

BUSINESS

OVERVIEW

Who We Are

We are a sensor-centric intelligent solutions provider integrating R&D, manufacturing, sales and intelligent services, with strong expertise in gas sensing fields. Through years of in-depth investment in sensor technology and its applications, we have built a vertically integrated business ecosystem encompassing sensor material, sensor chip fabrication, sensors, intelligent instruments and intelligent solutions. According to Frost & Sullivan, we are the largest PRC-based intelligent gas sensor provider in China in terms of sales volume, and the second largest by revenue in 2025. According to the same source, we are also the largest PRC-based intelligent gas monitoring instrument provider in China in terms of revenue in 2025.

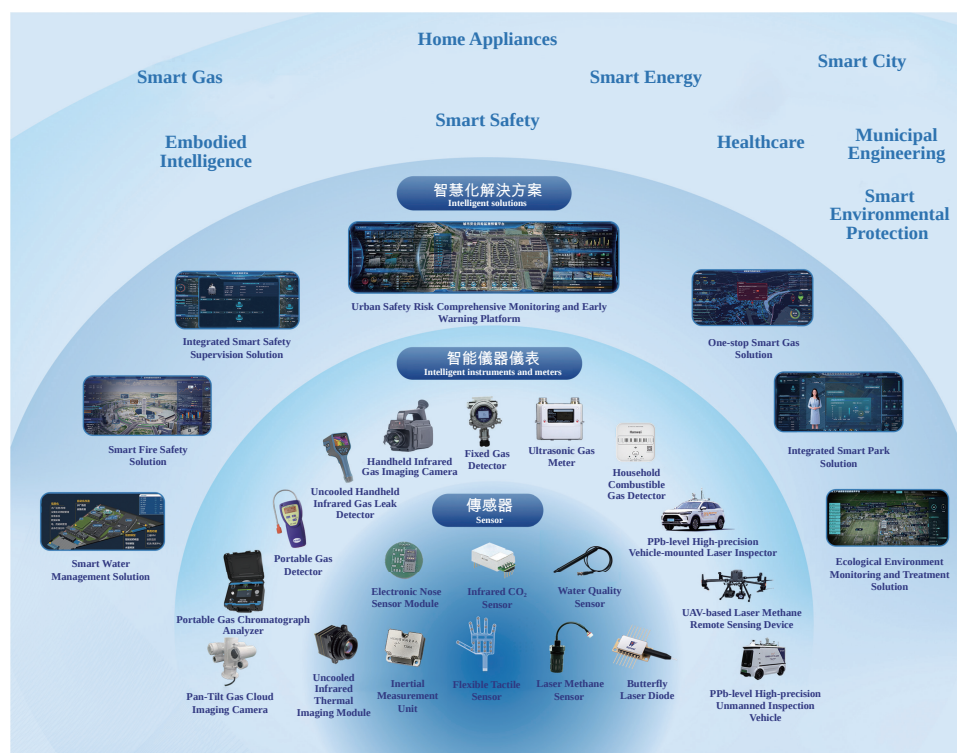
Our principal business centers on sensors and their extended applications. We manufacture and sell sensor and instrument hardware, and integrate them with data acquisition, data analytics, cloud computing and AI to deliver comprehensive intelligent solutions.

Sensors: Gas sensors form the foundation of our business. We have achieved broad technology coverage spanning from chemical sensing methods (including semiconductor, electrochemical, and catalytic combustion sensors) to physical sensing methods (using laser optoelectronic technologies). As of December 31, 2025, our sensor products comprise 17 major series, spanning over 300 product variants capable of detecting more than 300 types of indicators, and are widely used across multiple fields such as security, environmental protection, home appliances, automotive, healthcare, and humanoid robotics. We are also expanding horizontally into other sensor types with particular emphasis on flexible sensors which hold significant potential for emerging robotics applications, smart wearables and healthcare. Our broader portfolio also encompasses pressure, flow, temperature and humidity and pyroelectric sensors. We also employ MEMS manufacturing technology to produce MEMS sensors aiming for application in emerging application scenarios.

Intelligent Instruments: Leveraging our core sensor technologies, we develop and manufacture intelligent instruments for a wide range of industrial, municipal and residential applications, with features including gas detection, metering and alarm functions. Our product portfolio serves industrial sectors including petroleum, chemical and metallurgical, municipal utilities (gas, water, heating) and residential safety. Products span from point-level detection (portable devices, residential gas alarms, smoke detectors) to facility-scale monitoring (infrared gas imaging cameras, ultrasonic meters, environmental monitoring instruments), providing comprehensive coverage from individual components to large industrial facilities.

Integrated Intelligent Solutions Segment: Our integrated intelligent solutions represent a natural extension of our sensor and instrumentation capabilities, integrating connectivity, data analytics and cloud platforms to address growing customer demand for comprehensive intelligent systems. By combining our hardware foundation with software and service capabilities, we deliver end-to-end solutions spanning industrial safety and risk management, municipal infrastructure digitalization, environmental monitoring, and residential safety applications. This integrated approach leverages synergies across our technology stack from data acquisition at the sensor level through connectivity and analytics to cloud-based applications, enabling us to provide deeper value and capture opportunities throughout the digital transformation of traditional industries.

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Our History and Development

Our development journey began in 1998, when our founder, Mr. Ren leveraged his electronics industry experience and physics background to transition into the sensor business.

Founding Period (1998–2003) Establishing Our Sensor Business.

In our early years, we concentrated on sensor development when domestic sensor manufacturers were scarce and the market relied heavily on expensive imports. Recognizing the market opportunity, we dedicated our resources to R&D and achieved strong market position in gas sensors and established our foothold in the industry.

Growth Period (2003–2009) Expanding into Instruments and Going Public.

With our sensor business on solid footing, we expanded downstream into instrument R&D and manufacturing. Benefiting from synergies with our sensor operations, our instrument business grew rapidly from 2008 to 2009. In 2009, we listed on the ChiNext board of the Shenzhen Stock Exchange, raising approximately RMB373.6 million to primarily fund our sensor and instrument capacity expansion and build a nationwide sales network.

Transformation Period (2009–2016) Embracing Intelligent Solutions.

During this phase, we capitalized on national IoT policy initiatives. Recognizing that sensors could serve as data sources within broader IoT systems, we expanded into software and data services. By integrating sensors, instruments, and software capabilities, we gradually built an end-to-end offering spanning hardware, data acquisition, and cloud applications.

Ecosystem Period (2016–Present) Building Vertical Integration, Expanding into Emerging Sectors and Overseas Markets.

Since 2016, we have gradually built a fully integrated value chain spanning from sensor materials and chips to instruments and cloud platforms. At the foundation level, we independently design and synthesize materials and manufacture chips on our proprietary platform for sensor development. Building upward, our capabilities encompass instrument design — including circuit design, embedded software and explosion-proof manufacturing — as well as cloud platforms developed in-house with data security and interoperability advantages.

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Leveraging this integrated capability foundation, we have expanded into emerging high-growth sectors. In robotics, we have expanded our customer base to include humanoid robot companies through our flexible sensors, IMUs and six-axis force sensors. In automotive, we have launched vehicle-mounted air quality sensors and hydrogen leak detection modules now in mass production. We have also accelerated our global expansion, with overseas revenue from continuing operations reaching RMB126.9 million in 2025 across markets in North America, Europe and Asia Pacific, representing 5.9% of total revenue from continuing operations.

Operating Performance

Our revenue from continuing operations amounted to RMB1,927.8 million in 2024, compared to RMB1,984.5 million in 2023. In 2025, our revenue from continuing operations amounted to RMB2,140.2 million, representing a year-on-year increase of 11.0% from RMB1,927.8 million in 2024.

OUR COMPETITIVE STRENGTHS

Comprehensive Product Ecosystem Enabling Extensive Downstream Applications with Significant Market Potential

With sensors at our core, we have built an integrated product portfolio spanning hardware, data infrastructure, and intelligent applications. This diversified ecosystem serves critical demand across industrial safety, municipal infrastructure, and emerging high-growth sectors, providing significant expansion potential.

Integrated Value Chain with Strong Technical Synergies

Our sensor business spans multiple categories and technology pathways, offering gas, flexible, pressure, flow, temperature and humidity, photoelectric, acceleration sensors using mainstream technologies including catalytic combustion, electrochemical, infrared optical, and MEMS processes. According to Frost & Sullivan, we are the largest PRC-based intelligent gas sensor provider in China in terms of sales volume, and the second largest by revenue in 2025.

Building on this sensor foundation, we have extended into intelligent instruments, offering gas detectors, alarm controllers, portable detection devices, environmental monitoring instruments, and ultrasonic meters serving industrial safety, municipal monitoring, and environmental applications. According to Frost & Sullivan, we are also the largest PRC-based intelligent gas monitoring instrument provider in China in terms of revenue in 2025.

At the solutions level, we integrate data acquisition, data transmission, data analytics, cloud capabilities and AI to deliver integrated intelligent solutions across smart safety, smart city, and smart environmental protection. This coverage across sensing, transmission, analysis, and application generates significant synergies across our product segments and strengthens our overall competitiveness.

Broad Application Coverage Across Multiple Sectors

Leveraging our sensor technology and fully integrated value chain capabilities, we have built a comprehensive product and solution portfolio spanning petroleum, chemical, metallurgical, municipal and residential, and emerging industries. With sensors at our core, we extend into intelligent instruments, system platforms, and integrated services, offering cross-scenario adaptability, multi-dimensional sensing, and end-to-end delivery capabilities to address diverse needs across industrial safety, environmental monitoring, and urban governance applications. Our broad industry coverage effectively diversifies operational risk while enabling us to accumulate extensive application experience and deep technical expertise across scenarios. This drives rapid product iteration and continuous solution optimization, reinforcing our market position and providing strong support for sustained growth.

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Strong Domestic Position with Growing International Presence

In China, we have established leading market positions across our core business segment, particularly gas sensors. Our instrument products have also obtained strong market recognition and our intelligent solutions have achieved broad coverage across the gas utility sector and are recognized as a first-tier provider in the chemical industrial park segment. As of the Latest Practicable Date, we have served over 30,000 domestic customers, building a stable and expanding client base that reinforces our competitive scale advantages.

Building on this strong domestic foundation, we are actively expanding internationally. In 2025, our overseas revenue from continuing operations amounted to RMB126.9 million, with products exported to South Korea, Singapore, Malaysia, Kazakhstan, and other markets. We continue to expand into Europe, the Americas, and Southeast Asia, positioning ourselves for sustained global growth.

Strong R&D Capabilities Enabling Rapid Innovation and Strategic Market Positioning

We have consistently prioritized technological R&D as a core competitive advantage. Through sustained high-intensity R&D investment and multi-dimensional technology platform development, we have built strong capabilities spanning from foundational materials to industrialized applications, supporting rapid product iteration and forward-looking positioning in emerging sectors.

