channels. As of the Latest Practicable Date, we established two subsidiaries in Europe. Our long-term objective is to deliver full-lifecycle digital energy solutions to power markets globally and to contribute to the worldwide green energy transition.

Pursue strategic partnerships and investments

We selectively pursue collaborations, investments and acquisitions that can accelerate our technological development, broaden the tool products and solutions portfolio and strengthen our market position. When evaluating opportunities, we focus on alignment with our long-term strategy, the technological or commercial merit of the target, and the potential to integrate external resources, such as emerging technologies, complementary product lines and key supply chain capabilities, into our existing operations. We are particularly focused on investment, acquisition and licensing opportunities in relation to the application of AI in new power systems, which we believe can shorten our time-to-market and drive sustained growth.

OUR BUSINESS MODEL

We derive our revenue from the offering of our tool products and solutions, and technology services.

Our tool products and solutions portfolio spans from foundational software and hardware tools to comprehensive solutions. Underpinned by our core simulation and testing capabilities, our tool products and solutions serve as a brain, governing the digital infrastructure development lifecycle, spanning the planning, design, construction and operation stages. They are applicable through individual equipment to distribution networks and bulk power grids, serving customers across all segments of the “source-grid-load-storage” value chain.

BUSINESS

The development and broad adoption of our tool products and solutions is regarded as a cornerstone of digitalization of the new power systems and advanced equipment electrical systems. As one of the few technology enterprises offering full-lifecycle power system simulation and testing capabilities, we have positioned ourselves at the forefront of the energy transition and power grid modernization. For a graphic illustrating the architecture of our core technologies, tool products and solutions, and how they support applications across the new power system and the advanced equipment electrical system industries, see “— Overview — Who we are” above.

In addition, we derive a small portion of our revenue from technology services, which primarily comprise ancillary services related to our products and solutions, such as training, installation and commissioning, technical support during product development and engineering project commissioning, and maintenance.

The following table sets forth a breakdown of our revenue by business lines for the years indicated:

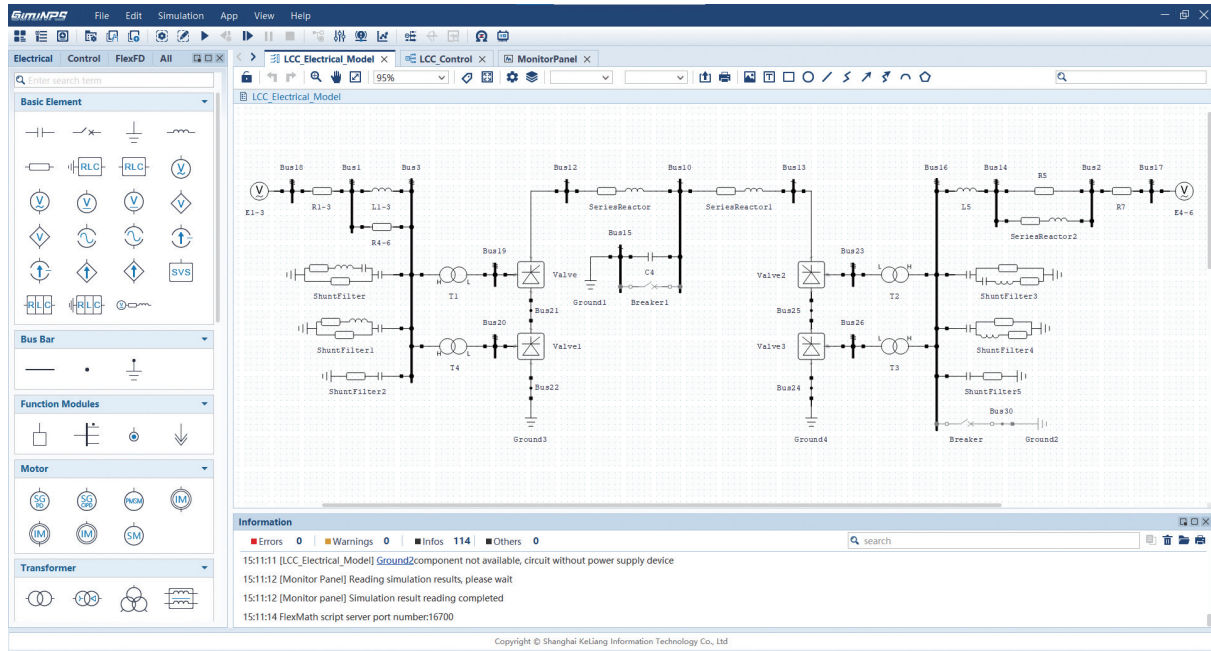
Year ended December 31,						
2023			2024		2025	
<i>RMB'000</i>	%		<i>RMB'000</i>	%	<i>RMB'000</i>	%
Types of goods or services						
Tool products and solutions	415,769	97.9	486,182	98.2	590,871	98.6
New power systems	317,367	74.8	356,215	72.0	507,985	84.7
Advanced equipment electrical systems	98,402	23.1	129,967	26.2	82,886	13.9
Technology services	8,739	2.1	8,741	1.8	8,681	1.4
Total	424,508	100.0	494,923	100.0	599,552	100.0

Our tool products

As power systems evolve toward a high penetration of new energy and power electronics, the conventional power system technology framework is increasingly challenged by inadequate simulation tools, low simulation accuracy, slow computation speeds and limited adaptability across application areas. Our simulation capabilities framework is built to address these deficiencies, and our tool products are the foundation of our simulation capabilities, spanning power system solution algorithms, parallel computing technology, HIL simulation platform and simulation analysis and consulting. Our software is at the international forefront of its field, including SimuNPS, our proprietary simulation software that features the world’s first fully coupled simulation technology that integrates the time-domain, frequency-domain, information-domain, and multi-energy-domain, according to Frost & Sullivan. For a table setting forth details of our key tool products, SimuNPS, iEnergyModel and HIL Simulation System, including functionalities, customer base, key advantages, see “— Overview — Our tool products and solutions.”

BUSINESS

SimuNPS — Our proprietary simulation software



SimuNPS is our proprietary integrated simulation software, with all core algorithms and software architecture independently developed in-house, providing a unified environment for dynamic modeling, simulation and comprehensive system analysis. The software features strong adaptability across a wide range of application scenarios and supports use cases at different system levels for both power equipment and advanced equipment. It is capable of addressing diverse requirements, ranging from individual components to complex systems, and from microgrids to large-scale power systems.

In particular, the frequency-domain stability analysis functionality of SimuNPS targets worldwide challenges in new power systems, such as broadband oscillation and resonance. SimuNPS employs an integrated approach combining frequency-domain modeling, impedance analysis, and stability assessment, presenting broadband oscillation risk points, stable operating margins, and impact ranges through intuitive visual curves and quantitative data reports. This provides users with capabilities spanning oscillation mechanism analysis, early risk warning, and suppression strategy optimization, thereby resolving a critical pain point where conventional simulation tools fail to accurately capture broadband oscillation phenomena. Compared with leading international peer products, the time-domain simulation functionality of SimuNPS achieves faster computation, higher simulation accuracy, and superior numerical robustness, effectively addressing persistent limitations of conventional software in power-electronic-dominated new power systems, including simulation divergence, excessive error margins, prohibitively low computation efficiency, and inadequate model adaptability.

As new power systems increasingly incorporate power electronic devices, conventional simulation tools face growing limitations. In the time domain, traditional software is prone to simulation divergence, significant error accumulation, low computation efficiency, and limited model adaptability. In the frequency domain, conventional tools are generally unable to accurately identify broadband oscillation and resonance phenomena.

Our SimuNPS is designed to address these challenges through two core functional modules: (i) with respect to time-domain simulation, SimuNPS employs proprietary high-performance numerical algorithms to achieve faster computation speed, higher simulation accuracy, and higher numerical robustness of simulation results as compared to leading international products, enabling reliable simulation of the new power systems where legacy simulation software are

BUSINESS

prone to divergence or excessive error; (ii) with respect to frequency-domain stability analysis, SimuNPS combines frequency-domain modeling, impedance analysis, and stability assessment into an integrated analytical framework, through which it identifies broadband oscillation risk points, quantifies stable operating margins, and delineates impact ranges, presenting results through visualized graphs and reports with quantified results to support oscillation mechanism analysis, risk assessment, and optimization of oscillation suppression strategies. In addition, SimuNPS supports user-defined extensibility, allowing users to develop and integrate their own models, components, or control algorithms tailored to specific project requirements. We believe SimuNPS is well-positioned to serve as an alternative to world’s leading simulation software in applicable use cases.

Building on its distinctive technical strengths and customizable architecture, SimuNPS helps users reduce power-system instability risks, lower construction and operating costs, shorten equipment R&D and testing cycles, and improve the efficiency of project feasibility analysis and validation. These advantages have translated into strong commercial traction. As of the Latest Practicable Date, SimuNPS has been adopted by a broad customer base of major industry participants, including power grid companies, power-generation groups, power-equipment manufacturers, integrated energy service providers, and leading universities and research institutions in the PRC.

iEnergyModel — Our model library software



We have developed iEnergyModel, a multi-scale engineering model library software.

Drawing on proven methodologies and real-world engineering data, iEnergyModel encapsulates a broad range of models, spanning power electronic equipment, new energy plants, power systems, and advanced equipment. Our models are continuously refined through field measurements and real-world experience, and are calibrated to reflect the operating characteristics of mainstream vendor equipment, thereby addressing the gap between generic industry models and actual field dynamics.

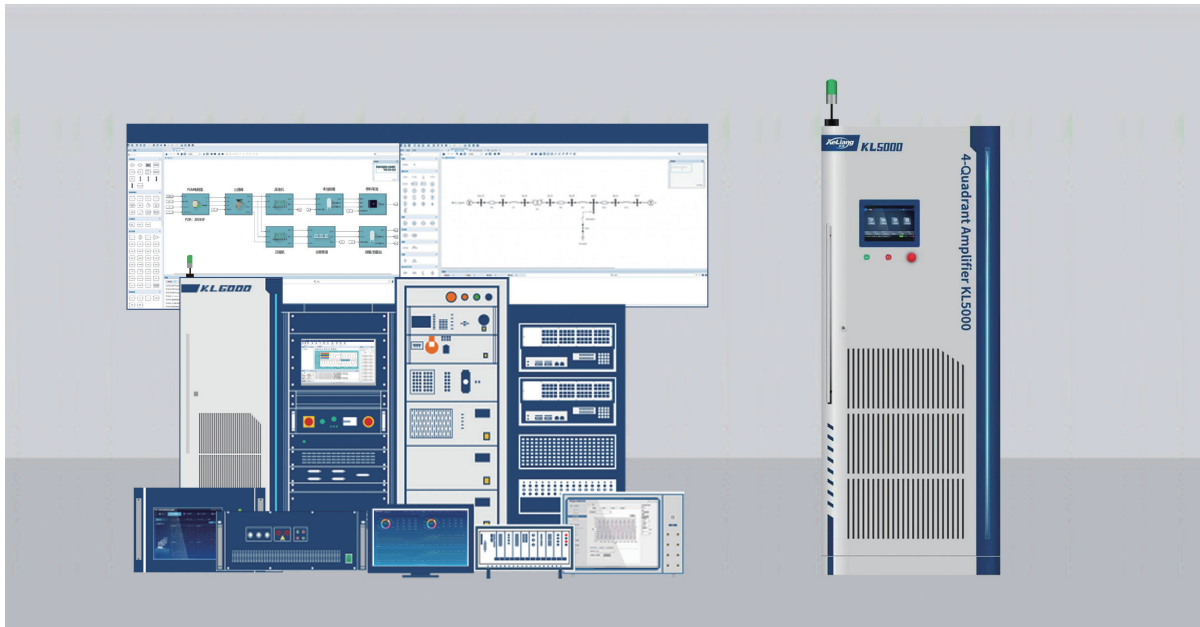
BUSINESS

In terms of coverage, iEnergyModel encompasses over 1,000 categories of core equipment and system models, including photovoltaic, wind power, energy storage, HVDC, and grid-forming converters, and supports complex simulation scenarios involving the coupling of power electronics, power systems, and integrated multi-energy flows.

iEnergyModel is compatible with common simulation software, including SimuNPS, MATLAB/Simulink, Hypersim, and DIgSILENT, and supports cross-platform engineering workflows with plug-and-play deployment, allowing seamless integration into existing power system environments. In addition, iEnergyModel offers user-defined extensibility, enabling users to develop and incorporate their own models, components, or control algorithms to accommodate project-specific simulation requirements. Together, these capabilities facilitate efficient model construction and repeatable simulation across power system planning and design, equipment testing, engineering validation, control-strategy development, and academic research.