Sustained R&D Investment and Integrated Platform Infrastructure

In 2023, 2024 and 2025, our R&D expenses from continuing operations amounted to RMB181.5 million, RMB201.4 million and RMB225.8 million, respectively, representing 9.1%, 10.4% and 10.6% of our total revenue from continuing operations for the respective periods representing consistently high R&D intensity. As of December 31, 2025, we held 1,197 issued patents in Chinese Mainland and overseas, including 278 invention patents. Our technology reserves span the full sensor value chain: sensitive materials, chip design, manufacturing processes, and packaging and testing. We have established core R&D platforms including a National Enterprise Technology Center and the Hanwei Research Institute, supplemented by R&D centers in Shanghai, Shenzhen, Chengdu, and Wuhan that form a collaborative cross-regional innovation network. Through three integrated platforms — Sensor Technology, Instrumentation Technology, and IoT Technology — we maintain end-to-end technological control from material R&D through system integration, providing a strong foundation for new product development and continued breakthroughs.

Core Technology Breakthroughs Fueling Continuous Product Advancement

Our sustained R&D efforts have translated into meaningful product advancements across all major business lines:

Sensors: We completed performance upgrades for flat semiconductor and new thermal-wire gas sensors, overcoming challenges in precise thermal field control and material stability under extreme conditions. Our MEMS hydrogen sensors and temperature and humidity sensors have achieved stable mass production. Notably, our array ultrasonic transducer — utilizing aluminum nitride materials — is China’s first domestically developed chip-level ultrasonic sensor produced on 8-inch wafers.

Intelligent Instruments: We achieved breakthroughs in laser methane leak detection, launching laser-enabled residential combustible gas detectors and PPB-level laser inspection vehicles. We also completed development of uncooled handheld infrared gas leak detectors, establishing a comprehensive gas leak detection portfolio spanning fixed-point monitoring, mobile inspection, area surveillance, and spatial imaging.

Integrated Intelligent Solutions: We completed adaptation of our Xiangyun IoT platform for domestic IT infrastructure and introduced large language model technologies to enable AI avatars and multi-scenario intelligent applications for industrial parks.

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Early-Mover Positioning in High-Growth Emerging Sectors

We have made targeted investments in several high-growth sectors where our core sensor capabilities provide a natural competitive advantage. In embodied intelligence, we have invested in MEMS sensor production infrastructure and our IMU sensors meeting humanoid robot technical requirements. In laser sensing, we have developed multiple laser-based sensor products, with certain products already in volume production. In flexible sensing, we have deployed flexible sensor products establishing partnerships with multiple humanoid robot manufacturers.

Over Two Decades of Industry Leadership Underpinning Strong Brand Equity

Since our founding in 1998, we have developed deep expertise along the sensor product and solution value chain. Through sustained technological innovation, consistent product quality, and comprehensive service capabilities, we have established leading industry position with strong brand recognition across key end markets.

Industry Leadership and Standard-Setting Influence

We are among the earliest Chinese companies to achieve comprehensive coverage across major gas sensing technology pathways, with our gas sensors maintaining leadership in China for over two decades. According to Frost & Sullivan, we are the largest PRC-based intelligent gas sensor provider in China in terms of sales volume, and the second largest by revenue in 2025. As a key industry participant, we have contributed to formulating various national standards for safety and intelligent sensing instruments, positioning us as an influential voice in shaping industry technical standards.

In 2009, we became one of the first companies listed on the ChiNext board. Since listing, our consistent operational performance and sustained growth have earned strong recognition in the capital markets. The “Hanwei” trademark has been designated a “China Well-Known Trademark,” and we have received numerous honors including the Provincial Quality Award and National Manufacturing Single Champion. Our quality management and innovation capabilities are widely recognized as industry benchmarks.

Strong Market Recognition Across Verticals with a Broad Base of Leading Customers

Leveraging our technological capabilities and product competitiveness, we have earned strong market recognition and built long-term partnerships with leading customers across energy, industrial, municipal, and emerging high-growth sectors.

In the energy sector, our industrial safety and intelligent gas products and solutions serve China’s major energy companies, including PetroChina, Sinopec, CNOOC, China Resources Gas, ENN Energy, Towngas China, and Zhongyu Gas.

In the industrial sector, our gas sensors and safety instruments are also the trusted choice for some of these energy majors, recognized for their stability and technical reliability.

In the municipal sector, our smart gas and smart water solutions have been deployed across multiple provincial capital cities. These include large-scale deployments in water treatment plants and municipal pipeline projects.

We have also deepened our presence in high-growth consumer and tech verticals. In home appliances, our partnerships with Midea, Haier, and Hisense have accelerated MEMS sensor miniaturization and low-power technology development through customized environmental monitoring sensors. In automotive and robotics, we have entered the BYD supply chain with air quality sensors (CO₂ and PM2.5) and established partnerships with multiple humanoid robot manufacturers for our flexible and IMU sensors. In healthcare, our flow sensors and ultrasonic oxygen sensors have achieved breakthroughs in ventilators and oxygen concentrators, steadily expanding our footprint in the sector.

Our market recognition is further validated by our active role in shaping the regulatory landscape. In 2025, leveraging our expertise in flexible electronics, we participated in drafting two domestic industry standards. Through active participation in academic conferences and international exhibitions, we continue to reinforce our position as a leading force in sensing technology across emerging markets.

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Management Team with Strategic Foresight and Diversified, Creative Talent Reserves

Our founder and Chairman, Mr. Ren, brings over 30 years of deep expertise in the sensor industry. He has led the Group’s strategic evolution from a single gas sensor business to a fully integrated value chain encompassing sensors, instruments, and IoT solutions, while spearheading forward-looking expansion into flexible sensing, embodied intelligence and MEMS production. Our core management team members average over 20 years of industry experience, with complementary capabilities across technology R&D, manufacturing operations, and sales. This proven leadership demonstrates exceptional strategic foresight and deep insight into industry transformation, continuously exploring broad downstream application fields for technological innovation.

As of December 31, 2025, we employed 1,060 R&D personnel representing 33.9% of our workforce, including 660 with bachelor’s degrees and 181 with master’s degrees. Our R&D team spans expertise in sensitive materials, chip design, AI algorithms, flexible electronics, and MEMS processes, with well-developed core technology talent pipelines. By continuously optimizing talent development, evaluation, and incentive mechanisms including equity incentives and our internal “Hanwei Lecture Hall” learning platform, we have established comprehensive talent cultivation and retention systems. We believe our talent base will continue to play a pivotal role in fulfilling our mission as we expand and attract more professionals who share our vision.

OUR STRATEGIES

Strengthen Vertical Integration Across Our Value Chain

We plan to strengthen our vertical integration on two fronts. First, leveraging our internal R&D and production capabilities, including our 6-inch MEMS production line and laser optoelectronics packaging line, we will continue investing in core sensor materials (such as gas-sensitive and flexible electronic materials) and chips (MEMS, laser) to enhance quality control, accelerate integrated R&D cycles, and improve cost efficiency. Second, we will further deepen integration across sensors, instruments, and cloud platforms — increasing penetration in municipal infrastructure and chemical industrial parks, and converting data assets into long-term service capabilities.

Building Global Brand to Drive Overseas Growth

We plan to implement a comprehensive global brand strategy. In the short term, leveraging our production bases, we will optimize our international supply chain deployment. For example, utilizing our Malaysia production base currently under construction to cover Southeast Asian markets and improve logistics efficiency. In the medium term, we will expand our product offerings in overseas markets, build and strengthen local sales teams, and invest in marketing and customer relationship development to enhance brand visibility and market penetration. Leveraging our technological advantages and comprehensive, high-quality product portfolio, we aim to establish stronger market positions in key regions and deepen relationships with international customers. Our long-term goal is to develop our overseas business into a core growth engine.

Pursue High-Growth Opportunities in Emerging Applications

We are capitalizing on rapid expansion in automotive and robotics sectors, where our sensor technologies are essential enablers. In automotive, we have achieved performance upgrades for CO₂ and PM2.5 sensors, with light sensors and negative ion generators now in volume production. Building on partnerships with leading manufacturers, such as BYD, we will continue expanding our customer portfolio and product applications. In robotics, we have deployed flexible sensors, six-axis force sensors, and IMU sensors, currently supplying these products at small scale to research institutions and leading robotics companies. As the robotics industry matures, we will increase R&D and market development investment to capture scaled application opportunities across humanoid robots, collaborative robots, and other emerging scenarios. Beyond these core sectors, we are upgrading our intelligent instruments portfolio with advanced ultrasonic and laser technologies to capture the accelerating trend of mechanical meter replacement in gas and water utilities.

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Strengthen Technology Innovation, Building Long-Term Competitive Moats

Facing accelerating technology iteration and proliferating technology pathways in the sensor industry, we plan to continue increasing R&D investment. On one hand, we will strengthen iterative upgrades of existing technology platforms — for example, advancing chemical sensor miniaturization and low-power development, improving laser sensor long-term stability and complex environment adaptability. On the other hand, we will deploy advanced technologies such as force sensors for embodied intelligence and AI algorithm applications in data processing. We will also optimize R&D management mechanisms, improving R&D efficiency through collaboration between our internal R&D teams.

Strengthen Talent Development to Support Strategic Growth

To support our global expansion and emerging technology initiatives, we plan to expand our talent acquisition in critical areas including embodied intelligence, international business development, and advanced R&D. We aim to attract top talent through our industry-leading market position, competitive compensation and equity incentives, and clear career development opportunities. We will maintain our investment in structured training programs and mentorship initiatives to develop both technical and management capabilities across the organization.

OUR VERTICALLY INTEGRATED ECOSYSTEM

We have built a vertically integrated ecosystem that spans the full value chain of the sensing industry, from upstream materials and chip design to midstream sensor manufacturing and intelligent instruments, and further downstream to hardware-software integrated intelligent solutions. We believe this end-to-end ecosystem, which we refer to as our “vertically integrated sensing ecosystem,” is a key competitive differentiator that enables us to achieve superior product performance, cost efficiency and rapid innovation, while strengthening our relationships with customers across the value chain.

Our ecosystem incorporates all critical stages of the sensing value chain, including (i) sensitive materials, which form the foundation for both our gas sensors and flexible sensors; (ii) chip design, fabrication and packaging, where we have developed a 6-inch wafer MEMS sensor IDM production chain encompassing chip design, wafer fabrication and packaging and testing; (iii) sensors, our core product offering spanning gas sensors, flexible sensors and other sensing devices; (iv) intelligent instruments, which integrate our proprietary sensors into detection, monitoring and metering devices for industrial, commercial and residential applications; and (v) integrated intelligent solutions, which combine our sensing hardware with IoT platforms, data analytics and AI capabilities to deliver end-to-end systems for smart city and industrial applications.

Our ecosystem is anchored in our deep expertise in sensitive materials and sensor chip technologies. Drawing on decades of research and development in gas-sensitive materials, we have built significant proprietary capabilities in the composition of sensitive materials, which underpin both our gas sensors and our expanding flexible sensor product lines. Building on this materials foundation, we have further invested in integrating a 6-inch wafer MEMS sensor IDM production chain, developing in-house capabilities spanning chip design, wafer fabrication and packaging and testing processes. This upstream expansion provides us with deep technical insights into the critical materials and semiconductor processes that determine sensor performance, quality and cost.

At the center of our ecosystem is our sensor business. Gas sensors have been our core sensor product since inception and form the technological cornerstone upon which we have built the rest of our ecosystem. Our leading position and depth of capability in gas sensors have enabled us to expand horizontally into flexible sensors and other sensor categories, and vertically both upstream into materials and chip manufacturing and downstream into intelligent instruments and integrated intelligent solutions.

We believe our vertically integrated ecosystem creates meaningful synergies across our business lines and provides us with a number of competitive advantages, including:

- **Enhanced supply chain visibility and quality control.** Our expanding in-house capabilities from materials to chips to sensors provide us with greater visibility and control across the supply chain, enhancing our ability to ensure consistent product quality, improve supply security and respond more rapidly to changes in market demand.

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- **Accelerated product development and innovation.** Deep insight into the upstream materials and chip processes allows us to rapidly iterate sensor designs, optimize material formulations and develop customized sensing solutions tailored to specific end-use requirements.
- **Cost optimization potential.** As our upstream production capacity continues to scale, vertical integration is expected to enable us to progressively capture greater value at each stage of the production chain, gradually reduce reliance on third-party suppliers for key inputs and enhance our cost competitiveness.
- **Deepened customer relationships and recurring revenues.** By extending downstream from standalone sensors and instruments to comprehensive smart solutions, we are able to deepen our engagement with customers across industries. Our ability to offer end-to-end solutions simplifies procurement for customers and strengthens lock-in effects.
- **Cross-business synergies.** Each layer of our ecosystem reinforces and enables the others. For example, our materials capabilities support the development of new sensor types, which in turn enable new instrument products and solution offerings. Customer insights gained from our downstream solutions business in turn inform our upstream R&D priorities, creating a virtuous cycle of innovation and market responsiveness.

OUR PRODUCTS AND SOLUTIONS

Our products and solutions can be divided into three main categories: (i) sensors; (ii) intelligent instruments; and (iii) integrated intelligent sensing solutions. The table below sets forth a breakdown of our revenue from continuing operations by business segment for the periods indicated:

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Sensors	266,194	13.4	340,852	17.7	391,456	18.3
Intelligent instruments	990,891	49.9	995,017	51.6	1,105,493	51.7
Integrated intelligent solutions	675,120	34.0	541,988	28.1	599,934	28.0
Other sources ⁽¹⁾	52,250	2.6	49,948	2.6	43,270	2.0
Total	1,984,455	100.0	1,927,805	100.0	2,140,153	100.0

Note:

(1) Primarily including revenue from rental income.

Sensors

Within the three-layer network architecture of the IoT, namely, the perception layer, network layer and application layer, sensors are at the perception layer which is the fundamental foundation and the most critical part of the entire IoT ecosystem. Sensors serve as the critical components for information acquisition at this layer and play a vital role in industrial transformation and upgrading. They convert perceived physical, chemical, and biological information into easily recognizable digital data for transmission to backend platforms for processing, analysis, and application.

Our sensor business is built on a strong foundation in gas sensors, which have been our core sensor product since inception. According to Frost & Sullivan, we are the largest PRC-based intelligent gas sensor provider in China in terms of sales volume, and the second largest by revenue in 2025. Leveraging our leading position and depth of technology in gas sensors, we have successfully expanded horizontally into flexible sensors and other sensor categories. As of the Latest Practicable Date, we offer over 300 types of sensors. Set forth below are details of our major sensor categories.

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Gas Sensors

Gas sensors are sensing devices that detect and measure the presence, concentration and composition of target gases — including toxic, combustible and volatile organic compounds — by converting chemical or physical interactions with the target gas into measurable electrical signals. They are widely deployed across industrial safety, home safety, environmental monitoring, energy, automotive and healthcare applications.

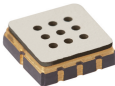
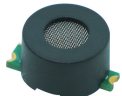
Gas sensors are the cornerstone of our sensor business and have been central to our development since our founding. As early as 1998, we achieved a breakthrough in semiconductor gas sensor technology, becoming one of the first domestic manufacturers to develop commercially viable gas sensors and breaking the dominance of international brands in the Chinese market. From then on, we have continued to deepen and broaden our gas sensing capabilities through sustained R&D investment and technological accumulation.

Today, our gas sensor portfolio spans the full spectrum of technology pathways, encompassing semiconductor, catalytic combustion, electrochemical, optoelectronic (including laser-based and infrared) and MEMS sensors. We are one of the few companies in the industry that has achieved comprehensive coverage across both chemical and physical gas sensing principles, supported by a vertically integrated supply chain. Combining traditional gas detection technologies with acoustic gas detection and spectral gas imaging, we have developed a distinctive “eyes, ears and nose” bionic sensing product family, offering multi-dimensional gas detection and analysis capabilities.

Among the various technology pathways, optoelectronic and MEMS gas sensors have been gaining significant market traction due to their superior precision, stability and miniaturization advantages. In the field of laser gas sensors in particular, we have been actively participating in the formulation of industry standards. As of the Latest Practicable Date, we have participated in the development of four industry group standards, including the standard for laser-type household, commercial and industrial premises combustible gas detectors, further reinforcing our influence over technical standards in the industry. We have designed and developed multiple laser devices tailored to diverse gas detection requirements, and have successfully established butterfly laser and TO-can packaged laser (TO laser) packaging and testing production lines, achieving deep production capability coverage from laser R&D to mass production.

Product Category	Description	Representative Examples
Semiconductor Gas Sensors	- Measures resistance changes in metal oxide semiconductors upon gas exposure. - Low-cost, compact and highly sensitive. - Suitable for combustible gases, VOCs, air quality monitoring.	 Natural Gas Detection Sensor  Flammable Gas Sensor  Alcohol Sensor
Catalytic Combustion Gas Sensors	- Catalytic oxidation generates temperature-based electrical signal. - Detects flammable/explosive gases (methane, propane, hydrogen) for industrial and safety applications.	 Catalytic Combustion Flammable Gas Sensor  MC218  Blue Sensor  Green Sensor

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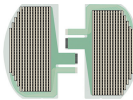
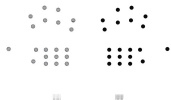
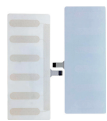
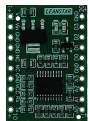
Product Category	Description	Representative Examples		
Electrochemical Gas Sensors	Electrochemical reactions generate current proportional to gas concentration.			
	High selectivity, accuracy and low power consumption.	CO Gas Sensor	Industrial Hydrogen Sulfide Gas Sensor	Hydrogen Gas Sensor
	Suitable for toxic gas detection (CO, H₂S, NO₂, O₂).			
Infrared Optoelectronic Gas Sensors	Infrared absorption-based detection using pyroelectric, thermopile or photoconductive elements.			
	High stability, long service life.	Infrared Flammable Gas Sensor	Infrared CO ₂ Gas Sensor	NDIR Gas Sensor
	Suitable for CO₂ monitoring, combustible gas detection, industrial safety.			
Laser Gas Sensors. . .	Laser-based detection technologies including TDLAS and methane laser.			
	High precision, fast response and interference resistance.	TDLAS Gas Sensor	Laser Methane Sensor	Methane Laser
	Suitable for household and industrial combustible gas detection, methane leak detection, environmental monitoring.			
MEMS Gas Sensors . .	Micro-electromechanical system-based sensors with ultra-small form factor and low power consumption.			
	Suitable for integration into portable and IoT devices.	MEMS VOC Sensor	MEMS Flammable Gas Sensor	MEMS Hydrogen Gas Sensor

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Flexible Sensors

Flexible sensors are advanced sensing devices built on flexible substrate materials and stretchable structures, featuring softness, lightweight, bend resistance and imperceptible contact, enabling sensing capabilities on curved, irregular or moving surfaces.

Flexible sensors represent a relatively new but rapidly growing product category for our Company. Built upon over a decade of dedicated technology accumulation, we have developed proprietary core capabilities in the design of multi-variety, multi-range flexible micro-nano sensors and sensor arrays, the synthesis and preparation of sensitive materials and conductive inks, and large-area printed electronics batch manufacturing. These capabilities position us well to capture emerging opportunities, particularly in the fields of humanoid robotics and embodied intelligence, where flexible sensing is a critical enabling technology. In 2025, leveraging our technological expertise in the flexible electronics field, we participated in drafting and formulating two domestic industry standards for flexible electronics, further consolidating our market position in this sector.

Product Category	Description	Representative Examples		
Flexible Pressure Sensors	- Thin-film pressure sensors on flexible substrates. - High sensitivity and conformability for curved surfaces.	 Flexible Thin-Film Pressure Sensor	 Flexible Array Thin-Film Pressure Sensor	 Flexible Thin-Film Pressure Sensor
Flexible Piezoelectric Sensors	- Convert mechanical deformation into electrical signals. - Suitable for vibration and dynamic force measurements.	 Flexible piezoelectric sensor	 Flexible piezoelectric sensor	 Composite Flexible Micro-Nano Sensor
Other Flexible Sensors	Includes flexible temperature sensors and flexible fabric sensors.	 Flexible Capacitive Sensor	 Flexible Fabric Array Sensor	 Flexible Thin-Film Pressure Sensor Digital Conversion Module

Other Sensors

Leveraging our leading position and depth of technology in gas sensors and our successful horizontal expansion into flexible sensors, we have also been developing and offering a range of other sensor products. These include optoelectronic sensors for non-gas applications (such as spectral analysis, laser wind measurement and fiber optic sensing), temperature sensors, humidity sensors, water quality sensors, ultrasonic liquid level sensors, and IMU and acceleration sensors. These products complement our core sensor lines and enable us to provide comprehensive sensing solutions across diverse industrial, environmental and consumer applications.

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Emerging Application Scenarios

Building on our established position in gas sensors, where we serve traditional applications in industrial safety and environmental protection, our sensor products have been applied in diverse industrial and consumer applications, including various new and emerging application scenarios, with our market presence expanding alongside our growing sensor portfolio.

Home Appliances. Our sensor product portfolio has extended into the home appliance sector through partnerships with major manufacturers including Midea, Haier, and Hisense. We deploy environmental monitoring sensors, including gas, temperature, humidity, and air quality sensing, for applications in air purification systems, smart HVAC, and kitchen appliances.

Automotive. In the automotive sector, we supply multiple sensor types for vehicle systems. Our chemical sensors support cabin air quality monitoring and HVAC systems. Mechanical sensors enable thermal management applications. We have established partnerships with automotive manufacturers and their suppliers, with our automotive sensor portfolio addressing sensing requirements in both traditional and new energy vehicles.

Healthcare and Medical Devices. Our sensor capabilities support medical device applications including flow sensors for respiratory equipment, oxygen sensors for patient monitoring systems, and ultrasonic sensors for gas flow measurement. These products address requirements in respiratory health monitoring and clinical diagnostic equipment.