In practice, iEnergyModel has helped significantly reduce modeling lead times and lower testing and validation costs, while enhancing simulation reliability and improving project delivery efficiency. It has been deployed to support the preliminary assessment and equipment testing phases of multiple national-level power projects. We have established deep collaborations with hundreds of vendors in the PRC across “source-grid-load-and-storage” value chain.

Our HIL Simulation System



We have developed a HIL Simulation System that integrates simulation software, real-time simulators, and power amplifiers. For each of these key components, we use either our self-developed software (SimuLab) and hardware or procure them from third-party suppliers. The system supports the full verification workflow across software-in-the-loop (SIL), RCP, HIL and PHIL. The system adopts a heterogeneous multi-core CPU + FPGA architecture, enabling simulations across multiple time scales and multi-rate real-time parallel computation for complex heterogeneous systems and distributed synchronized execution.

Our HIL Simulation System is underpinned by our HIL simulation technology, see “— Our Technology — HIL simulation technology” for more details.

BUSINESS

Our HIL Simulation System has achieved scaled commercial adoption and helped significantly reduce new-product R&D cycles and materially lower on-site commissioning risks. As of the latest practicable date, the system has supported more than 100 major new energy and VSC-HVDC projects. The system has been selected as a designated testing solution for multiple national-level demonstration projects, major grid-scale VSC-HVDC projects and multi-gigawatt renewable bases. Supported by stable, reliable performance and comprehensive technical services, the system maintains high repurchase rates and customer stickiness. These strengths have established robust brand barriers and customer ecosystem advantages, making it challenging for new industry entrants to quickly replicate the same scale of engineering data accumulation, model validation systems, and customer partnership networks.

Our solutions

Our solutions integrate our tool products, built on our core foundational technologies including EMT simulation technology, mechanism-data dual-driven modeling technology and HIL simulation technology. See “— Our Technology” for more details. These capabilities, combined with our deep industry know-how, analytical expertise and customized implementation capabilities, built over nearly two decades of focused engagement in the field of digital energy technology, enable us to deliver fully operational, ready-to-use solutions to our customers. Our solutions deliver integrated systems encompassing modeling and simulation, mechanism analysis, solution optimization and strategy formulation.

We design solutions to support different stages of the lifecycle of equipment and power systems: (i) solutions for the planning, design, and construction stages; and (ii) O&M solutions that establish a comprehensive framework for system-level management and control over complex, dynamic power systems. See “Business — Our Business Model — Our solutions” for more details.

Planning, design and construction solutions

Planning stage

We employ high-precision EMT simulation technology and wide-frequency impedance analysis methodologies, integrated with our proprietary iEnergyModel software, to deliver a comprehensive suite of planning-stage solutions. These solutions provide operational characteristic analysis and assessment, wide-frequency oscillation analysis and mitigation design, multi-level coordinated control strategy design and optimization, power dispatching and communication network planning, as well as early risk warning and reliability verification for new power systems. Our planning-stage solutions support grid enterprises and planning and design institutes in assessing technical robustness and cost-effectiveness of planning schemes, and in ensuring project feasibility for construction of major energy bases, cross-regional transmission corridors, and grid integration projects from the planning stage.

Case study 1. Customer I is a core research institution for new power systems planning in the PRC, undertaking major tasks including national and regional grid planning, new energy grid-connection planning, and feasibility studies for UHV and VSC-HVDC projects. With the accelerating development of new power systems featuring high penetration of new energy and power electronics, conventional planning tools have encountered notable limitations in respect of providing high-fidelity modeling of large-scale power grids, wide-frequency oscillation risk identification, and coordinated resource optimization across source, grid, load and storage. We provided Customer I with a customized development and deployment of SimuNPS, which integrated EMT simulation and frequency-domain impedance scanning analysis, forming an integrated planning support capability encompassing “modeling-simulation-analysis-decision making.” As of the Latest Practicable Date, such customized solution has been successfully applied in multiple major projects, including the planning of new energy bases and demonstration zones for new power systems.

BUSINESS

Design and construction stage

We provide equipment manufacturers and engineering contractors in new power system and advanced equipment electrical system industries with closed-loop verification services, from device design and system integration to on-site commissioning.

- New power systems

We deliver HIL testing and grid-connection testing solutions for key electrical equipment including wind and solar converters, modular multilevel converter valve control systems for HVDC and relay protection devices. Our solutions enable customers to complete optimization of control strategies governing how the equipment operates, verification of whether protection devices respond correctly during faults, and simulation of fault for the power system during the design and construction stages, thereby substantially reducing on-site commissioning workloads, shortening construction cycles and mitigating commissioning risks. Our solutions have been broadly applied across new energy equipment, energy storage, HVDC, and more, and have successfully supported multiple leading enterprises in completing core product upgrades and delivering major new power system projects.

Case study 2 — equipment-level application. Customer II operates a national-level technology development platform with independent and controllable core equipment, making it a leading enterprise in the field of R&D and testing of new energy equipment. Leveraging our high-precision models for wind turbine converters, photovoltaic inverters, energy storage converters, energy storage batteries and regional-level power grid, we customized a HIL Simulation System for Customer II. The system enables steady-state and transient performance testing of wind, photovoltaic and energy storage systems under grid disturbances, based on which we conducted analysis and improvement of the connection of key electrical equipment with the power grid, avoiding potential oscillation. Our solutions have played a critical role in enabling the safe and scalable deployment of Customer II’s new energy grid-connection projects. The successful delivery of these projects has been well recognized by the customer, further strengthening our position as a leader in new power system simulation technology.

Case study 3 — regional new energy base application. Customer III is a leader and a pioneer in power system simulation in the PRC, with internationally leading capabilities in large-scale grid simulation, HIL simulation and EMT simulation. We provided Customer III with HIL Simulation Systems for HVDC projects, as well as modeling and real-time simulation verification for various HVDC projects under both steady-state and transient conditions. We have completed the routine operation and maintenance of commissioned simulation equipment for major inter-provincial ± 800 kilovolt UHVDC transmission corridors, including project connecting Ximeng (錫盟) — Taizhou (泰州), Shanbei (陝北) — Wuhan (武漢), Yalongjiang (雅礱江) — Boyanghu (鄱陽湖) and Baihetan (白鶴灘) — Jiangsu (江蘇). In addition, we have completed pre-commissioning testing under various operating conditions for newly constructed DC transmission projects connecting Longdong (隴東) — Shandong (山東) and Ningxia (寧夏) — Hunan (湖南). Our solution has strengthened Customer III’s VSC-HVDC simulation testing system, supporting the localization and engineering deployment application of DC transmission technologies in the PRC.

- Advanced equipment electrical systems

Our solutions are also applied in the advanced equipment sector including AIDCs, aircraft and marine vessels. To address stringent requirements for safety, reliability, real-time performance and regulatory compliance, we have developed capabilities spanning research and

BUSINESS

development through system commissioning. These include validation of control system functionality and performance, ensuring that systems operate as intended and meet required performance standards, as well as simulation- and testing-based verification to support model certification and compliance with applicable industry and regulatory requirements.

Case study 4 — Aircraft electrical systems. Customer IV is a leading civil aircraft manufacturer in China and serves as the critical verification center for large aircraft from R&D to commercial operation in the PRC, representing the highest technical and engineering standards in the PRC’s civil aircraft manufacturing. We provided Customer IV with integrated simulation and testing solutions for aircraft electrical systems, comprising system-level modeling, customized flight test scenario design, and real-time simulation and validation capabilities. Our solutions help Customer IV successfully addressed critical technical challenges in data bus integration and in the development of integrated simulation and testing systems. Building on these capabilities, Customer IV achieved commercial operation of the C919 model in the PRC, the overseas commercial operation of the C909 model, and completed supporting tasks including the long-distance testing flight covering Xinjiang, Yunnan and Hong Kong.

O&M solutions

Our O&M solutions establish a comprehensive framework for system-level management and control over complex, dynamic power systems, covering real-time monitoring, predictive risk identification, dispatch optimization, fault diagnosis and response, and energy efficiency improvement. By replacing the traditional experience-driven management approach with simulation-based intelligent decision-making, our solutions enable the digital transformation of power system operations, providing our customers with safe, efficient, economical and reliable operational management support.

Specifically, our solutions create a real-time digital twin of the physical energy system, accurately reproduce operating conditions across various scenarios, and deliver predictive risk identification with an accuracy rate of 95% or above, as well as automated dispatch optimization. Through simulation-based scenario projection and fault replay, our solutions mitigates both safety risks and economic losses. Our O&M solutions have supported multiple customers in the intelligent transformation of their energy systems, driving improvements in operational efficiency, safety performance and economic returns.

Case Study 5. Customer V is a leading provincial-level power system research institute whose practices in grid planning, intelligent O&M and new energy accommodation have provided a proven framework for the digital transformation of provincial grid operations nationwide. We provided Customer V with our O&M solution, a simulation and verification platform, for management and control over provincial-level new power systems. This platform supports Customer V to simulate various possible scenarios of systems failures, including the process of integration of energy storage clusters and high-penetration renewable energy into the grids. By identifying the possible risks and establishing preemptive mitigation measures, our solution supports the safe operation of the provincial power grids. Besides, our solution also enables Customer V to make comprehensive analysis through the “source-grid-load-storage” value chain to achieve long-term safety and efficient operation and management of the grids.

OUR TECHNOLOGY

Drawing on extensive field data accumulated from over 1,000 engineering projects, we have developed a full-stack simulation technology framework spanning (i) EMT simulation, (ii) mechanism-data dual-driven modeling, (iii) HIL simulation, and (iv) frequency-domain stability

BUSINESS

analysis. This framework enables rapid, end-to-end simulation and verification across a wide range of scenarios, from individual equipment to regional power grids, and provides foundational technical support for the digital transformation of new power systems. Our technology underpins our tool products and comprehensive solutions, delivering simulation capabilities that span electric components, equipment and system levels, and has been instrumental in securing major project awards and establishing us as a qualified supplier to leading industry participants.

EMT simulation technology

Our EMT simulation technology enables high-fidelity modeling of fast and complex electromagnetic transient dynamics in power systems at nanosecond-to-millisecond resolution. As new power systems incorporate increasing proportions of new energy sources and power electronic devices, conventional EMT simulation methods are increasingly insufficient to capture fast transient processes or to accurately assess broadband oscillation and stability risks. Our EMT simulation technology addresses these challenges by providing credible, reproducible and quantifiable simulation results for grid planning, equipment development, grid-connection testing and security and stability analysis.

In the field of new energy and power electronics equipment simulation, our EMT simulation technology helps customers significantly shorten equipment development cycles and reduce testing labor costs, while materially improving first-pass compliance rates. For large-scale power system simulation, our technology achieves simulation granularity over 200 times that of conventional electromechanical transient simulation, with model-to-field data fitting accuracy exceeding 90%. Our EMT simulation technology also supports power electronics and distribution system simulation for advanced equipment electronics. Supported by this technology, our tool products and comprehensive solutions have achieved a leading market share among EMT simulation providers in the PRC. We have delivered an extensive portfolio of projects leveraging this technology, establishing a highly recurring and scalable business model.

Mechanism-data dual-driven modeling technology

Our mechanism-data dual-driven modeling technology leverages multi-source field data, including grid operational data, equipment testing data and fault recording data, to precisely calibrate and dynamically refine the parameters of mechanism-based models, ensuring that simulation models faithfully reproduce the behavior and parameters of their physical counterparts. Through a data-driven closed-loop calibration process, our technology continuously refines model accuracy by iteratively comparing simulation outputs with real-world measurements and feeding deviations back into parameter optimization. This approach effectively addresses the limitations of traditional models, where simulation results may diverge from actual system behavior. As a result, our models provide “physically reliable and data-accurate” representations of real-world systems, enhancing the the real-world applicability of power system simulations and equipment testing, and supporting applications such as system analysis, equipment R&D and testing, and operational optimization decisions.

This technology reduces modeling costs and accelerates project delivery. Calibrated models can be directly reused across multiple projects and scenarios, substantially improving modeling efficiency. Practically, the modeling cycle for a single new energy station has been shortened from 15 days to less than three days. The superior model accuracy and engineering adaptability underpinned by this technology have enabled us to establish supply relationships with industry leaders. Our solutions based on this technology have been deployed in several hundred major projects, forming a differentiated competitive position in the digital energy solutions industry.

BUSINESS

HIL simulation technology

Our HIL simulation technology, built around EMT simulation, creates a closed-loop semi-physical simulation environment integrating digital models with physical equipment. The system interfaces with a broad range of control and protection devices operating across multiple time scales from nanoseconds, microseconds, milliseconds and seconds to minutes, enabling high-fidelity replication of fast electromagnetic transients and multi-time-scale coupling dynamics in power systems, power electronics equipment and electrical systems of advanced equipment, thereby providing a highly realistic virtual testing environment for system control validation, fault testing and performance assessment. The technology addresses three persistent industry challenges: (i) digital simulations often lack credibility as they struggle to faithfully replicate real-world operating conditions; (ii) physical field testing is costly, time-consuming and carries safety risks, with extreme scenarios particularly difficult to reproduce; and (iii) legacy simulation approaches require significant trade-offs among computational accuracy, simulation scale and processing efficiency. The technology also serves as a calibration benchmark for digital models, offering a safe, efficient and cost-effective verification pathway for grid planning, equipment development, grid-connection testing and secure system operation.

Compared to traditional physical field testing, our HIL simulation technology enables more efficient and cost-effective testing processes, while helping to mitigate the risks of equipment damage and safety incidents. Compared to digital simulations, our HIL simulations more closely mirror real-world operating conditions and can replicate extreme scenarios, such as low-voltage ride-through and fault impulse events, resulting in more comprehensive and reliable equipment testing. With respect to grid simulation, leveraging a distributed parallel computing architecture and multi-rate computation algorithms, the technology has supported the simulation and verification of all VSC-HVDC grid-connection systems in the PRC. Our HIL simulation technology had assisted national-level power grid companies and provincial-level electric power research institutes in completing dozens of provincial-level and above grid planning and security and resilience enhancement projects, effectively improving large-scale power grid’s capability to integrate for new power and enhancing the stable and safe operational of power systems. With respect to equipment R&D, this technology enables the rapid replication of power electronics equipment performance under a wide range of operating scenarios, facilitating more efficient testing, verification, and optimization, and thereby helping equipment developers shorten the R&D cycles.

We were among the first to deploy PHIL technology at scale. Leveraging this technology, we have supported leading manufacturers in R&D and obtaining third-party grid-connection certification of hundreds of new energy converters, energy storage power conversion systems, static var generators and HVDC converter valves. Leveraging multi-time-scale coordination, large-scale simulation and high-precision coupling capabilities of this technology, we have achieved a leading market position among digital energy solution providers in the new power system industry in China and have successfully entered the supply chains of leading new energy equipment manufacturers, with cumulative project engagements exceeding 1,000.

Frequency-Domain stability analysis technology

As new energy has been integrated into power grids at an increasing scale and power electronic devices have become more prevalent, the dynamic behavior of power systems is changing profoundly. One of the most pressing challenges is the growing risk of broadband oscillation, spanning frequencies from a few hertz to several thousand hertz. Such incidents have been reported with increasing frequency around the world. For example, in March 2024, a regional solar photovoltaic plant in the PRC was forced offline due to broadband oscillation,

BUSINESS

while in the Guyuan area of Zhangjiakou, home to approximately five GW of installed renewable energy capacity at its peak, 20 resonance events were recorded between January 2022 and January 2024, posing serious risks to grid stability and equipment safety. Conventional time-domain simulation methods have proven insufficient in addressing these challenges, as they are inherently limited in their ability to uncover the root causes of such oscillations.

Instead of relying on expert judgment and repeated custom development, we developed the standardized, modular and reusable frequency-domain analysis technology. This technology substantially shortens the stability analysis cycle by several hundredfold, thereby significantly enhancing the efficiency of oscillation monitoring, early warning, and mitigation capabilities of grid operators and power research institutes. It has been successfully applied in dozens of provincial and higher-level grid stability analysis projects, reinforcing our position as a core supplier to national-level power grid companies, research and academic institutions and leading new energy equipment manufacturers. We have also participated as a critical contributor in the development of one national standard and five power association standards for broadband oscillation analysis and impedance testing, translating our proprietary technology into industry specifications.

BUSINESS WORKFLOW FOR OUR SOLUTIONS

We have developed a systematic business workflow to ensure the efficient delivery of our solutions and a high level of customer satisfaction. The following sets out the key stages of our business process, from initial customer engagement to acceptance of our solutions.

Customer engagement and solution design. We work closely with customers from the outset to develop a thorough understanding of their specific requirements and technical challenges. Taking into account the scale and complexity of the customers’ simulation requirements and budget considerations, we leverage our suite of tool products to design tailored solutions that address the customer’s needs.

Training and technical support. To facilitate the effective use of our solutions, we provide comprehensive training services both before and after product delivery. Depending on customer preferences, training sessions may be conducted at our facilities or on-site at the customer’s premises.

Installation and commissioning. Upon delivery of our products to customer-designated locations, our engineers conduct on-site installation and commissioning to ensure proper system setup. Our engineers also assist customers in building and configuring simulation models in accordance with the required specifications and conduct testing to verify system performance.

Acceptance. Following the successful completion of testing, customers proceed with formal acceptance of the delivered products and solutions.

Tender process

Our customer base largely comprises state-owned or state-affiliated enterprises and private companies in the PRC. We acquire contracts through various means, including open tenders, request for proposal and commercial negotiations with our clients. Particularly, for contracts with state-owned or state-affiliated enterprise customers, they are generally required to select suppliers for any given project through a competitive tendering process, or request for proposal, depending on factors such as project complexity and contract value, in compliance with applicable PRC laws and regulations and their respective internal procurement policies.

BUSINESS

With respect to the tender process, we identify tender opportunities through various channels, including daily customer contact by sales staff, or public tender information retrieval. We then conduct a preliminary assessment of the project and evaluate its profitability and feasibility based on the requirements and specifications of the project. If we consider the project to be commercially viable, we proceed to prepare the tender documents. Upon a successful bid, we enter into formal contracts with our customers setting out the detailed specifications, delivery schedule and other commercial terms. In 2023, 2024 and 2025, revenue derived from contracts obtained through tenders was RMB276.3 million, RMB273.9 million, and RMB223.3 million, respectively, accounting for 59.4%, 53.4%, and 36.5% of our total revenue for the respective years.

The table below demonstrates the total number of tenders submitted by our Group and the tender success rates during the Track Record Period.

	As of December 31,		
	2023	2024	2025
Number of tenders submitted	110	89	116
Number of contracts awarded ⁽¹⁾	78	61	65
Tender success rate	70.9%	68.5%	56.0%

Note:

- (1) Number of contracts awarded for a given year/period indicates contracts resulting from tenders submitted during that year, comprising contracts awarded in the same year and in any subsequent year/period.

Our tender success rate decreased from 70.9% in 2023 to 68.5% in 2024 and further to 56.0% in 2025. This decrease was primarily attributable to intensifying market competition. As more market participants have entered or expanded their presence in the industry, we have faced greater competition in tendering processes, which has contributed to the decline in our tender success rate.

Notwithstanding the above, we believe that the decline in our tender success rate does not necessarily reflect a deterioration in our competitive position or service capabilities and quality. As discussed above, the revenue contribution from contracts obtained through tenders decreased from more than 50% in 2023 to less than 40% in 2025. In terms of the number of contracts, only a limited and declining proportion of our contracts were obtained through the tendering process, representing approximately 30% of the total number of contracts we obtained during the Track Record Period.

Furthermore, as we have established and deepened long-term cooperative relationships with our customers over the years, we have increasingly acquired new contracts through methods other than tenders, such as request for proposal and direct commercial negotiations, to the extent permitted by customers’ internal policies. As a result, our sources of contract acquisition have become increasingly diversified, and other contract acquisition channels have grown in relative importance to our overall business development. Our ability to sustain revenue growth has been, and is expected to continue to be, supported by our diversified contract acquisition channels and strong customer loyalty.

BUSINESS

While we believe that the decline in our tender success rate has not materially affected our overall business performance for the reasons set out above, the tendering process remains subject to inherent uncertainties and competitive pressures. For further details regarding these and other risks, see “Risk Factors — We may not be successful in the tender processes for potential projects and our business and financial condition may be adversely affected.”

OUR CUSTOMERS

Our customers consist of a broad base of enterprises in the new power system industry, including power grid companies and their affiliated electric power and energy research institutes and electrical equipment manufacturers, as well as advanced equipment manufacturers, including aircraft, marine vessels, and rail transit. We also serve leading universities, research institutions, and power testing laboratories. Substantially all of our products and solutions are sold within the PRC, with a small portion sold in Hong Kong. We continuously analyze customer dynamics and market demands in key sectors to identify new opportunities across industries, which allows us to expand the use cases of our solutions, thereby broadening our customer base.

During the Track Record Period, our major customers are located or headquartered in the PRC.

The following tables set forth details of our five largest customers (on a consolidated group basis) in each year during the Track Record Period.

For the Year Ended December 31, 2025					
Customer	Products/services provided by us	Year of commencement of business relationship with us	Typical credit terms	Sales (RMB'000)	Percentage of total sales (%)
Customer A ⁽¹⁾	Tool products and solutions	2022	60 days	106,324	17.7
Customer B ⁽²⁾	Tool products and solutions	2012	30–90 days	96,925	16.2
Customer C ⁽³⁾	Tool products and solutions	2012	30–90 days	71,055	11.9
Customer D ⁽⁴⁾	Tool products and solutions	2012	30–90 days	30,956	5.2
Customer E ⁽⁵⁾	Tool products and solutions	2016	30–90 days	24,843	4.1
Total				<u>330,103</u>	<u>55.1</u>

BUSINESS

For the Year Ended December 31, 2024

Customer	Products/services provided by us	Year of commencement of business relationship with us	Typical credit terms	Sales (RMB'000)	Percentage of total sales (%)
Customer B ⁽²⁾	Tool products and solutions	2012	30–90 days	78,415	15.8
Customer D ⁽⁴⁾	Tool products and solutions	2012	30–90 days	55,629	11.2
Customer F ⁽⁶⁾	Tool products and solutions	2013	30–90 days	45,395	9.2
Customer A ⁽¹⁾	Tool products and solutions	2022	60 days	30,372	6.1
Customer C ⁽³⁾	Tool products and solutions	2012	30–90 days	20,431	4.1
Total				230,242	46.5

For the Year Ended December 31, 2023

Customer	Products/services provided by us	Year of commencement of business relationship with us	Typical credit terms	Sales (RMB'000)	Percentage of total sales (%)
Customer B ⁽²⁾	Tool products and solutions	2012	30–90 days	98,862	23.3
Customer D ⁽⁴⁾	Tool products and solutions	2012	30–90 days	49,714	11.7
Customer C ⁽³⁾	Tool products and solutions	2012	30–90 days	29,623	7.0
Customer G ⁽⁷⁾	Tool products and solutions	2018	30–90 days	19,506	4.6
Customer H ⁽⁸⁾	Tool products and solutions	2014	30–90 days	18,874	4.4
Total				216,579	51.0

Note:

- (1) Customer A, a PRC company established in 1987, is an information and communications technology solutions and smart devices provider, principally engaged in research, development, manufacturing and sales of telecommunications equipment, consumer electronics and enterprise solutions.
- (2) Customer B is a state-owned enterprise established in the PRC in 2003, principally engaged in the investment, construction and operation of power grids. It is a central state-owned enterprise directly managed by the State Council and its operations cover 26 provinces, autonomous regions and municipalities in the PRC, supplying electricity to over 1.1 billion people.
- (3) Customer C is a state-owned enterprise established in the PRC in 2004, principally engaged in investment, construction and operation of the southern regional power grid covering Guangdong, Guangxi, Yunnan, Guizhou and Hainan provinces.
- (4) Customer D is a state-owned enterprise established in the PRC in 2008, principally engaged in the research, development, manufacturing and sales of aviation-related products.