Robotics and Embodied Intelligence. Most recently, we have identified opportunities in robotics and embodied intelligence applications where our diverse sensor portfolio addresses multiple perception requirements. Our chemical sensors enable environmental detection. Flexible and elastic sensors provide feedback for manipulation tasks. Mechanical sensors support motion control and balance through force sensors and IMU modules. Optoelectronic sensors enable vision-based functions through infrared thermal imaging. This multi-sensor approach positions us to serve the sensing requirements of industrial robots, service robots, and automated systems as these markets develop.

Intelligent Instruments

Leveraging our industry-leading position in gas sensing technologies, we develop and manufacture a comprehensive range of intelligent instruments for industrial, commercial and residential applications, with features including gas detection, metering and alarm functions.

This segment comprises two primary product categories: (i) gas monitoring instruments, our core instrument product line which addresses the full spectrum of gas detection and monitoring needs spanning industrial safety, home safety, municipal gas networks and beyond; and (ii) other instruments, which represent our expansion into adjacent instrumentation markets leveraging our underlying sensor technologies and established customer relationships.

Gas Monitoring Instruments

Gas monitoring instruments are our flagship instrument product category, contributing most of our intelligent instruments segment revenue during the Track Record Period. Building directly upon our leading gas sensor capabilities, we offer a comprehensive portfolio of gas detection, monitoring and alarm instruments that serve the full value chain from upstream industrial production to midstream pipeline transmission and downstream residential and commercial end-use.

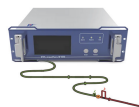
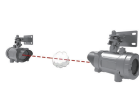
In the industrial safety domain, our instruments detect combustible gases, toxic gases and VOCs across sectors including petroleum, chemical, pharmaceutical, steel, mining, shipping ports, new energy and electronics manufacturing. Our product portfolio incorporates multiple detection technologies, including laser-based toxic gas detection, infrared gas leak detection, spectral gas imaging and acoustic imaging, forming “eyes, ears, and nose” detection capability for industrial environments. During the Track Record Period, we developed new laser-based toxic gas detection products that offer improved service life, stability and interference resistance for harsh industrial conditions.

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In the home safety and municipal gas domains, our instruments serve the natural gas utility industry and the residential gas safety market. Products include household and commercial gas alarms (incorporating semiconductor, infrared and laser detection technologies), ultrasonic gas meters, valve well monitoring devices and smart inspection equipment for gas pipeline networks. During the Track Record Period, our self-developed laser-based gas detection products gained increasing market recognition. We have participated in formulating four industry group standards in China, including standards for laser-type household, commercial and industrial gas detectors, further strengthening our position in industry standard-setting.

Product Category	Description	Representative Examples		
Industrial and Commercial Combustible Gas Alarms	- Fixed-installation gas detection systems designed for industrial and commercial environments. - Monitors combustible gas concentrations to prevent explosions and ensure workplace safety.			
		Semiconductor Factory Gas Detector	Standalone Detector	Dust Concentration Detector
Residential Combustible Gas Alarms	- Home safety devices that detect natural gas and other combustible gases. - Provides early warning alerts to protect households from gas leaks and potential hazards.			
		Composite Gas Detector	Photoionization Detector	System-Type Detector
Portable Gas Detectors.	- Handheld detection devices for on-the-go gas monitoring. - Used by field workers and emergency responders to identify gas hazards in various locations.			
		Combustible Gas Detector	Battery-Powered Fully Wireless Residential Combustible Gas Detector	Laser Gas Alarm
Portable Gas Detectors.	- Handheld detection devices for on-the-go gas monitoring. - Used by field workers and emergency responders to identify gas hazards in various locations.			
		Portable Single-Gas Detector	Portable Multi-Gas Detector	Handheld VOCs Gas Detector

BUSINESS

Product Category	Description	Representative Examples		
Other Gas Instruments	Includes laser-based products, infrared products and gas analysis products	 Distributed Fiber Optic Acoustic Sensing System	 Industrial and Commercial Linear Beam Combustible Gas Detector	 Optical Gas Imaging Thermal Camera
		 Gas Inspection Unmanned Vehicle	 Handheld Laser Remote Sensing Device	 Pan-Tilt Explosion-Proof Gas Detection Camera
		 Non-cooling Portable Infrared Gas Leak Detector	 Stationary Acoustic Imaging Device	 Fourier Transform Infrared Gas Analyzer

Other Instruments

Leveraging our underlying sensor technologies and established customer relationships from our gas instruments business, we have also expanded into adjacent instrumentation markets including ultrasonic metering instruments.

Integrated Intelligent Solutions

As industries undergo digital transformation and increasingly adopt IoT-enabled infrastructure, our customers' needs have become more complex that extend beyond standalone sensors and instruments. We offer comprehensive, solutions that integrate sensing hardware, data transmission, analytics platforms, and application software into unified systems.

Building upon our deep expertise in core sensing technologies and intelligent instruments, we have strategically expanded our business into hardware-integrated intelligent solutions to meet these evolving demands. Leveraging our extensive sensor product portfolio and proven track record in industrial instrumentation, we deliver turnkey solutions that span from data perception at the edge to intelligent decision-making in the cloud. This vertical integration creates significant value for our customers by simplifying procurement and ensuring system compatibility, while also strengthening our competitive position through deeper customer relationships and recurring revenue streams from software and services.

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Our integrated intelligent solutions are built on a four-layer architecture: (i) terminal perception, where our intelligent instruments and meters are deployed as sensing hardware terminals to collect real-time data across diverse scenarios; (ii) edge computing, which enables localized data processing and rapid response for time-sensitive applications; (iii) the platform layer, through which data is transmitted via communication protocols such as NB-IoT to IoT monitoring platforms deployed on-premises or on customer-designated third-party cloud infrastructure for centralized analysis, processing, and visualization; and (iv) business enablement, where embedded intelligent systems (developed and trained primarily on our internal testing data) are applied to intelligently analyze datasets and power intelligent applications tailored to specific customer requirements. By integrating core platform capabilities spanning IoT, data analytics, visualization, and AI, our solutions address the needs of industries including industrial manufacturing, safety production, municipal management, and urban safety.

As of the Latest Practicable Date, we have offered integrated intelligent sensing solutions for a wide range of industry applications, including smart gas, smart water, home intelligence and health, urban safety perception and operations, integrated safety and fire protection for small micro-venues, and urban waterlogging monitoring and early warning. Our solutions serve customers across diverse sectors including petroleum, chemical, metallurgy, mining, pharmaceuticals, and food.

Set forth below are certain examples of our integrated intelligent solutions.

Domain	Solution Platform	Target Customers	Representative Case
Smart Safety	Enterprise Safety Risk Intelligent Management Platform	Hazardous chemical enterprises	In December 2023, we entered into a contract with a state-owned telecommunications operator’s industrial internet subsidiary to deploy functional modules of our Enterprise Safety Risk Intelligent Management Platform, enhancing the customer’s production control capabilities, supporting data-driven decision-making, and elevating the standardization and intelligent management of its chemical operations.
Smart City	Gas Safety Supervision Platform	Gas regulatory authorities (including housing and construction bureaus, urban management bureaus, and gas management centers)	In November 2025, we entered into a contract with a county-level housing and urban-rural development bureau to deliver a comprehensive gas safety supervision platform, integrating gas alarm terminals, IoT sensing devices, AI video early warning, GIS mapping, and mobile operations into a single end-to-end regulatory solution. The platform resolved the bureau’s fragmented data, delayed hazard detection, and weak third-party construction controls, materially strengthening its gas safety oversight capabilities.

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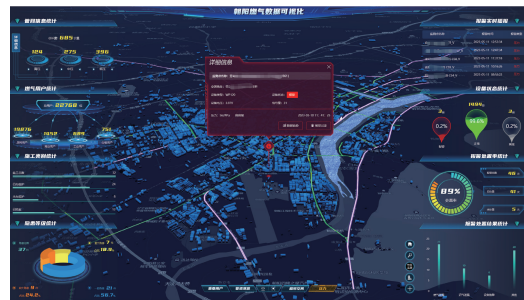
Domain	Solution Platform	Target Customers	Representative Case
Environmental Protection . . .	Smart Environmental Protection Solution Platform	Industrial wastewater, municipal sewage, and exhaust gas treatment enterprises; infrastructure concession operators	In 2024, we entered into a contract with a power engineering company to provide a comprehensive wastewater treatment solution for a waste-to-energy plant project. Our solution adopted a pretreatment and combined treatment process and was characterized by resistance to impact loads, stable operation, high desalination and recovery rates, and a highly integrated, automated membrane system. The solution ensured that the treated water met the quality requirements as required in the project and was compliant for reuse.
Smart Fire Safety .	Smart Fire Safety Supervision Platform	Township and sub-district government authorities	In January 2024, we entered into a contract with a township sub-district office to deploy our Smart Fire Safety Supervision Platform alongside an array of fire sensing devices — including point-type combustible gas detectors, combination-type electrical fire detectors, and water mist fire extinguishing devices — as well as a duty monitoring center and a micro fire station. After the project was completed, it helped reduce fire risks and improved the level of digital fire safety management in the designated street areas.

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Set forth below are illustrations of interfaces of the above solutions.



Enterprise Safety Risk Intelligent Management Platform



Gas Safety Supervision Platform



Smart Environmental Protection Solution Platform



Smart Fire Safety Supervision Platform

Other Sources

To a substantially lesser extent, during the Track Record Period, we also generated revenue from other sources primarily including revenue from rental income. In 2023, 2024 and 2025, revenue from other sources amounted to RMB52.3 million, RMB49.9 million and RMB43.3 million, respectively, accounting for 2.6%, 2.6% and 2.0% of our total revenue for continuing operations for the respective periods. Such rental income primarily relates to (i) certain portions of our properties located in Shanghai, with a total GFA of approximately 2,668.41 sq.m., leased to a single tenant for commercial, office and car parking uses; and (ii) certain portions of our properties located in Zhengzhou, with a total GFA of approximately 40,574.17 sq.m., leased to various tenants for office use. For details, see “Properties” and a property valuation report a property valuation report included in Appendix III to this document.

Discontinued Operations

During the Track Record Period, we, by way of equity transfer, disposed of our 65% equity interests in Zhengzhou Hanwei Zhiyuan Technology Co., Ltd. (鄭州漢威智源科技有限公司) (“Hanwei Zhiyuan”), a then non-wholly-owned subsidiary primarily engaged in the development, construction and operation of urban heating facilities. For details, see “History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers.”

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OUR RESEARCH AND DEVELOPMENT

Research and development are essential to maintaining our competitive position and driving the long-term growth of our business by enabling us to strengthen our technological capabilities and the transformation of research results to optimize existing product formulations and address evolving customer needs in our industry.

As of December 31, 2025, our R&D team comprised 1,060 members, approximately 80.8% of whom obtained bachelor’s degrees or above, and among which 196 individuals held master’s degrees or above. In 2023, 2024 and 2025, our R&D expenses from continuing operations amounted to RMB181.5 million, RMB201.4 million and RMB225.8 million, respectively, which accounted for 9.1%, 10.4% and 10.6% of our total revenue from continuing operations for the corresponding year, respectively.

Our R&D network consists of (i) our core research center in Zhengzhou that focuses on strategic R&D; (ii) four R&D bases in Chinese Mainland, including Shanghai, Shenzhen, Chengdu and Wuhan, that lead the innovation of applied R&D; and (iii) R&D departments that focus on the improvement of product performance and production efficiency, where we deploy R&D resources at our manufacturing facilities to facilitate seamless knowledge sharing and collaboration between development teams and manufacturing personnel. The functions of these three components are progressively layered from initial concept development to applied science and engineering, and further to mass production.

Our current R&D strategy is built around two core focus areas (i) hardware and (ii) integrated software-hardware solutions. Our R&D efforts have produced a number of technical achievements and also have a proven track record of generating a large amount of intellectual property and industry know-how fundamental to our operations. As of December 31, 2025, we had a total of 1,197 issued patents in Chinese Mainland and overseas, including 278 invention related patents.

Our continuous efforts on innovation in the industry have been awarded with multiple accreditations and recognition from various organizations and entities. Additionally, we have also received R&D certifications and recognitions from various provincial and ministerial-level authorities, including Henan Provincial Engineering Technology Research Center for trace gas detection technology and instruments, Henan Provincial Engineering Research Center for urban refined management, Henan Provincial Manufacturing Innovation Center, Henan Provincial Intelligent Sensor Industry Research Institute, and Henan Provincial Intelligent Sensor Innovation Consortium. We were also named “Outstanding Private Enterprise of Henan Province” in 2022 by the United Front Work Department of the Henan Provincial Committee of the Communist Party of China, the Henan Provincial Department of Industry and Information Technology, the Henan Provincial Federation of Industry and Commerce, and the Henan Provincial Department of Human Resources and Social Security.

Leveraging our continued innovation and investments in R&D and in recognition of our proven technological capabilities, we have undertaken five national-level R&D programs, including (i) the 2015 Torch Program: Vehicle-mounted Gas Inspection Instrument Based on TDLAS Technology, (ii) the 2017 National Development and Reform Commission’s New Generation Information Infrastructure Construction Project and “Internet Plus” Major Project: Smart Sensing-Based Urban Integrated Management Cloud Platform Project, (iii) the 2019 National Key R&D Program “Key Special Project on Foundational Manufacturing Technologies and Critical Components”: Key Technologies for Silicon-Based MEMS Gas Sensors Project, (iv) the 2021 National Key R&D Program “Key Special Project on Intelligent Sensors”: Development and Trial Validation of Gas Sensor Modules, and (v) the 2023 National Key R&D Program “Intelligent Sensors” Key Project: Research on Adaptive Dynamic Compensation and System Integration Technology for Micro-flow Sensors.”

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During the Track Record Period, we further strengthened our technological capabilities by participating in key projects under the National Key Research and Development Program and engaging in joint R&D collaboration with the Institute of Microelectronics of the Chinese Academy of Science and Huazhong University of Science and Technology, among other universities and research institutions. We believe such joint efforts offer us insights into industry trends and emerging new technologies, enabling us to investigate advanced technologies for industrial application and overcome critical and common challenges in the relevant fields.

OUR TECHNOLOGY PLATFORMS

Our three technology platforms — sensor, instrumentation, and IoT — work hand in hand, forming an integrated and sequential ecosystem. Each platform enables and supports the next, while the IoT platform also feeds back to drive improvements in our sensors and instruments.

Sensor Technology Platform. With over two decades of technological accumulation, our sensor business has established a comprehensive sensor technology platform. This platform encompasses the preparation of sensitive materials, production processes, chip design and R&D, as well as back-end packaging and testing. It integrates capabilities in R&D of inorganic and organic sensitive materials, manufacturing processes for ceramic, silicon-based, and compound semiconductor substrates, along with sensor packaging, testing, calibration, and inspection. As one of Chinese Mainland’s earliest manufacturers capable of producing gas sensors, we leveraged our technological platform to continuously upgrade existing products and develop new ones, providing robust technical support for downstream instrumentation and IoT platforms. Building on this platform’s R&D and process capabilities, we are actively expanding into new sensor categories.

Instrumentation Technology Platform. Serving as the pivotal link in our IoT ecosystem, intelligent instruments act as application vehicles for upstream sensors and data sources for downstream IoT platforms. With the advancement of “Industry 4.0,” accelerated technological progress, and industrial upgrades, the instrumentation sector is poised for broader development prospects. Leveraging sensor-based technological support and deep insights into downstream IoT sectors, our intelligent instruments business maintains industry leadership. It stands as a pioneer in Chinese Mainland’s safety instrumentation field and plays a pivotal role in establishing national standards for safety and intelligent instruments. The growth of this business segment has synergistically driven the development of sensor operations and integrated intelligent solutions within the IoT ecosystem, enhancing our overall operational capabilities and competitiveness.

IoT Technology Platform. Leveraging diverse intelligent instrumentation and other sensing hardware terminals produced through core sensor technology, the platform transmits perception data to IoT monitoring systems via NB-IoT and other communication methods. These monitoring systems analyze and process critical information according to customer requirements, ultimately generating visualizable platform applications. This approach has established mature market applications in our specialized and strategically positioned domains, including smart safety, smart cities, and smart environmental protection. In recent years, driven by industry policies such as Digital China, Smart Cities, 5G, and New Infrastructure, market opportunities have continued to expand. Concurrently, our business growth and deepening industry insights have further accelerated the market adoption and iterative upgrades of smart meters and sensors, fostering a robust ecosystem-driven development.

BUSINESS

MANUFACTURING

Since our inception, we have been building competitive advantages in our production capabilities through lean manufacturing principles, intelligent automation, and a relentless focus on quality and technological advancement. Our production process is designed to deliver high standards of precision and reliability while providing the scalability to meet growing market demand across our sensor and instrument product lines.

We focus on vertically integrating our production capabilities for several key reasons, including acquiring cutting-edge technologies, ensuring consistent product quality, maintaining production capacity, and controlling costs. For example, we design, develop, and manufacture core components such as sensitive materials, MEMS chips, and sensor elements in-house, which have a significant impact on the performance and quality of our products.

In recent years, we have actively invested in advanced manufacturing infrastructure to support next-generation sensor technologies. Our MEMS packaging and testing production lines, wafer fabrication facilities, and ultra-clean workshops for laser device packaging and testing have successively commenced operations, laying a solid foundation for the continued production and manufacturing of advanced sensors and intelligent instruments.

Our Manufacturing Facilities

The table below sets forth certain information of our major in-house manufacturing facilities:

Facility	Location	Product Manufactured
Zhengzhou Gas and Multi-Category Sensor Production Line	Zhengzhou City, Henan Province	Semiconductor gas sensors Catalytic combustion gas sensors Electrochemical gas sensors Infrared optical gas sensors Pressure, flow, temperature and humidity sensors and other multi-category sensors
Zhengzhou Intelligent Instrument Production Line	Zhengzhou City, Henan Province	Residential gas detectors Commercial and industrial gas safety instruments Other alarm controllers
Jiaxing MEMS Sensor Chip Manufacturing and Packaging Testing Production Line	Jiaxing City, Zhejiang Province	Sensor chips and MEMS sensors
Zhengzhou Laser Sensor Die Manufacturing and TO Packaging Testing Production Line	Zhengzhou City, Henan Province	Laser sensor dies TO-packaged laser sensors
Suzhou Flexible Sensor Production Line	Suzhou City, Jiangsu Province	Flexible pressure sensors Flexible piezoelectric sensors Flexible sweat sensors
Zhengzhou Ultrasonic Instrument Production Line	Zhengzhou City, Henan Province	Ultrasonic gas meters Ultrasonic water meters

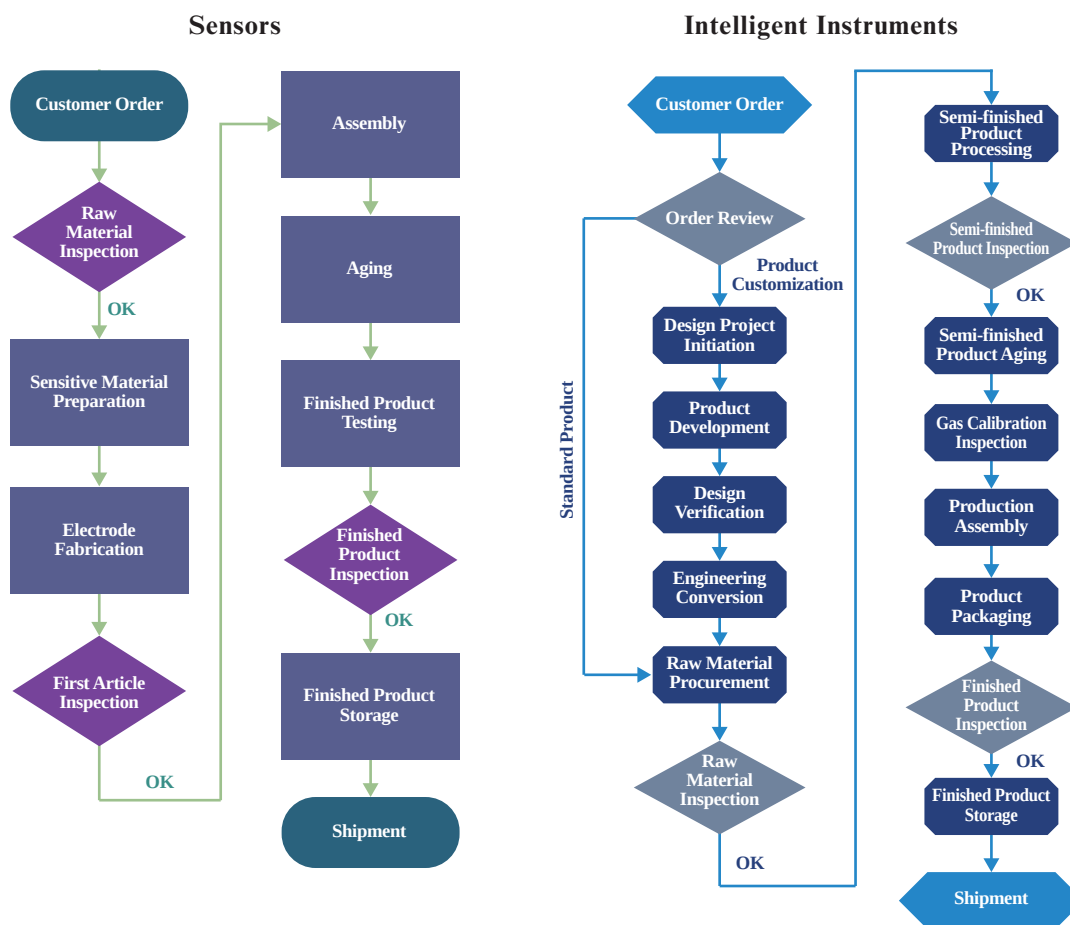
BUSINESS

Manufacturing Planning and Process

Given the significant variation in product types and specifications across our product portfolio, we adopt a production model primarily driven by sales orders, supplemented by moderate inventory stocking for high-volume standard products such as gas sensors and gas detection instruments. This hybrid approach allows us to fulfill customized customer requirements while ensuring timely market responsiveness for our standard products.