BUSINESS

- (5) Customer E is a PRC company established in 2007, principally engaged in the research, development, production and sales of solar inverters, energy storage systems, new energy vehicle driving systems, renewable energy power generation project development and other new energy equipment. Customer E is listed on the Shenzhen Stock Exchange.
- (6) Customer F is a state-owned enterprise established in the PRC in 2021 through the reorganization of several power equipment enterprises, principally engaged in research, development, manufacturing and sales of power transmission and distribution equipment, comprehensive energy services, energy storage, rail transit and industrial automation products.
- (7) Customer G is a state-owned enterprise established in the PRC in 1989, principally engaged in power source development, investment, construction, operation and management, electricity (heat) production and sales, as well as coal, financial services, transportation and new energy businesses.
- (8) Customer H is a state-owned enterprise established in the PRC in 2002, principally engaged in the research, development, manufacturing and sales of rail transit equipment, including locomotives, rolling stock, urban rail vehicles, and new industry products such as wind power equipment and new energy vehicles.

To the best of our knowledge, all of our five largest customers in each year during the Track Record Period were Independent Third Parties. None of our Directors, their respective associates or any of our Shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our five largest customers in each year during the Track Record Period.

The payments made to us by our major customers are primarily in Renminbi and U.S. dollars by way of bank transfers.

We generally enter into sales agreements with our major customers as needed, pursuant to which we provide digital real-time simulation platforms and related software and hardware equipment, together with installation, commissioning and training. Below is a summary of the salient terms of our typical agreements with major customers:

Purchasing Amount and Pricing. The purchasing amount and pricing for each type of product are subject to negotiation and stipulated in each sales agreement. The contract price is typically fixed at a lump sum amount, covering the full scope of equipment, and software, together with the necessary installation, testing, technical guidance and training services.

Payment. Customers are generally required to make payments by milestones such as contract signing, acceptance and expiration of the warranty period. Payments are generally made by wire transfer.

Transportation and Delivery. We are responsible for delivering the products to the customer’s designated location at our own cost within the period stipulated in the agreement.

Product Warranty. A product warranty period of 12 to 24 months from the date of acceptance is typically granted by us to the customer. During the warranty period, we will repair or replace products with quality issues at no extra cost.

BUSINESS

Customer concentration

For each of 2023, 2024 and 2025, revenue from our five largest customers was RMB216.6 million, RMB230.2 million, and RMB330.1 million, accounting for 51.0%, 46.5%, and 55.1% of our total revenue, respectively, while revenue from our single largest customer accounted for 23.3%, 15.8% and 17.7% of our total revenue, respectively. Our business operations are subject to customer concentration, mainly due to the following reasons: (i) our key addressable markets, including power grid companies, power equipment manufacturers, and advanced equipment manufacturers, in China are characterized by a concentrated structure with limited market participants, according to Frost & Sullivan; and (ii) only a limited number of state-owned enterprises and large private companies possess the scale of operations, technical infrastructure and procurement budgets necessary to procure our solutions, given the large contract value, complexity, and high degree of customization involved in our projects. For a discussion of customer concentration risk, see “Risk Factors — Risks Relating to Our Business and Our Industry — We derived a significant portion of our revenue from a limited number of customers during the Track Record Period and may continue to be exposed to the risk of such concentration in the future.”

Although a significant portion of our revenue was derived from our five largest customers during the Track Record Period, we do not consider ourselves to be materially dependent on any single customer. For purposes of this document, our major customers are presented on a consolidated group basis, whereby entities under common control of the same parent company or ultimate controlling shareholder are aggregated and treated as a single customer. Notwithstanding the foregoing, our actual business is conducted with the individual, member entities within each such customer group. Each of these individual entities independently makes its own commercial decisions, including with respect to procurement, in particular. We enter into separate agreements with each such individual entity, and the terms and conditions thereunder are negotiated and agreed upon independently with each counterparty.

We believe our relationship with our major customers is characterized by mutual dependency. Our products and solutions provide full-lifecycle support covering “planning-design-construction-operation” and become deeply integrated with our customers’ existing systems and workflows, creating significant switching costs. As customers continue to use our solutions, their validation protocols, project know-how and models become increasingly embedded in our platform over time, reinforcing lasting partnership. We believe that the highly customized nature of our solutions, combined with our proprietary technologies and industry-specific methodologies that have become established industry benchmarks, means that our major customers have limited readily available alternatives that can satisfy their requirements for complex system-level simulation, testing, and verification configurations.

In addition, none of our customers has entered into any long-term framework agreement or minimum purchase commitment that would obligate them to continue purchasing from us, and the revenue contribution from our top customers has fluctuated during the Track Record Period, indicating that our customer concentration is primarily driven by the scale and procurement cycles of these customers rather than any structural dependency. Notwithstanding the absence of long-term contractual commitments, our major customers have demonstrated a strong pattern of continued engagement with us. Our top five customers in each year during the Track Record Period have worked with us for an average of over 10 years. In 2025, revenue generated from our repeat customers was RMB498.8 million, accounting for 83.2% of our total revenue. These metrics demonstrate that our major customers choose to continue working with us year after year.

BUSINESS

Furthermore, the composition of our five largest customers has changed from year to year during the Track Record Period. While certain customers, such as Customer B and Customer D, have remained among our top five customers throughout the Track Record period, other customers have varied across years. This reflects our expanding market reach and ability to develop new business relationships and capitalize on new business needs of different customers across different use cases.

We believe the combination of the abovementioned factors effectively mitigates our customer concentration risk.

OUR SUPPLIERS

Our procurement primarily comprises purchases of software and hardware components, including printed circuit boards (PCBs), industrial personal computers (IPCs), and power modules. During the Track Record Period and up to the Latest Practicable Date, our major suppliers were based in Canada, the PRC and Germany.

The following tables set forth details of our five largest suppliers (on a consolidated group basis) in each year during the Track Record Period.

For the Year Ended December 31, 2025					
Supplier	Products/services supplied to us	Year of commencement of business relationship with us	Typical credit terms	Purchase amount (RMB'000)	Percentage of total purchase (%)
Supplier A	Hardware Equipment/ Software/Technical Service	2007	About 30 days after invoice date	179,954	53.2
Supplier B	Hardware Equipment/ Technical Service	2021	About 5–30 days after invoice date	8,322	2.5
Supplier C	Hardware Equipment/ Technical Service	2014	100% Advance payment	8,095	2.4
Supplier D	Hardware Equipment	2023	About 15 days after invoice date	6,813	2.0
Supplier E	Hardware Equipment/ Technical Service	2025	About 30 days after invoice date	6,666	2.0
Total				209,850	62.1

BUSINESS

For the Year Ended December 31, 2024

Supplier	Products/services supplied to us	Year of commencement of business relationship with us	Typical credit terms	Purchase amount (RMB'000)	Percentage of total purchase (%)
Supplier A	Hardware Equipment/ Software/Technical Service	2007	About 30 days after invoice date	137,942	48.0
Supplier C	Hardware Equipment	2014	100% Advance payment	13,661	4.8
Supplier F	Hardware Equipment/ Software	2023	About 10 days after invoice date	8,539	3.0
Supplier H	Software	2020	About 30 days after invoice date	7,620	2.7
Supplier G	Hardware Equipment	2020	About 45–60 days after invoice date	6,053	2.1
Total				173,815	60.5

For the Year Ended December 31, 2023

Supplier	Products/services supplied to us	Year of commencement of business relationship with us	Typical credit terms	Purchase amount (RMB'000)	Percentage of total purchase (%)
Supplier A	Hardware Equipment/ Software	2007	About 30 days after invoice date	119,652	51.6
Supplier C	Hardware Equipment	2014	100% Advance payment	9,264	4.0
Supplier G	Hardware Equipment	2020	About 45–60 days after invoice date	7,372	3.2
Supplier I	Hardware Equipment	2023	About 14 days after invoice date	6,765	2.9
Supplier H	Software	2020	About 30 days after invoice date	4,673	2.0
Total				147,726	63.7

BUSINESS

Note:

- (1) Supplier A is a company incorporated in Canada in 1997, principally engaged in the development and sales of real-time simulation and HIL testing systems for power grids, power electronics, motor drives and other mechatronic systems.
- (2) Supplier B is a PRC company established in 2017, principally engaged in high-performance signal processing, remote sensing technology, and big data processing business.
- (3) Supplier C is a company incorporated in Germany in 1963, principally engaged in the manufacturing of analog linear transistor amplifiers and AC/DC current and voltage power supplies for industrial measurement and testing systems, with products mainly used in development and test laboratories and quality assurance departments.
- (4) Supplier D is a PRC company established in 2018, principally engaged in the research, development and production of independently controllable VPX general-purpose hardware platforms and domestically manufactured hardware components.
- (5) Supplier E is a PRC company established in 2023, principally engaged in the sale, integration, and servicing of testing instruments and simulation equipment for the new energy and energy storage sectors.
- (6) Supplier F is a PRC company established in 2010, principally engaged in the provision of technical services for solar, wind and other renewable energy power generation, the development and sale of computer software and hardware, information technology consulting, system integration and IoT solutions.
- (7) Supplier G is a PRC company established in 2001, principally engaged in the provision of technology development, consulting, transfer and promotion services, the wholesale and retail of computer software, hardware and ancillary equipment, as well as the sale of building materials, metal materials, office supplies, textiles, furniture and other general merchandise.
- (8) Supplier H is a company incorporated in Germany in 1997, principally engaged in the development and sales of power system analysis and simulation software. Its flagship product is used for power system planning, analysis and optimization.
- (9) Supplier I is a state-owned enterprise established in the PRC in 1999, principally engaged in the research, development and production of space technology products.

To the best of our knowledge, all of our five largest suppliers in each year during the Track Record Period were Independent Third Parties. None of our Directors, their respective associates or any of our Shareholder who, to the knowledge of such Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our five largest suppliers in each year during the Track Record Period.

For new power systems, we primarily source standardized products from overseas suppliers, which we then customize to meet our specific requirements. For advanced equipment electrical systems, we mainly procure from PRC suppliers. We typically do not enter into long-term framework agreements with our major suppliers in the PRC. Instead, procurements are conducted on a transaction-by-transaction basis through individually negotiated purchase contracts. Below is a summary of the salient terms of our typical agreements with these suppliers:

Scope of procurement. The contracts specify product names, models, technical parameters, quantities and unit prices, together with the total contract amount of the procurement.

Pricing. Prices are determined and agreed on a transaction-by-transaction basis and are specified in each individual purchase contract.

Payment. Payments are generally denominated in Renminbi and by way of bank transfers.

Delivery. The suppliers are typically required to complete delivery within a stipulated timeframe.