To support our production operations, we have established an integrated digital management system combining ERP, MES, and WMS functionalities. This system enables real-time information exchange across the production floor, control layer, and management level, integrating production scheduling, product tracking, quality control, and equipment management on a unified platform. Through our order operations center, we centrally manage orders, coordinate cross-departmental production activities, and align supply chain resources to meet delivery requirements.

The following diagrams summarize the key steps of our manufacturing processes for sensors and intelligent instrument products.



BUSINESS

Critical Machinery and Equipment

Our manufacturing facilities feature advanced equipment, which we believe is essential to promoting product quality and cost competitiveness. Many of the machines and equipment that we operate require minimal human operation, which allows us to reduce labor costs. We design, customize and integrate a variety of advanced technologies into our production processes. Selective key machinery and equipment applied in our production processes are set forth below for illustrative purpose:

For Sensors:

Semiconductor Gas Sensor Line: Core equipment includes printing machines, automatic wire-bonding machines, sintering furnaces, laser trimming machines, automated assembly/welding stations, and automated testing/sorting systems.

Electrochemical Sensor Line: Core equipment comprises automated assembly lines, ultrasonic welders, automated pin welding stations, testing equipment, and automated laser welding machines.

MEMS Sensor Line: Core equipment features fully automated printers, die bonders, wire bonders, automated ceramic dicing machines, chip mounters, belt sintering furnaces, and automated testing/sorting lines.

For Intelligent Instrumentation:

Equipment mainly involves various automated production, testing, and assembly lines. Instrument production also features advanced SMT equipment for circuit board assembly and quality assurance.

Set forth below are illustrations of our production lines and equipment.



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The following table sets forth a summary of our production capacity in terms of designed production capacity and utilization rates by hardware product categories for the periods indicated:

	For the Year Ended December 31,								
	2023			2024			2025		
	Designed production capacity	Production volume	Utilization Rate ⁽¹⁾	Designed production capacity ⁽¹⁾	Production volume	Utilization Rate ⁽¹⁾	Designed production capacity	Production volume	Utilization Rate ⁽¹⁾
	(million units)	(million units)	(%)	(million units)	(million units)	(%)	(million units)	(million units)	(%)
Sensors	78.3	59.6	76.2	90.7	59.2	65.3	121.3	85.7	70.7
Intelligent Instrumentation ⁽²⁾ . .	8.0	7.5	94.5	10.7	7.0	65.6	10.7	11.1	103.1

Notes:

- (1) The utilization rate during the year is calculated by dividing production volume by the production capacity for the same period. For sensors, the utilization rate decreased from 76.2% in 2023 to 65.3% in 2024, primarily due to a capacity expansion for gas sensors that temporarily lowered their utilization rate. In 2025, the utilization rate for sensors recovered to 70.7%, primarily driven by an increased demand for our sensor products. For intelligent instrumentation, the utilization rate decreased from 94.5% in 2023 to 65.6% in 2024, primarily attributable to the ramp-up of a significant expansion in designed production capacity for our gas instruments. In 2025, the utilization rate for intelligent instruments reached 103.1%, mainly because actual output surpassed designed capacity, with overtime production enabling us to meet heightened market demand.
- (2) Due to the wide variety of instrument products manufactured, the production capacity and production volume figures for instruments are presented as converted quantities, calculated by converting work hours into equivalent units of KE detectors, a commonly used standard household combustible gas detector.
- (3) The production capacity of our sensor products are flexibly adjusted among different product types based on customer demand and product mix.

Maintenance

We carry out inspections and maintenance at our production facilities. Each of our major equipment or machinery will be periodically maintained and serviced based on pre-defined schedules. We have developed and periodically update internal procedures at our production facilities according to the characteristics and requirements of the particular equipment or machinery in order to ensure they function properly. During the Track Record Period, we did not experience any material or prolonged suspensions of operations due to machinery, equipment or other facility failures.

Future Manufacturing Capabilities

We have and will continue to expand our manufacturing capabilities and capacity, as we see fit to support long-term growth. Notably, we are currently building production facilities in Hainan, and Malaysia, which are expected to enhance our local manufacturing capabilities and support our global business expansion. For details, see “Future Plans and [REDACTED].”

Location	Product type	Designed annual production capacity	Expected commission time	Estimated capital commitment	Source of funding
Haikou, Hainan, PRC	Gas detection sensors and instruments	Phase I: 1.0 million units	2028	HK\$101.2 million	[Internal resources and [REDACTED] from the [REDACTED]]
		Phase II: 2.0 million units	2030	[REDACTED]	[[REDACTED] from the [REDACTED]]

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Location	Product type	Designed annual production capacity	Expected commission time	Estimated capital commitment	Source of funding
Subang Jaya, Selangor, Malaysia . . .	Gas detection instruments and meters	Phase I:175 thousand units	First half of 2027	HK\$78.3 million	[Internal resources]
		Phase II:300 thousand units	2029	[REDACTED]	[[REDACTED] from the [REDACTED] and internal resources]

There is no guarantee that any of our expansion projects will proceed as planned. Our Directors may determine in the future that postponing a project is in the best interest of the Company after taking into account the prevailing market conditions, our financial resources and other relevant factors. We may also invest in additional expansion projects as we continue to grow our business.

INTELLECTUAL PROPERTY RIGHTS

Our intellectual property rights are critical to our continued success. As of December 31, 2025, we had a total of 1,197 issued patents in Chinese Mainland and overseas, including 278 invention related patents. See “Appendix V — Statutory and General Information — 2. Further Information about our Business — B. Our Material Intellectual Property Rights” for details.

We protect our intellectual property through a comprehensive framework that combines patents, copyrights, trademarks, domain names, trade secrets, and confidentiality agreements. Our approach emphasizes strategic coordination across the company, with specialized teams managing the full lifecycle of patent planning, application, maintenance, and brand protection. We have also adopted an IP risk management mechanism encompassing pre-emptive freedom-to-operate (FTO) analysis prior to new product development, competitor monitoring, and contingency response plans to safeguard our innovation and market activities. In addition, we clearly state all rights and obligations regarding the ownership and protection of intellectual properties in the agreements we enter into with our employees and business partners. We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any threatened or pending disputes relating to infringement of intellectual property rights which would have a material adverse effect on our business. See “Risk Factors — Risks Relating to Our Business and Industry — We may not be able to adequately protect or enforce our intellectual property rights or prevent unauthorized parties from copying or reverse engineering our products and solutions, and such efforts to defend and protect our intellectual property may be costly” for further details.

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SALES AND MARKETING

During the Track Record Period, our products were sold in more than 100 countries and regions, primarily in North America, Europe and Asia Pacific, including Chinese Mainland. The table below sets out the breakdown of our revenue from continuing operations by destination of shipment, for the periods indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Chinese Mainland	1,859,525	93.7	1,794,084	93.1	2,013,279	94.1
Overseas ⁽¹⁾	124,930	6.3	133,721	6.9	126,874	5.9
Total	1,984,455	100.0	1,927,805	100.0	2,140,153	100.0

Note:

(1) Primarily includes North America, Europe and Asia Pacific, excluding Chinese Mainland

Our marketing efforts focus on enhancing customer engagement, promoting our new and existing products, and strengthening our brand presence in the safety and gas industry. We have an experienced and highly trained sales and marketing team, consisting of 688 personnel as of December 31, 2025, who focus on discovering promising market opportunities and prospective customers. This team develops and executes comprehensive marketing strategies and promotional initiatives. Our sales and marketing personnel possess deep understanding of our products and solutions and can recognize customer requirements while delivering technical assistance. We maintain respective sales teams responsible for our sales efforts both in domestic and overseas markets.

Our marketing initiatives center around a combination of daily customer outreach by our sales team and a variety of promotional campaigns, including participation in trade exhibitions, technical presentations, and other online and offline activities. Through these efforts, we showcase our cutting-edge sensor technologies and engage with a broad audience of potential clients. To further enhance our visibility and customer engagement, we actively share updates through our official communication channels, including our company news page and key platforms such as our official website, WeChat, Douyin, and Weibo. These platforms serve as key tools to demonstrate the capabilities of our products, share technical insights, and build a strong connection with our end customers and business partners.

We have two main categories of customers: (i) direct customers who are end users purchasing our products and solutions directly; and (ii) trading partners which are generally companies in sensor and instrument industries. To a substantially lesser extent, during the Track Record Period, we also generated revenue from sales of products to a few companies with which we entered into distribution agreements (“**distributors**”). The table below sets out a breakdown of our revenue from continuing operations in both absolute amount and percentage of our total revenue from continuing operations by sales channel for the periods indicated:

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
End users	1,893,518	95.4	1,854,996	96.2	2,069,416	96.7
Trading partners	73,707	3.7	56,564	2.9	52,256	2.4
Distributors	17,230	0.9	16,245	0.8	18,481	0.9
Total	1,984,455	100.0	1,927,805	100.0	2,140,153	100.0

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Direct Sales to End Users

Direct sales to end users of our products and solutions represent the significant majority of our total revenue during the Track Record Period. End users of our products primarily include companies and municipal entities in the gas, energy, petroleum, petrochemical, metallurgy, environmental protection, home appliance, and automotive sectors, as well as a limited number of manufacturer customers encompassing OEM and ODM customers. For these manufacturer customers, we supply our products to their specifications, which they then incorporate into or sell as their own products under their own brands. Given the mission-critical nature of safety monitoring applications and the technical complexity of our products, a direct sales approach allows us to develop deep customer relationships and gain firsthand insights into their operational requirements. This enables us to leverage our technical expertise and comprehensive product portfolio to provide customized solutions tailored to their specific safety monitoring and compliance needs. We attract direct sales customers largely by leveraging our established brand reputation in the sensing technology industry, our proven track record in serving infrastructure and industrial safety applications, and our ability to provide integrated solutions combining sensors, instruments, and smart systems.

For sensor and intelligent instrumentation products, we generally enter into master sales or framework agreements with our customers. Specific transactions are then executed through purchase orders issued under these agreements. Although the contract terms vary, they usually include the following salient terms:

- ***Product specifications.*** The quality and technical requirements of our products and solutions are typically in accordance with our technical standards and in compliance with applicable national, local or industry standards, unless specific instructions or custom specifications are requested by our customers.
- ***Price.*** The prices of the products and solutions are generally specified in the sales agreements, including the unit price and the total price.
- ***Payment method.*** Our customers typically settle payments with us via bank transfer within the agreed period upon signing the sales agreement.
- ***Warranty.*** The duration of our warranty period is typically one year or more, depending on the products and solutions and terms of the sales agreement. During the warranty period, our customers may request that we replace or repair products, subject to our confirmation and inspection.
- ***Delivery and transportation.*** We typically appoint third-party logistics companies to complete the delivery. Ownership of the goods shall be transferred to our customers once our products are accepted by the appointed third-party logistics companies.
- ***Confidentiality.*** We typically set confidentiality clauses with our customers to protect our technologic and commercial secrets and such obligation shall continue to exist for a certain period of time after the termination of the agreement.
- ***Intellectual property provision.*** We typically warrant that our products and solutions will not infringe third-party intellectual property rights during their authorized use. However, this warranty does not apply if the infringement results from: (i) unauthorized modifications made by our customers, or (ii) modifications made based on our customers' specific instructions or custom specifications.