BUSINESS

During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant shortage of raw material supplies, and the raw materials provided by our suppliers did not have any significant quality issues. During the same period, we did not experience any breach of agreement by suppliers that resulted in suspension or interruption of our production operations.

Supplier concentration

For 2023, 2024 and 2025, purchase amount from our five largest suppliers was RMB147.7 million, RMB173.8 million, and RMB209.9 million, accounting for 63.7%, 60.5%, and 62.1% of our total purchases, respectively, while purchase amount from our single largest supplier, Supplier A, accounted for 51.6%, 48.0% and 53.2% of our total purchases, respectively. We procure real-time simulation and HIL testing systems from Supplier A for a substantial majority of our solutions during the Track Record Period.

We maintain diversified procurement channels across both the PRC and overseas markets, and our procurement from suppliers is generally conducted on normal commercial terms and on an arm's length basis. With respect to software, we have achieved full in-house production capability of the software systems for our digital energy solutions, and with respect to hardware that integrated in our solutions, we procure hardware components from third-party suppliers, and alternative suppliers are readily available in the market should the need arise, which reduces our reliance on external suppliers.

Our procurement from Supplier A is driven by customers' demand for our solutions, which integrate Supplier A's software and hardware. While such software and hardware comprise an important part of our solutions, our solutions integrate other critical technical components and capabilities that are also important to the delivery of our solutions. In particular, our solutions are built upon our proprietary iEnergyModel, a comprehensive, multi-scale engineering model library covering more than 1,000 categories of core equipment and system models spanning photovoltaic, wind, energy storage, HVDC and grid-forming converters, addressing the gap between generic industry models and actual field dynamics.

Furthermore, even with respect to the real-time simulation software function served by Supplier A within our HIL Simulation System, we have independently developed SimuLab as our own proprietary alternative, demonstrating our technical self-sufficiency and further underscoring that Supplier A's products are not irreplaceable within our overall solution architecture.

More importantly, we believe that it is our deep industry know-how, analytical expertise and customized implementation capabilities, built over nearly two decades of focused engagement in the digital energy industry, that ultimately make the delivery of fully operational, ready-to-use solutions possible. Our solutions are not merely an assembly of software and hardware components; rather, they represent solutions encompassing modeling and simulation, mechanism analysis, solution optimization and strategy formulation, the delivery of which requires extensive domain expertise and engineering judgment that cannot be replicated through the procurement of any individual component alone.

Our procurement from Supplier A is attributable to quality and technological capabilities of its products. Given Supplier A's position as the leading supplier in this specialized field, it is commercially reasonable and consistent with industry practice for us to maintain Supplier A as our primary source of supply for these products.

BUSINESS

Although our purchases from Supplier A represent a significant portion of our total procurement during the Track Record Period, we consider that any such supplier concentration risk could be mitigated by the following factors. Firstly, we have established a long-term relationship with Supplier A since 2007. As of the Latest Practicable Date, there had been no material dispute between Supplier A and us. Our relationship with Supplier A is underpinned by an exclusive distribution agreement, pursuant to which our Company has been granted the exclusive right to distribute Supplier A’s products in the PRC market in various industries. The agreement will expire in January 2028 and may be extended by mutual agreement. See “— Our Suppliers” for further details. With a view to further strengthening our business cooperation with Supplier A, we made a strategic equity investment in Supplier A in 2021 and currently hold 13.06% of its ownership.

Notwithstanding the foregoing, we cannot assure you that our relationship with Supplier A will continue on the same or similar terms, or at all. Any deterioration in our relationship with Supplier A, disruption in the supply of its products or termination of the exclusive distribution agreement could have a material adverse effect on our business, financial condition and results of operations. See “Risk Factors — Risks Relating to Our Business and Our Industry — We purchase a significant portion of our software, hardware and services from a limited number of third-party suppliers. Supply shortage, long lead times for components, supply changes, and/or changes in business relationship could disrupt our supply chain and could delay deliveries of our solutions to customers.” for further details.

We generally enter into exclusive distributorship or sales partner agreements with our major overseas suppliers, under which we purchase products from and act as the exclusive distributor of the supplier’s designated products within a specified territory. Below is a summary of the salient terms of our typical agreements with these suppliers:

Exclusivity. Our major supplier agreements typically grant us the exclusive right to sell the supplier’s designated products within China (which is the designated territory under all of our major supplier agreements). The scope of exclusivity may be defined by product category, industry vertical, or both, and in certain cases, the supplier retains the right to sell directly for specific industry markets or customer segments.

Term. The agreements typically provide for an initial fixed term of five years from the effectiveness of the agreement and may be renewed by mutual agreement. In certain cases, the agreements remain in force as long as specified minimum sales targets are met.

Pricing. Product prices are generally determined with reference to the supplier’s official price list or project-specific quotations, in each case subject to an agreed distributor discount.

Payment. Payment terms vary by supplier. We may be granted a credit margin by our suppliers, with payment for amounts exceeding the credit limit due immediately through bank wire transfer. Certain orders may require prepayment or payment before delivery as specified in the relevant quotation or purchase order.

Non-Compete. Our suppliers are restricted from competing with us and vice versa.

Confidentiality. We are required to keep confidential the supplier’s business secrets and product information. Such obligation generally survives termination of the agreement for a specified period or indefinitely.

BUSINESS

Intellectual Property. All intellectual property rights in the supplier’s products belong to and remain the sole property of the supplier. Upon termination, we are required to cease use of the supplier’s trademarks and related materials.

Product Warranty. Our suppliers are generally responsible for rectifying, by repair or replacement, any defects appearing in their products under proper use. They generally provide one year after their product delivery.

Sales Targets. Our supplier agreements typically set forth minimum sales targets, and our failure to meet such targets over a specified period may result in termination of our exclusivity or the agreement.

In addition to the framework terms set forth in the distributorship or sales partner agreements above, we place individual purchase orders with our suppliers from time to time in the ordinary course of business. Each purchase order typically specifies the product model and quantity, unit price and applicable discount, total order amount and delivery dates.

OVERLAPPING OF MAJOR CUSTOMERS AND SUPPLIERS

During the Track Record Period, we had overlapping customer-suppliers, where an entity and/or its subsidiary(ies) was both (i) one of our five largest customers in any period and also a supplier, or (ii) one of our five largest suppliers in any period and also a customer. Such overlapping arose primarily due to the common industry practice of mutual procurement among industry participants, where transactions with the same counterparty may involve different products, services or business functions.

We consider the overlapping of our customers and suppliers to be normal in the course of our business operations. In particular, none of the overlapping customers/suppliers simultaneously ranked among our five largest customers and five largest suppliers during any year of the Track Record Period. Where an overlapping party was one of our five largest customers in a given year, the transaction amount attributable to such party as a supplier was minimal, and vice versa.

The following tables set forth details of our overlapping customer-suppliers in each year during the Track Record Period.

Customer/ Supplier	Ranking	Year	Sales (RMB'000)	Percentage of total sales (%)	Purchase amount (RMB'000)	Percentage of total purchase (%)
Customer B	Among the five largest customers in 2023,	2025	96,925	16.2	619	0.2
	2024 and 2025 during the Track Record	2024	78,415	15.8	1,150	0.4
	Period, ranking 1st, 1st and 2nd, respectively	2023	98,862	23.3	383	0.2
Customer E	Among the five largest customers in 2025	2025	24,843	4.1	177	0.1
	during the Track	2024	19,601	4.0	–	–
	Record Period, ranking 5th	2023	11,651	2.7	337	0.2

BUSINESS

Customer/ Supplier	Ranking	Year	Sales (RMB'000)	Percentage of total sales (%)	Purchase amount (RMB'000)	Percentage of total purchase (%)
Customer F	Among the five largest customers in 2024 during the Track Record Period, ranking 3rd	2025 2024 2023	13,858 45,395 –	2.3 9.2 –	– 1,702 –	– 0.6 –
Customer D	Among the five largest customers in 2023, 2024 and 2025 during the Track Record Period, ranking 2nd, 2nd and 4th, respectively	2025 2024 2023	30,956 55,629 49,714	5.2 11.2 11.7	474 1,344 73	0.1 0.5 0.03
Customer C	Among the five largest customers in 2023, 2024 and 2025 during the Track Record Period, ranking 3rd, 5th and 3rd, respectively	2025 2024 2023	71,055 20,431 29,623	11.9 4.1 7.0	– – 47	– – 0.02
Customer H	Among the five largest customers in 2023 during the Track Record Period, ranking 5th	2025 2024 2023	12,119 18,083 18,874	2.0 3.7 4.4	144 – –	0.04 – –
Supplier I	Among the five largest suppliers in 2023 during the Track Record Period, ranking 4th	2025 2024 2023	8,737 10,949 11,511	1.5 2.2 2.7	3 – 6,765	0.001 – 2.9
Supplier E	Among the five largest suppliers in 2025 during the Track Record Period, ranking 5th	2025 2024 2023	– – 34	– – 0.01	6,666 377 –	2.0 0.1 –

Negotiations of the terms of our sales to and purchases from this overlapping customer/supplier were conducted on an individual basis and the sales and purchases were neither inter-connected nor inter-conditional with each other. All of our sales to and purchases from this overlapping customer/supplier were conducted in the ordinary course of business under normal commercial terms and in arm’s length transactions.

BUSINESS

RESEARCH AND DEVELOPMENT

Research and development is at the core of our business success. We incurred RMB61.5 million, RMB77.7 million and RMB90.8 million of research and development expenses in 2023, 2024 and 2025, respectively, accounting for 14.5%, 15.7% and 15.1% of our total revenue during the same years. All research costs are charged to profit or loss as incurred; product development expenditure is capitalized only when technical feasibility, intention to complete, ability to use or sell, future economic benefits, availability of resources and reliable measurement of expenditure can all be demonstrated. Our research and development expenses primarily consist of (i) staff costs; (ii) self-developed expenses; (iii) depreciation and amortization; (iv) outsourced service fees; and (v) others, mainly comprising intellectual property fees, office expenses and other miscellaneous expenses.

Our R&D team

Our experienced R&D team is the driving force behind our research and development efforts. This team focuses on product development, in-depth technical research, and exploration of new technologies, while maintaining rigorous testing and quality assurance processes. Our R&D team plays a crucial role in maintaining our competitive edge and driving continuous innovation, supporting our strategic positioning as a leading solution provider for the new power system and advanced equipment electrical system industries in China.

As of December 31, 2025, we had a dedicated team of 146 research and development employees, representing 39.5% of our total headcount. Our R&D team includes algorithm engineers, software engineers, hardware engineers, electrical engineers, and system engineers.

We believe we are well-positioned to attract and retain talented R&D professionals. Our broad market coverage enables our employees to gain exposure to the entire industry rather than a single market segment, which we believe appeals to professionals seeking long-term career development in the sector. We also provide our R&D personnel with significant autonomy in their work. This culture of innovation and respect for technical expertise enhances job satisfaction and employee engagement. In addition, we offer competitive remuneration packages comprising base salaries, project bonuses and research bonuses. Our incentive structure is designed to reward performance, with meaningful differentiation in bonus allocation based on individual contributions. Our bonus system is transparent and consistently applied, which we believe helps retain high-performing employees.

We have established a system-based R&D structure that reduces our reliance on any single individual. Our R&D work is organized with clear division of responsibilities, with each team member focusing on specific areas. No single employee, including our senior management, possesses complete knowledge of all aspects of our R&D operations. This team-based approach ensures business continuity and knowledge retention even in the event of personnel changes. Given the growth opportunities in our industry. We believe this, combined with our compensation structure and corporate culture, positions us well to maintain a stable and motivated R&D team.

All R&D outcomes developed by our employees belong to our Company. During the Track Record Period, we did not have any disputes with our R&D employees, including any intellectual property-related disputes.