BUSINESS

For integrated intelligent solutions we generally enter into sales agreements with our customers on a project basis. The agreements with customers typically include the following salient terms:

- *Scope of service:* Depending on the project nature and work required, our agreements usually define the hardware (sensor and/or instrument) and software systems we deliver, specifying their categories and volumes where relevant. In the initial stage of the project, we usually outline project goals, service obligations, timeline requirements, delivery methods and acceptance criteria.
- *Term:* Generally until both parties fulfill their respective obligations under the agreement, typically spanning one to twelve months.
- *Pricing:* The pricing of our products and solutions in each contract is determined by its specific service scope and the value of our contracts with customers can vary substantially from customer to customer and from project to project.
- *Payment schedule:* Customers are generally required to make payments to us according to the payment schedule agreed by both parties.

Trading Partners

Besides our sales to direct customers, we also sell sensor and instrument products to trading partners which are generally companies in sensor and instrument industries. Unlike our direct customers, who are end users that purchase and deploy our products for their own operational needs, trading partners typically purchase our products for resale to their own downstream customers. According to Frost & Sullivan, sales through trading partners are in line with industry norms.

We maintain a buyer-seller relationship with our trading partners. We consider these customers as our end customers and not our distributor partners, primarily because (i) we enter into sales and purchase agreements with them in the same way as our direct customers, rather than distribution agreements, (ii) we generally have no control over any of these customers or on their sales, pricing policies, and marketing activities, (iii) similar to our pricing strategy for our products sold to our direct customers, we typically determine the prices of our products selling to trading partners based on the costs of raw materials, the price of comparable products in the market and other costs and expenses, and (iv) we have no restrictions or requirements on these customers regarding their geographical coverage, sales target, minimum purchase requirements or channels.

Distributors

To a substantially lesser extent, during the Track Record Period, we also generated an immaterial portion of our total revenue from a few distributors. This distribution approach remains at an early and experimental stage, as evidenced by the immaterial revenue contribution (accounting for only 0.9%, 0.8% and 0.9% of our total revenue from continuing operations for the years ended December 31, 2023, 2024 and 2025, respectively) and the limited number of distributors maintained throughout the Track Record Period. The below table sets forth the movement of these customers during the Track Record Period.

	Year Ended December 31,		
	2023	2024	2025
Number of distributors at the beginning of the period	14	14	15
Number of new distributor during the period	1	2	—
Number of inactive distributors ⁽¹⁾	1	1	—
Number of distributors at the end of the period	14	15	15

Note:

- (1) Inactive distributors refer to distributor partners from whom we recorded revenue in the previous year but did not record any revenue in the current year.

BUSINESS

We maintain a buyer-seller relationship with these distributors. We engaged these distributors on a case-by-case basis to generally to support our market coverage in specific contexts or address particular commercial scenarios. Specifically, we generally considered to engage distributors to serve one or more of the following purposes: (i) accessing or expanding our presence in specific geographic regions where we had relatively lower penetration; (ii) promoting and selling particular product categories that align with the distributor's existing market expertise and customer base; or (iii) reaching specialized end-user segments where the distributor possessed established relationships and industry-specific knowledge that would facilitate market entry or customer acquisition. The terms of our agreements with these distributors generally include the following: (i) minimum purchase requirement: we generally do not impose any minimum purchase requirement to our distributors; (ii) scope of distribution: our distributors are obliged to distribute our products in, and only in, the sales territories designated by us; and (iii) performance evaluation: in determining whether we are to continue our cooperation with an existing distributor, we evaluate our distributors based on certain metrics including sales volume, market expertise, and customer penetration. Our distributors may distribute our products to both end users and sub-distributors in the designated sales territories. However, distributors shall notify us of the engagement of sub-distributors.

We believe the risk of channel stuffing is low in relation to our sales with trading partners and distributors for the following reasons: (i) we generally require payment before delivery; (ii) we generally do not allow returns or replacements of products, unless there are product quality issues caused by us. We believe this product return policy discourages customers from over ordering and prompts them to purchase products based on actual demand and avoid inventory accumulation which in turn helps avoid channel stuffing; (iii) sensors (including sensor components embedded in instruments) generally have a limited shelf-life and are subject to performance degradation over time, and end-users typically require products to be delivered within a limited timeframe after manufacturing to ensure optimal performance and reliability. This product characteristic further discourages trading partners and distributors from over-ordering and maintaining excessive inventory; and (iv) we do not set minimum purchase requirements, and therefore our customers are not obliged to purchase any products exceeding their actual demands. Additionally, we believe the risk of cannibalization across our sales channels is low for the following reasons: (i) given the breadth of our product portfolio, our trading partners and distributors typically focus on specific product categories that align with their respective market expertise and customer base, and do not all carry the same range of products, which limits direct competition among channels; (ii) we apply consistent pricing policies across our direct customers, trading partners and distributors, leaving limited room for price undercutting or detrimental pricing practices between channels; (iii) our distributors are contractually required to distribute our products only within sales territories designated by us, which reduces geographic overlap with our direct sales coverage; and (iv) revenue from trading partners and distributors combined accounted for only 4.6%, 3.8% and 3.3% of our total revenue from continuing operations in 2023, 2024 and 2025, respectively, and the limited scale of these indirect channels inherently constrains the scope for meaningful cannibalization of our direct sales. We did not identify any material channel stuffing or cannibalization risks during the Track Record Period and up to the Latest Practicable Date.

BUSINESS

To the best of our knowledge, during the Track Record Period, all trading partners and distributors were Independent Third Parties and our trading partners, distributors, or their respective associates, do not have any employment, financing or family relationships with us, our shareholders, directors or senior management, or any of their respective associates, except that (i) one trading partner of the Group was controlled by a family member of a supervisor of Garden Environmental Protection during the Track Record Period but the said family member has since disposed of his equity interests in the trading partner as of the Latest Practicable Date; and (ii) one trading partner of a subsidiary newly acquired in December 2025 which primarily produces and sells high-temperature thin-film platinum resistance temperature chips, is controlled by a director of this subsidiary (such trading relationship pre-existed our acquisition of this subsidiary, and the scale of this subsidiary is immaterial to the overall operations of the Group).

Pricing and Fee Model

We have different pricing policies for our different offerings. Specifically:

- For pricing for sensors and intelligent instruments, we mainly adopt a cost-plus pricing mechanism for our products and therefore determine prices based on production costs. Given the breadth of our product offerings, which span various applications and industry sectors, our prices may vary significantly across different product categories, ranging from a few RMB to hundreds of thousands of RMB per unit. Our pricing also takes into account factors such as prevailing supply and demand conditions in the market, customer procurement volume and market prices of comparable products.
- For integrated intelligent solutions, which are often delivered through project-based engagements, we utilize customized pricing frameworks tailored to each customer’s specific requirements and project scope.

Customer Service and Technical Support

We are committed to providing high-quality customer service. We work to address and resolve challenges and problems faced by customers and provide expert guidance in optimizing product design to meet specific requirements, ensuring a seamless and high-performance experience for our customers.

BUSINESS

Our Major Customers

Our customers primarily include companies and municipal entities in the gas, energy, petroleum, petrochemical, metallurgy, environmental protection, home appliance, and automotive sectors. The aggregate revenue generated from our five largest customers for each of the years ended December 31, 2023, 2024 and 2025 accounted for 15.9%, 13.7% and 20.2%, respectively, of our total revenue from continuing operations during the same year. Revenue generated from our largest customer for each of the years ended December 31, 2023, 2024 and 2025 accounted for 4.4%, 4.5% and 4.7%, respectively, of our total revenue from continuing operations during the same year. The following tables set forth information about our five largest customers during the Track Record Period:

For the year ended December 31, 2023

Rank	Customer	Type of products/ services purchased	Background	Year of commencement of business relationship	Revenue contribution <i>(RMB in millions)</i>	% of our total revenue
1	Customer A	Gas detection instruments and monitoring systems	A state-owned capital investment and operation platform, focusing on urban infrastructure construction financing, urban renewal and public services	2015	87.2	4.4
2	Customer B	Gas detection instruments and monitoring systems	A state-owned conglomerate focusing on consumer goods, energy, healthcare and real estate	2014	64.8	3.3
3	Customer C	Gas detection instruments	A Stock Exchange-listed leading energy supplier, focusing on natural gas distribution, liquefied natural gas and liquefied petroleum gas trading, and new energy solutions	2020	64.3	3.2
4	Customer D	Instruments, monitoring systems	A leading state-owned oil and gas conglomerate in the PRC	2014	51.0	2.6
5	Customer E	Monitoring systems	A government organization based in Xinjiang, China, responsible for housing and urban-rural development planning, construction, and management	2022	47.8	2.4
Total					315.1	15.9

BUSINESS

For the year ended December 31, 2024

Rank	Customer	Type of products/ services purchased	Background	Year of commencement of business relationship	Revenue contribution <i>(RMB in millions)</i>	% of our total revenue
1	Customer B	Gas detection instruments and monitoring systems	A state-owned conglomerate focusing on consumer goods, energy, healthcare and real estate	2014	86.4	4.5
2	Customer F	Gas detection instruments and monitoring systems	A leading state-owned mobile telecommunications operator in the PRC	2019	68.8	3.6
3	Customer D	Instruments, monitoring systems	A leading state-owned oil and gas conglomerate in the PRC	2014	47.4	2.5
4	Customer C	Gas detection instruments	A Stock Exchange-listed leading energy supplier, focusing on natural gas distribution, liquefied natural gas and liquefied petroleum gas trading, and new energy solutions	2020	31.5	1.6
5	Customer G	Gas detection instruments	A technology enterprise focusing on communication technology services, system integration, and information solutions	2023	30.6	1.6
Total					264.7	13.7

BUSINESS

For the year ended December 31, 2025

Rank	Customer	Type of products/ services purchased	Background	Year of commencement of business relationship	Revenue contribution <i>(RMB in millions)</i>	% of our total revenue
1	Customer H	Gas detection instruments and monitoring systems	A state-owned enterprise, focusing on urban development and construction, city operation services, and capital operation	2025	99.8	4.7
2	Customer B	Gas detection instruments and monitoring systems	A state-owned conglomerate focusing on consumer goods, energy, healthcare and real estate	2014	95.0	4.4
3	Customer F	Gas detection instruments	A leading state-owned mobile telecommunications operator in the PRC	2019	83.5	3.9
4	Customer D	Instruments, monitoring systems	A leading state-owned oil and gas conglomerate in the PRC	2014	78.4	3.7
5	Customer A	Gas detection instruments	A state-owned capital investment and operation platform based in Shenyang, focusing on urban infrastructure construction financing, urban renewal and public services	2015	75.3	3.5
Total					432.0	20.2

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our five largest customers were Independent Third Parties. During the Track Record Period, none of our Directors, their associates or any of our shareholders (who or which, to the knowledge of our Directors, owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year during the Track Record Period.