BUSINESS

R&D centers

Our R&D centers are currently located in Shanghai, Changsha and Xi'an, with each center focusing on different aspects of our product development. Our Shanghai center serves as our primary R&D hub, responsible for system-level R&D covering software, hardware and algorithms. Our Changsha center focuses primarily on software development, while our Xi'an center specializes in advanced equipment electrical systems R&D.

Our R&D personnel across different cities collaborate seamlessly. Regional core R&D personnel are required to receive training, usually for a two-month period at our Shanghai headquarters to familiarize themselves with our corporate culture and systems.

Integrated R&D system and facilities

Our R&D activities are predominantly software and algorithm-focused. As such, we do not require significant capital expenditure on specialized laboratory facilities or heavy equipment. Our core R&D equipment mainly comprises computers and IT infrastructure, including servers. We also invest in AI-related equipment to support the integration of AI technologies into our software products. We have purchased an initial batch of AI equipment in Changsha and plan to expand our procurement of GPUs and related computing infrastructure to support our growing computational requirements.

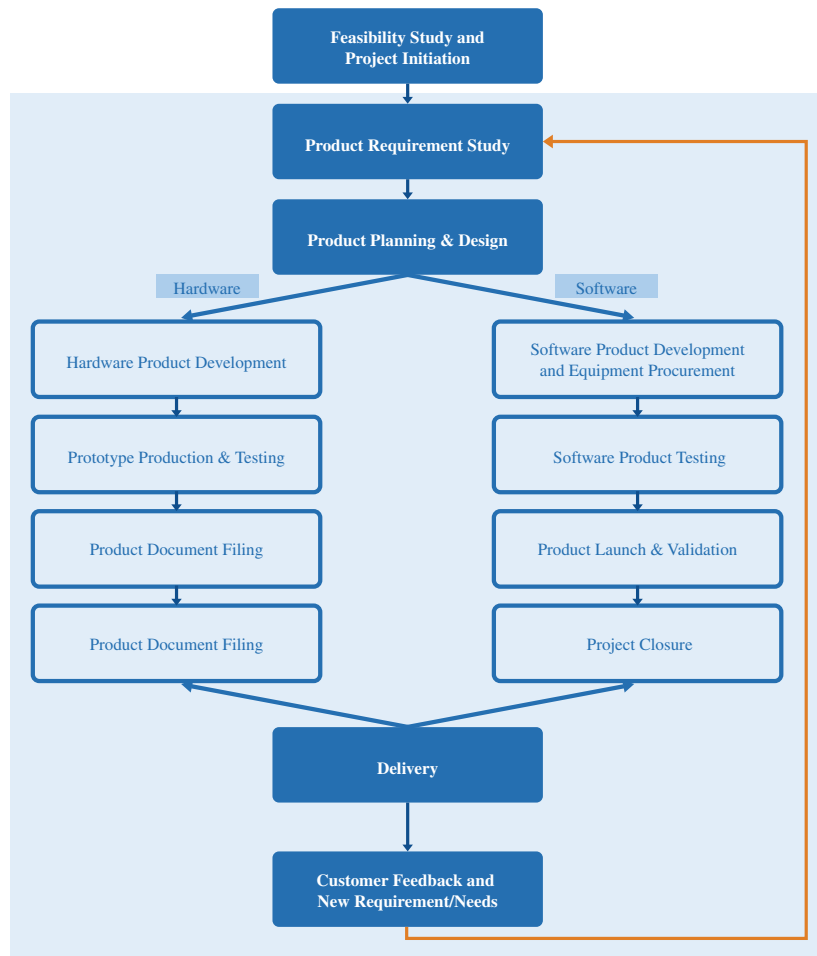
We have established a secure, dedicated network infrastructure connecting our R&D centers in Shanghai, Changsha, and Xi'an through dedicated leased lines provided by telecommunications operators. This private network operates independently of the public internet, ensuring the security and integrity of our development activities. Leveraging this infrastructure, we have built a proprietary R&D system utilizing a combination of commercial and self-developed tools. This integrated system serves as a unified platform for code management and communications, enabling our geographically distributed R&D teams to operate as a cohesive unit.

Our software development is based on a common platform established in-house, upon which all teams continue to build. We adopt interface design that ensures our products can interact seamlessly with third-party products while maintaining robust integration within our own product ecosystem. We also adopt a prudent approach to resource utilization. For simulation equipment, we have implemented a real-time simulation resources network that allows on-demand access to simulation resources deployed in our controlled network. This service-based model enables automatic allocation and efficient utilization of resources across our organization.

Our research and development process

To standardize our research and development management, improve efficiency, shorten development cycle, reduce costs, strengthen technical capabilities, effectively manage risks, we have formulated a research and development process that features market orientation, customer-driven approaches and cross-departmental collaboration. The following diagram illustrates the major steps involved in our research and development process.

BUSINESS



Research and development collaboration

We are committed to expanding our research and development capabilities through strategic collaborations with leading academic institutions, research organizations and industry partners. Since our inception, we have primarily conducted R&D in-house. For frontier exploratory research, industry-specific modeling requirements and hardware board design and manufacturing, where external partners offer specialized expertise and capabilities that complement our core competencies, we selectively engage in external collaborations.

Collaborations with universities and institutions

We collaborate with universities and research institutions to leverage their professional expertise and strong research capabilities, with our collaboration partners typically including professors, researchers, renowned experts and academicians who possess profound domain knowledge in relevant fields, decades of research experience, and shared values. To deepen such

BUSINESS

collaborations, we have established joint laboratories with universities to conduct exploratory research on emerging technologies and applications, which aligns with national policies encouraging industry-academia collaboration and the practical application of research outcomes.

Through these collaborative initiatives, including joint laboratories and academic partnerships, we develop tools and models that can be integrated into our product offerings. While some exploratory research may not yield immediate results, the insights gained from such efforts often prove valuable for addressing other technical challenges over time, thereby enhancing our technological competitiveness and supporting the long-term development of our business.

Our university collaborations further enhance our brand image and industry presence. Our academic partners also serve as a source of customer referrals when other organizations seek collaboration in our areas of expertise.

The following table sets forth our key joint laboratories with universities:

University	Year of Establishment	Joint Laboratory
Huazhong University of Science and Technology . .	2023	Joint Research Center for New Power System Modeling and Simulation
Shandong University	2023	Joint Laboratory for Digital Twin of New Energy Grid Integration
Nanjing University of Posts and Telecommunications . .	2023	Smart Power Conversion Research Institute
Shanghai Jiao Tong University	2024	Joint Laboratory for Digital Twin of Energy Electromechanical Systems
Dalian Maritime University . .	2024	Joint Research Center for Intelligent Ship Digitalization
Kunming University of Science and Technology . .	2024	Kunming University of Science and Technology — KeLiang Information Joint Research Center
Zhejiang University	2025	Joint Laboratory for Renewable Energy Grid Integration Stability Technology
Hunan University	2025	Joint Research Center for Smart Energy Cyber-Physical Simulation
Chongqing University	2025	Joint Laboratory for Advanced Energy Equipment and System Simulation
Beijing Jiaotong University . .	2025	Joint Research Center for Smart Transportation and New Energy System Simulation

Under our collaboration agreements, intellectual property rights are typically shared between the parties. Our academic partners retain the right to use jointly developed technologies for research and national infrastructure promotion, while we retain the right for commercial

BUSINESS

applications. During the Track Record Period, we did not have any disputes with our collaboration partners, including any intellectual property-related disputes.

SALES AND MARKETING

Our sales and marketing operations are driven by our dedicated marketing department, which plays a critical role in our commercial success. The department spearheads product marketing, customer development and retention, pre-sales consulting and support, bid organization, and a variety of marketing initiatives. We have established regional marketing teams across key markets to effectively serve a diverse range of customers to grow our customer base in alignment with our growth strategy.

We sell our products and solutions through direct sales. Our direct sales model allows us to maintain close relationships with customers and exercise greater control over pricing, product positioning, and customer experience. Our sales representatives engage with customers throughout the entire product lifecycle, from initial consultation, needs assessment, and product design to delivery, installation, and post-delivery support. This direct engagement enables us to gain in-depth understanding of customer requirements, respond promptly to feedback, and build long-term, trust-based relationships.

We tailor our sales strategies to address the specific needs of different customer segments. We adopt a consultative sales approach, working collaboratively with customers to understand their unique requirements and develop customized solutions that meet their operational and technical needs. For customers that procure tool products and solutions through tender processes, we leverage our established track record, technical qualifications, and competitive pricing to secure contracts. Our sales team conducts regular customer visits and maintains ongoing communication to identify cross-selling and upselling opportunities.

As of December 31, 2025, we had 41 employees in the sales and marketing function, strategically located in Shanghai, Beijing, Changsha and Xi'an to ensure proximity to key customer markets and facilitate efficient customer service. Our sales and marketing personnel possess deep industry knowledge and technical expertise, enabling them to effectively communicate the value proposition of our products and solutions to prospective customers. We provide ongoing training programs to our sales team to enhance their product knowledge, sales skills, and understanding of evolving market trends.

Our marketing initiatives are designed to showcase the capabilities of our solutions, deepen industry connections, and enhance brand recognition. We actively participate in industry conferences, trade fairs, and exhibitions to demonstrate our products and solutions, engage with potential customers, and stay abreast of industry developments and technological trends.

We also organized the annual “Model-Based Intelligent Equipment Development and Testing Technology Conference,” (基於模型的智能裝備開發與測試技術大會) focused on system modeling methodologies and practical problem-solving approaches that attract a broad base of industry participants. Having successfully hosted seven sessions to the Latest Practicable Date, these forums leverage our proprietary products, tools, and methodologies, and serve as a platform for showcasing successful customer implementations and best practices. By developing benchmark customer cases and sharing these achievements with the broader industry, we effectively educate market participants on the capabilities and applications of our solutions, thereby generating interest from and raising brand awareness among prospective customers. This approach allows us to achieve significant industry influence and enhance brand recognition in a cost-effective manner, fostering strong brand loyalty among industry participants. In addition,

BUSINESS

we utilize various digital marketing channels, including our corporate website and social media platforms to promote our brand and products to a broader audience. We also benefit significantly from word-of-mouth referrals from our existing customers, which we believe reflects the quality of our tool products and solutions and overall customer satisfaction.

We implement our return and exchange policy in accordance with the terms and conditions set forth in the contracts entered into with our customers. In general, we offer repair for products with quality defects. We also accept product returns and exchanges from our customers, although such cases occur only in rare circumstances. During the Track Record Period, we did not receive any formal complaints from our customers.

PRICING

For our tool products and solutions, we determine the pricing on a case-by-case basis, which are generally agreed upon between us and our customers after arm’s length negotiations based on market prices or, where applicable, through bidding processes. We generally take into account a variety of factors in determining the contract price, including (i) our cost structure, such as the cost of software and hardware components and R&D expenses; (ii) the level of customization and technical requirements of each solution, such as the functions or features required and the complexity of our solutions; and (iii) comparable market prices. For long-term cooperative customers, we may adjust pricing based on factors such as historical cooperation, order volume and strategic importance of the customer relationship. These incentive programs are designed to reward customer loyalty, encourage repeat business, and strengthen long-term partnerships. For our technology services, the pricing is mainly determined based on the manpower consumption of the relevant services.

INVENTORIES

Our inventories primarily consist of (i) raw materials, comprising software and hardware components, including PCBs, IPCs and power modules that we procure for integration into our tool products and solutions, and (ii) costs to fulfill contracts, representing costs directly attributable to the fulfilment of customer contracts that are expected to be recovered. Our inventories increased by 27.2% from RMB77.0 million as of December 31, 2023 to RMB98.0 million as of December 31, 2024, and further increased by 40.0% to RMB137.2 million as of December 31, 2025, which is in line with our business growth and expansion of our project pipeline.

We have adopted strict inventories control policy to monitor our stock levels and regularly track our inventories to keep them at a level sufficient to fulfill customers’ demands and anticipated projects timeline. We will from time to time review our stock levels and take necessary actions to minimize risks of obsolescence. See “Financial Information – Description of Major Line Items in Our Consolidated Statements of Financial Position – Inventories” for more details.

QUALITY CONTROL

We have in place stringent quality control measures to ensure that our tool products and solutions are of high quality standard in accordance with applicable regulatory requirements and industry standards. We have established a comprehensive integrated management system encompassing quality, environment and occupational health and safety, supported by a suite of control procedures covering key aspects of our operations, including product design and development, production and service provision, risk management, monitoring and measurement,

BUSINESS

environmental and energy management, and continuous improvement. These procedures are designed to ensure consistent product quality, operational safety and ongoing regulatory compliance throughout our business processes.

INTELLECTUAL PROPERTY

We believe our patents, trademarks, copyrights, domain names, know-how, proprietary technologies, and similar intellectual property as critical to our success. We rely on copyright, trademark and patent law and confidentiality and non-compete agreements with our employees, suppliers, customers and others to protect our proprietary rights. As of the Latest Practicable Date, we had 47 registered trademarks, 124 issued patents, 138 registered software copyrights and 38 registered domain names in the PRC. As of the same date, we have registered patents for all our core technologies. For details, see “Statutory and General Information — Further Information about our Business — Intellectual property rights of our Group.”

We have adopted a range of measures to protect our intellectual property. Our core research and development activities are conducted within secured internal networks under our control to prevent unauthorized disclosure of proprietary know-how. We file patent and trademark applications and complete copyright registrations on a timely basis to safeguard our intellectual property rights. We did not experience any material disputes or any other pending material legal proceedings of intellectual property rights with third parties during the Track Record Period and up to the Latest Practicable Date.

SEASONALITY

Our business is subject to seasonal fluctuations and generally experience higher revenue recognition and profitability in the fourth quarter of each year. We recognize revenue upon customer acceptance and inspection of the deliverables under our contracts. As many of our customers seek to close their projects or purchase orders and settle payments before the end of each calendar year, there tends to be more contract completion, delivery and customer acceptance activities in the fourth quarter compared to other quarters.

DATA SECURITY AND PRIVACY

Our business operations primarily involve the provision of our tool products and solutions and technology services to enterprise customers and do not involve the collection, storage, processing, or transfer of personal data from end consumers. The data generated and utilized in the course of our business operations is predominantly technical and operational in nature, such as system parameters, simulation data, equipment performance metrics, and project specifications, which does not constitute personal information as defined under applicable data protection laws and regulations, including the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》), the PRC Cybersecurity Law (《中華人民共和國網絡安全法》), and the PRC Data Security Law (《中華人民共和國數據安全法》).

During the use of our solutions, we do not collect any personal data and information of users. During our delivery of our solutions, with the prior consent of our customers, we collect and maintain their delivery and contact information to the extent necessary and in accordance with the relevant laws and regulations on data privacy and security in China. When we conduct on-site solution deployment or maintenance for our customers, our systems may be connected to customers’ equipment. However, our systems do not capture, access, download, or store any of the customers’ data.

BUSINESS

While we collect and maintain certain personal information of our employees for human resources and administrative purposes in the ordinary course of business, we have implemented appropriate internal policies and security measures to ensure that such information is handled in compliance with applicable laws and regulations.

We have taken measures to maintain the confidentiality of such information to ensure regulatory compliance. We set up an access control system for personal information in our internal system so that it cannot be viewed without proper authorization or exported in bulk. We set up firewalls to prevent information loss or leakage caused by cyber-attacks. In addition, we from time to time examine the security of our data storage system. We strictly restrict the range of data that our employees are authorized to access based on their title and function. We have entered into confidentiality agreements with our employees to prevent improper use or disclosure of information.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material data security incidents or breaches, and we had not been subject to any material fines, penalties, or regulatory actions in relation to data privacy or cybersecurity matters.

COMPETITION

We operate in China’s digital energy solutions market, which is characterized by high barriers in light of technological complexity, requirements for accumulated industry expertise and a limited pool of qualified talent. As a result, new entrants find it difficult to disrupt the existing landscape in the short term.

We primarily compete with non-independent providers and independent providers in China. These market participants typically possess varying strengths in aspects such as technological development, customer resources, brand recognition and financial capacity. We believe that we are well positioned to compete effectively in this highly specialized and technically demanding market, supported by our nearly two decades of industry experience, proprietary full-stack simulation technologies, continuously expanding model library, high level of customer stickiness and established brand recognition.

For more information on the competitive landscape and entry barriers of our industry, see “Industry Overview — Competitive Landscape of the China Digital Energy Solutions Industry.” However, certain of our existing or potential competitors may possess greater financial, technical or other resources, and may be able to devote more resources to research and development, service enhancement or market expansion. See “Risk Factors — Risks Relating to Our Business and Industry — If we fail to compete effectively, our business and growth prospects may be materially and adversely affected.”

BUSINESS

EMPLOYEES

As of December 31, 2025, we had a total of 370 full-time employees based in Shanghai, Beijing, Xi'an, Changsha. The following table sets forth the numbers of our employees by function as of the date indicated:

	<u>As of December 31, 2025</u>	
	<u>Number of Employees</u>	<u>% of Total</u>
Technical		
Research and development	146	39.5
Others	96	25.9
Sales and marketing	41	11.1
General administration and management	87	23.5
Total	<u>370</u>	<u>100.0</u>

Our success depends on our ability to attract, retain and motivate highly qualified personnel. We uphold rigorous recruitment standards to ensure the quality of our new hires. We adopt various recruitment methods, including online platforms, campus recruitment, internal recommendations, and partnerships with recruiting firms, to meet our diverse talent needs.

We are committed to the continuous development of our employees. We provide comprehensive pre-employment induction and orientation for all new hires to ensure a smooth transition into our company. We also provide regular training programs, including annual technical training for our technical staff and ad-hoc training sessions as needed, to enhance our employees' professional knowledge, management skills and industry trend awareness. We offer internal promotion opportunities with corresponding adjustments to positions and compensation based on performance. In addition, we have established the Employee Incentive Platforms to reward our employees for their contributions and to promote our long-term growth. We enter into standard labor contracts with our employees that contain confidentiality provisions, pursuant to which employees with access to confidential information are subject to confidentiality obligations.

As required by PRC laws and regulations, we have made contributions to the various mandatory social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance and maternity leave insurance, and to mandatory housing accumulation funds, for or on behalf of our employees. During the Track Record Period and up to the Latest Practicable Date, we did not have any labor union. We believe that we maintain a good working relationship with our employees, and we did not experience any major labor disputes or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we had not been imposed fine or penalty by any relevant regulatory authorities with respect to our social insurance or housing provident funds.

INSURANCE

We consider our insurance coverage to be adequate as we have in place all the mandatory insurance policies required by Chinese laws and regulations and in accordance with the

BUSINESS

commercial practices in our industry. Our employee-related insurance consists of pension insurance, maternity insurance, unemployment insurance, work-related injury insurance, medical insurance and housing funds, as required by Chinese laws and regulations. We do not maintain any business interruption insurance, product liability insurance or key-man life insurance, which are not mandatory under PRC laws.

During the Track Record Period, we did not make any material insurance claims in relation to our business. Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could have a material adverse effect on our results of operations. See “Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may not be sufficient to cover all the losses associated with our business operations.”

PROPERTIES

Owned properties

As of the Latest Practicable Date, we own properties in Changsha, Hunan province in the PRC with a gross floor area of approximately 2,939 square meters. We mainly use these properties as our R&D centers and office premises.

As of December 31, 2025, we had no single property with a carrying amount which represents 15% or more of our total assets, and on this basis, we are not required by Rule 5.01A of the Listing Rules to include any valuation report in this document.

Leased properties

As of the Latest Practicable Date, we leased six properties in the PRC with an aggregate gross floor area of approximately 10,118.25 square meters. Our leased properties are primarily used as production centers, premises for our offices, and employee dormitory.

Under the PRC laws and regulations, the lessor and the lessee to a lease agreement are required to file the lease agreement with relevant government authorities within a prescribed time period. As of the Latest Practicable Date, with respect to four leased property used for production-related activities and as premises for offices in the Chinese mainland by us, we had not filed the lease agreements. As advised by our PRC Legal Advisor, the absence of registrations will not affect the validity of the lease agreements, but we may be ordered by relevant competent authorities to complete the filing within a designated time limit, and may be subject to fines from RMB1,000 to RMB10,000 for each such lease agreement for failure to do so within the time limit. As advised by our PRC Legal Advisor, if the filing of these lease agreements can be completed in accordance with relevant laws and regulations within the prescribed time limit ordered by the competent governmental authorities, such circumstances would not have any material adverse impact on our business operations.

LICENSES AND PERMITS

We are required to maintain various licenses, permits and approvals to operate our business. We continually monitor our compliance with the requirements related to licenses, permits and approvals. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we have obtained all requisite licenses, approvals and permits from relevant regulatory authorities that are material to our business operations in the PRC.

BUSINESS

The following table sets out a list of material licenses, permits and approval held by us as of the Latest Practicable Date.

<u>License/Permit</u>	<u>Issuing Authority</u>	<u>Holding Entity</u>	<u>Date of Grant</u>	<u>Date of Expiry</u>
Customs Import and Export Registry Consignor and Receiver of Import and Export Goods Record Receipt (海關進出口貨物收發貨人備案回執) .	Shanghai Customs (上海海關)	Shanghai KeLiang Energy Technology Co.,Ltd. (上海科梁能源科技有限公司)	July 2, 2019	Not applicable
Filing certificate for Customs Declaration Entities (報關單位備案證明)	Xinzhuang Customs (莘莊海關)	Our Company	November 2, 2023	Not applicable

AWARDS AND RECOGNITION

During the Track Record Period and up to the Latest Practicable Date, we received a number of awards and recognitions in connection with our business. Some of the significant awards and recognitions we have received are set forth below.

<u>Award/Recognition</u>	<u>Award Year</u>	<u>Awarding Institution/Authority</u>
First Prize of the Excellent Scientific Research Achievements Award (科學研究優秀成果獎一等獎)	2025	Ministry of Education (教育部)
First Prize of the Science and Technology Award (科學技術獎一等獎)	2025	China Renewable Energy Society (中國可再生能源學會)
First Prize of Innovative Technology in the “Science and Technology Award” (“科學技術獎”創新技術一等獎)	2025	China Simulation Federation (中國仿真學會)
Special Prize of the “Science and Technology Progress Award” (“科技進步獎”特等獎)	2024	The Chinese Society of Naval Architects and Marine Engineers (中國造船工程學會)
First Prize of the “Science and Technology Progress Award” (“科技進步獎”一等獎)	2024	China Electrotechnical Society (中國電工技術學會)
National “Little Giant” Enterprise (全國專精特新“小巨人”企業)	2022–2028	Ministry of Industry and Information Technology (工業和信息化部)

BUSINESS

Award/Recognition	Award Year	Awarding Institution/Authority
Shanghai Software Core Competitiveness Enterprise (Innovative Type) (上海軟件核心競爭力企業(創新型))	2023	Shanghai Software Industry Association (上海市軟件行業協會)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) MATTERS

ESG governance

Led by the Board, we are committed to integrating ESG considerations into our business operations. The Board has the overall responsibility for overseeing ESG strategy, management approach, policies and performance, including ESG-related risks and opportunities (particularly climate-related matters), and reviews progress against relevant metrics and targets to ensure alignment with our long-term development.

To support the Board’s oversight, we have established an ESG working group comprising senior management and heads of major functional departments. Delegated by the Board, the ESG working group is responsible for coordinating ESG- and climate-related matters across our Group. Key responsibilities of the ESG working group include: (i) assessing the effectiveness of the ESG management framework and structure of the Group and advising on any necessary changes; (ii) monitoring the Group’s performance against its goals and targets; (iii) monitoring stakeholder’s feedback (including the review and approval of material issues and materiality matrix); (iv) identifying and advising the Board on significant ESG and climate-related risks and opportunities and corresponding action plans; (v) supervising the ESG-related functional departments to advance the Group’s sustainability agenda; and (vi) reviewing and approving the annual ESG report of the Group.

The ESG working group reports to the Board at least once a year on ESG performance, key risks and opportunities, and the implementation status of related measures. The Board retains the ultimate oversight responsibility for our ESG risk management.

Identification and management of ESG-related risks and opportunities

We conduct periodic assessments to identify, assess and prioritize material ESG-related risks and opportunities relevant to our business, either negative or positive, actual or potential, taking into account our business nature, industry characteristics, and with reference to local and international reporting frameworks. With the assistance of third-party ESG consultants, we formulate a dual ESG-related risks and opportunities rating system to dynamically monitor and assess both the risks and the effectiveness of our corresponding mitigation measures. We assess identified ESG risks and opportunities by assigning initial risk ratings based on their likelihood and potential impact on our business, strategic, and financial performance. We then implemented corresponding mitigating measures and determined residual risk ratings after taking into account the effectiveness of our ESG-related risk control measures.

BUSINESS

Below is a summary of the material ESG-related risks and opportunities identified and the corresponding measures adopted.

ESG-related risks and opportunities	Timeframe and potential impacts	Our responses
<i>Climate-related physical risks</i>		
Acute risks: The increased severity and frequency of extreme weather events due to climate change (e.g., typhoons, rainstorms and floods)	Short, medium and long term • Disruption to business operation and logistics arrangement • Damage to property and assets in our operating locations, which may adversely impact our financial results	Monitoring local weather forecast closely, reminding employees to remain familiar with business contingencies, and implementing emergency protective measures
<i>Climate-related transition risks</i>		
Policy and legal risks: Evolving climate-related laws and regulations in transition to a low-carbon economy, including China’s 2060 carbon neutral goal	Medium to long term • Increase in compliance and operating costs	Regularly monitoring changes in laws and regulations, and promptly communicating updates to employees to ensure compliance
<i>Other ESG-related risks</i>		
Supply chain risks: Energy consumed and greenhouse gas (“GHG”) emissions released along the supply chain	Medium to long term • Increase in reputational and operational risks	Establishing policies requiring suppliers to comply with applicable environmental regulations and to explore opportunities to minimize energy consumption where feasible

BUSINESS

ESG-related risks and opportunities	Timeframe and potential impacts	Our responses
Supplier product quality and supply chain stability risks:	Short, medium and long term	Establishing procurement and supplier management policies that define supplier evaluation criteria (quality, technical capability and delivery) and foster long-term partnerships to ensure supply chain stability
Failure to meet customer expectations due to poor supplier product and service quality as well as poor supply chain stability	• Increase in reputational risks, which may adversely impact our financial results	
<i>Climate-related opportunities</i>		
Energy efficiency:	Short to medium term	Implementing energy efficiency measures to support sustainable operations such as upgrading to high-efficiency lighting systems, optimizing power, and air conditioning systems
Leveraging energy efficiency improvements and optimized operational management to mitigate climate change risks	• Decrease in operational costs by adopting higher energy efficiency equipment and improving operational management	
Markets:	Medium to long term	Continuously conducting R&D and regular market research, while providing employees with product innovation training
Increasing demand for environmentally friendly products, driven by the imperative to reduce carbon emissions and the growing awareness of sustainability among consumers	• Increase in revenue driven by growing customer preference for differentiated sustainable offerings	

ESG policy

We are committed to incorporating ESG factors into our business decision-making process. As such, we have established a group-level ESG policy complemented by a set of measures and initiatives to guide our actions and measures to strengthen our sustainability efforts.

Environment

Our environmental policy outlines our green practices and measures (as far as practicable), with a focus on emission reduction, waste reduction, resource conservation, protection of environmental and natural resources, as well as addressing climate change. As part of our ISO 14001:2015 environmental management system, we ensure our environmental management practices meet international standards and drive continuous environmental improvement.

BUSINESS

Energy, air and greenhouse gas emissions management

Our primary sources of energy consumption and GHG emissions (scopes 1 and 2) are purchased electricity and fuel consumption. As part of our ISO 50001:2018 energy management system, we have implemented measures such as adopting energy-efficient office equipment and LED lighting systems, conducting annual energy review, increasing the use of natural lighting, regularly monitoring air emissions, and reminding employees to switch off idle equipment when not in use.

Water consumption

Our water consumption mainly arises from municipal water usage in our operations. We have implemented water saving practices, including timely repair of dripping taps, adoption of water-efficient fixtures, and internal communications to encourage employees to reduce water usage.

Waste management and use of resources

Non-hazardous waste primarily consists of food waste and waste materials generated during the assembly process, while hazardous waste primarily comprises waste batteries and toner cartridges. We ensure proper handling and disposal of all waste and, where necessary, engage licensed third-parties for collection and treatment. Hazardous waste is classified and recorded by dedicated staff.

To reduce non-hazardous waste, we promote recycling, waste sorting and double-sided printing, and encourage employees to minimize waste generation.

Environmental metrics and targets

The table below sets forth key environmental metrics of our business operations^{1,2}:

		For the year ended December 31,		
	Unit	2023	2024	2025
Emissions				
GHG emissions³				
Total (Scopes 1, 2)	tCO ₂ e	316.17	309.43	369.37
Total (Scopes 1, 2, 3)	tCO ₂ e	806.83	781.11	849.93
(i) Direct emissions (Scope 1)	tCO ₂ e	13.22	13.21	9.23
(ii) Energy indirect emissions				
(Scope 2)	tCO ₂ e	302.95	296.21	360.14

¹ These data cover the Group’s major business operations.

² Any discrepancies between totals and the sum of individual figures are attributable to rounding.

³ The calculation of GHG emissions made reference to the GHG Protocol published by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI). Scope 1 (Direct) emissions cover GHG emissions directly produced by business owned or controlled by the Group, Scope 2 (Energy indirect) emissions cover GHG emissions of indirect energy resulted from purchased electricity consumed by our operations, while Scope 3 (Other indirect) emissions that occur in the Group’s value chain.

BUSINESS

	Unit	For the year ended December 31,		
		2023	2024	2025
(iii) Other indirect emissions				
(Scope 3) ⁴	tCO ₂ e	490.66	471.69	480.57
Total (Scopes 1, 2) intensity	tCO ₂ e/million			
	RMB revenue	0.82	0.70	0.67
Total (Scopes 1, 2, 3) intensity	tCO ₂ e/million			
	RMB revenue	2.09	1.77	1.54
Use of Resources				
Energy				
Total	MWh	533.48	557.98	654.99
(i) Purchased electricity	MWh	488.23	512.75	623.40
(ii) Unleaded petrol	MWh	45.25	45.24	31.60
Intensity	MWh/million			
	RMB revenue	1.38	1.26	1.19
Water				
Total	m ³	1,269.33	3,321.00	1,349.00
Intensity	m ³ /million RMB			
	revenue	3.29	7.52	2.45

Social

We are committed to fostering a caring workplace culture that upholds diversity, equal opportunities, health and safety and employee well-being. Our social policy has outlined socially responsible practices and measures.

Employment and labor practice

We uphold principles of equal opportunity, diversity, and inclusiveness across recruitment, compensation, promotion and benefits. We respect labor rights, and we strictly prohibit child labor and any form of forced labor.

We actively invest in our workforce by providing internal and external training programs to enhance professional skills and competencies. We also seek to strengthen employee engagement by organizing recreational activities and maintaining open communication channels to promote job satisfaction and a supportive working environment.

Occupational health and safety

We place great emphasis on safeguarding employee health and safety. To this end, we have obtained the ISO 45001:2018 occupational health and safety management system certification and established relevant health and safety policies and measures, including providing online safety and occupational health assessments, as well as offering emergency response plans to address incidents such as fires and extreme weather. We have also implemented procedures for recording and handling work-related accidents, which specifies that employees should notify their department and handle accidents according to the applicable procedures specified by laws

⁴ The Scope 3 emissions include available data arising from Category 6: business travel and Category 7: employee commuting.

BUSINESS

and regulations. Our Group did not experience any major work safety-related incidents involving our employees during the Track Record Period.

Supply chain management

We have established a supplier code of conduct which outlines our sustainability expectations including employment practices, health and safety, prohibition of child and forced labor, business ethics, data privacy, and environmental protection on suppliers. Guided by our supply chain-related policies, ESG considerations are incorporated into our new supplier selection and regular supplier evaluation. In addition, we promote environmentally preferable procurement by prioritizing products with higher energy efficiency and encouraging suppliers to adopt environmentally friendly products and services.

Product responsibility

We are committed to delivering high-quality and safe products and services. We have obtained the ISO 9001:2015 quality management system certification. Supported by our quality management team, we implement comprehensive quality control and assurance procedures. We have established quality control measures throughout our operations, including product design and development, assembly and service delivery. See “— Quality Control” for details.

We generally offer a warranty period of 12 to 24 months for our tool products and solutions. In addition, to safeguard customer privacy, we have implemented relevant data protection measures. We have also implemented measures to protect intellectual property, including periodic employee training and establishing a designated team overseeing intellectual property management. We have established relevant policies to ensure the authenticity and reliability of our product advertising, marketing and labeling materials, which undergo thorough review before publication to ensure compliance and prevent false or misleading information.

Business ethics

We uphold high standards of business ethics and strictly prohibit bribery, extortion, fraud, money laundering, and other unethical practices. We have established preventive measures, including anti-corruption training for directors and employees, and whistleblowing channels for reporting potential misconduct. The Board oversees the implementation and effectiveness of these measures.

Community investment

We strive to contribute to the community and shoulder corporate responsibility. During the Track Record Period, we supported education initiatives. We will explore opportunities to establish focus areas and partnership opportunities with social impact organizations where appropriate.

Social metrics

The table below sets forth key social metrics⁵ of our business operations.

⁵ Data of the whole Group has been included.

BUSINESS

Workforce

		For the year ended December 31,		
	Unit	2023	2024	2025
By gender				
Male	Number	281	297	291
Female	Number	69	72	79
By employment type				
Full time	Number	350	369	370
Part time	Number	0	0	0
By age group				
At or below 30	Number	133	134	115
Between 31–50	Number	213	230	248
At or above 51	Number	4	5	7
By geographical location				
PRC	Number	350	369	370

Turnover⁶

		For the year ended December 31,		
	Unit	2023	2024	2025
By gender				
Male	%	8.54	10.10	13.40
Female	%	26.09	9.72	8.86
By age group				
At or below 30	%	19.55	14.18	24.35
Between 31–50	%	7.51	7.83	7.26
At or above 51	%	0.00	0.00	0.00
By geographical location				
PRC	%	12.00	10.03	11.89

LEGAL PROCEEDINGS AND COMPLIANCE

Legal proceedings

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

⁶ Turnover rate is calculated as the total number of employees in the specified category leaving employment each year during the Track Record Period, divided by the total number of employees in the specified category as of the years ended December 31, 2023, 2024 and 2025, and then multiplied by 100%.

BUSINESS

Compliance

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

INTERNAL CONTROL AND RISK MANAGEMENT

Our Board is responsible for the overall effectiveness of our risk management and establishing our internal control system and reviewing its effectiveness. Our Board has established the Audit Committee, the Nomination Committee, the Remuneration Committee and the Strategy Committee to assist in overseeing our corporate governance, financial reporting, internal controls and compliance matters. We have established an internal audit department which operates independently under the Audit Committee and reports audit findings and recommendations to the Audit Committee and the Board on a regular basis. We have adopted a suite of internal control policies and procedures, covering areas such as corporate governance, financial management, sales and procurement management, human resources, research and development, information technology and other key business processes, as well as a formal risk management framework for risk identification, assessment, response and ongoing monitoring.