BUSINESS

PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

We have established a rigorous and systematic raw material procurement framework. Our procurement department conducts regular analysis of material requirements and implements a category-based approach to supplier sourcing, evaluation, and development. Through this process, we maintain a qualified supplier list and formulate appropriate procurement strategies based on the characteristics of different materials, forming a comprehensive end-to-end procurement workflow.

We place high importance on supply chain security and supplier ecosystem development. Our principal raw materials are sourced from qualified and stable suppliers whose product quality meets international industry standards, ensuring consistent reliability. In addition, we have formed strategic alliances with key raw material suppliers and entered into long-term cooperation agreements to ensure supply chain stability. These measures collectively safeguard the quality, pricing, and timely delivery of our raw material procurement.

Raw Materials

We procure from suppliers a variety of materials necessary for the manufacturing of our products, including chips, PCBs, resistors, capacitors, inductors and other electronic components, wire materials, die-casting and injection-molded housings, packaging materials and other auxiliary supplies.

During the Track Record Period, prices of certain raw materials such as copper and aluminum fluctuated, which impacted the costs of components including PCBs, wires and solenoid valves. However, our overall procurement costs remained relatively stable. We typically take into account such fluctuations in raw material costs when pricing our products. Our raw materials are primarily domestically sourced, which mitigates foreign exchange and supply chain risks. We closely monitor market conditions and promptly adjust our procurement plans in response to anticipated shortages or price fluctuations to mitigate price volatility. These factors have collectively helped stabilize our procurement costs during the Track Record Period. We do not engage in hedging using derivative instruments relating to the risk exposures in connection with our raw materials.

During the Track Record Period, 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.

Selection and Management of Suppliers

We work with a broad network of suppliers primarily including raw material suppliers and equipment suppliers as well as service providers for our information technology infrastructure development. We typically engage experienced and reputable suppliers to ensure the quality of our products. Factors that may affect our selection mainly include technological expertise, infrastructure and equipment, product quality, qualifications and credentials, reputation and price. We implemented stringent supplier management protocols. Prospective suppliers undergo a comprehensive evaluation before they are admitted to our list of qualified suppliers. In addition to vetting new suppliers, we conduct periodic evaluations of existing suppliers based on their product and service quality and cost effectiveness, and we require suppliers to promptly address any issues discovered during such evaluations.

Our broad network of suppliers help minimize potential interruptions to our business operations and avoid over-reliance on any single supplier. Particularly, for critical components, we qualify multiple suppliers during our product design phase to ensure alternative sourcing options and avoid over-reliance on any single supplier. We maintain close relationships with our suppliers, as we believe this helps maintain a competitive pricing structure and ensure supply stability. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material shortage of supply, raw material quality issue, disruptions, disputes or delays in relation to the supply of suppliers, or any material breach or early termination of our contractual arrangements with suppliers.

BUSINESS

Our Major Suppliers

Purchases from our five largest suppliers for each year ended December 31, 2023, 2024 and 2025 accounted for 8.8%, 6.6% and 12.8%, respectively, of our total purchase amount during the same year. Purchases from our largest supplier for each year ended December 31, 2023, 2024 and 2025 accounted for 2.2%, 1.5% and 3.9%, respectively, of our total purchase amount during the same year. The following tables set forth information about our five largest suppliers during the Track Record Period:

For the year ended December 31, 2023

Rank	Supplier	Products/ Service procured	Background	Year of commencement of business relationship	Procurement amount <i>(RMB in millions)</i>	% of total purchase amount
1	Supplier A	Electronic components	A Shenzhen Stock Exchange-listed electronic components distributor and supply chain service platform	2016	21.6	2.2
2	Supplier B	Magnetic detectors	A technology company, focusing on smart locks, electronic components, security products, smart home devices, and computer software development	2020	18.1	1.9
3	Supplier C	Gas sensors	A sensor product distributor and technical support provider, focusing on temperature and humidity sensors, air quality sensors, PM2.5 sensors and gas sensors	2016	17.5	1.8
4	Supplier D	Gas valves	A manufacturing company specializing in gas shut-off, security, and automatic control equipment	2018	15.0	1.5
5	Supplier E	Electronic components	A component distributor focusing on electronic components including resistors, capacitors, semiconductors and diodes	2017	12.5	1.3
Total . . .					84.7	8.7

BUSINESS

For the year ended December 31, 2024

Rank	Supplier	Products/ Service procured	Background	Year of commencement of business relationship	Procurement amount <i>(RMB in millions)</i>	% of total purchase amount
1	Supplier F	Gas sensors	A technology company focusing on IoT-enabled environmental data monitoring solutions	2023	15.9	1.5
2	Supplier A	Electronic components	A Shenzhen Stock Exchange-listed electronic components distributor and supply chain service platform	2016	15.8	1.5
3	Supplier C	Gas sensors	A sensor product distributor and technical support provider, focusing on temperature and humidity sensors, air quality sensors, PM2.5 sensors and gas sensors	2016	14.0	1.3
4	Supplier G	Customized sensors	A manufacturing company specializing in flexible sensor harnesses	2023	12.3	1.2
5	Supplier E	Electronic components	A component distributor focusing on electronic components including resistors, capacitors, semiconductors and diodes	2017	11.6	1.1
Total . . .					69.6	6.6

BUSINESS

For the year ended December 31, 2025

Rank	Supplier	Products/ Service procured	Background	Year of commencement of business relationship	Procurement amount <i>(RMB in millions)</i>	% of total purchase amount
1	Supplier H	Optoelectronic components	A technology company focusing on laser and detector chips, optical communication chips, LiDAR chips, and optoelectronic component packaging solutions	2023	42.1	3.9
2	Supplier A	Electronic components	A Shenzhen Stock Exchange-listed electronic components distributor and supply chain service platform	2016	37.9	3.5
3	Supplier E	Electronic components	A component distributor focusing on electronic components including resistors, capacitors, semiconductors and diodes	2017	24.9	2.3
4	Supplier F	Gas sensors	A technology company focusing on IoT-enabled environmental data monitoring solutions	2023	17.8	1.6
5	Supplier I	Optoelectronic components	A mid-sized electronic and electro-mechanical component distributor focusing on component distribution, technical support and design solutions	2024	16.7	1.5
Total . . .					139.4	12.8

Save for the aforementioned, during the Track Record Period, none of our Directors, their close associates or any shareholders of our Company (who or which to the knowledge of the Directors owned more than 5% of our Company’s issued share capital) had any interest in any of our five largest suppliers for each year during the Track Record Period.

BUSINESS

We typically enter into supplier framework agreements with our suppliers setting forth general terms that will be used in each purchase order. Depending on the actual production plan, our raw material and component purchases are made on a purchase order basis, and we specify the product type, quality standards, unit price, quantity, delivery timeline, product return policies and other items in each purchase order we send to our suppliers.

Although the contract terms may vary, they usually include the following salient terms:

- **Order Basis.** Purchases are made on a purchase order basis, with specific terms for each transaction outlined in the order or within our procurement system.
- **Pricing and Payment.** Prices are agreed upon in separate price agreements. Our standard payment terms are typically based on monthly reconciliation, with payment due within an agreed period after delivery and receipt of a valid invoice.
- **Delivery and Logistics.** Suppliers are responsible for arranging and bearing the cost of transportation to our designated location. Ownership and risk of loss transfer to us upon delivery and acceptance of the goods at our premises.
- **Quality and Warranty.** Products must meet our technical specifications, applicable national standards, or approved samples. Suppliers generally provide a warranty period (commonly one year from delivery), during which they are obligated to repair, replace, or accept returns for defective products at their own cost.
- **Intellectual Property and Confidentiality.** Suppliers warrant that their products do not infringe third-party intellectual property rights. Both parties agree to maintain the confidentiality of each other's proprietary information, such as technical know-how and business secrets.
- **Liability.** The agreements stipulate penalties for supplier defaults, such as delayed delivery, or quality issues.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

During the Track Record Period, certain of our five largest customers were also our suppliers, and certain of our five largest suppliers were also our customers, details of which are explained below.

Customer D was one of our five largest customers in 2023, 2024 and 2025, and was also one of our suppliers in 2025. Our sales to Customer D amounted to RMB51.0 million, RMB47.4 million and RMB78.4 million in 2023, 2024 and 2025, representing 2.6%, 2.5% and 3.7% of our total revenue from continuing operations, respectively. Customer D, a leading state-owned oil and gas conglomerate in the PRC, procured various instruments and related solutions from us. Conversely, in 2025, we procured pan-tilt platform products from a subsidiary of Customer D, which we integrate with our sensors and instruments before on-selling the integrated products to other customers. Our procurement from Customer D amounted to RMB2.2 million in 2025, representing 0.1% of our total procurement for the same period.

Customer F was one of our five largest customers in 2024 and 2025, and was also one of our suppliers in 2023, 2024 and 2025. We sell gas instruments and integrated intelligent solutions to Customer F, one of the leading state-owned mobile telecommunications operators in the PRC, and in turn procure mobile data and bandwidth services from Customer F that are essential to certain of our products. For example, our gas alarms with remote alarm functionality require embedded SIM cards and data transmission services to operate. Our sales to Customer F amounted to RMB37.6 million, RMB68.8 million and RMB83.5 million in 2023, 2024 and 2025, representing 1.9%, 3.6% and 3.9% of our total revenue from continuing operations, respectively. Our purchases from Customer F amounted to RMB1.1 million, RMB1.3 million and RMB0.8 million over the same periods, representing 0.1%, 0.1% and 0.0% of our total procurement, respectively.

BUSINESS

The sensor and instrument industry encompasses a wide variety of product types, and no single manufacturer produces the full range. Primarily for this reason, certain of our five largest suppliers in each year of the Track Record Period have, from time to time, also procured products from us. For instance, in 2023, we procured door magnetic sensor products from one of our five largest suppliers in that year to meet the strong demand we experienced during the pandemic; the same supplier in turn procured certain of our sensor and instrument products in 2025 in an immaterial amount of RMB4,460. As another example, we procured gas valve products from one of our five largest suppliers in 2023, and that same supplier procured gas alarms from us during the Track Record Period. In 2023, 2024 and 2025, our total sales to these five largest suppliers in each year of the Track Record Period amounted to RMB2.5 million, RMB0.0 million and RMB0.0 million, representing 0.1%, 0.0% and 0.0% of our total revenue from continuing operations, respectively.

During the Track Record Period, our sales to and purchases from the aforementioned customers/suppliers were conducted in the ordinary course of business and on commercial terms that were negotiated at arm's length. According to Frost & Sullivan, our sales to and purchases from these customers/suppliers are in line with industry norms.

WAREHOUSE, LOGISTICS AND INVENTORY MANAGEMENT

We prioritize optimizing our inventory management and actively monitoring our inventory levels to ensure customer satisfaction and enhance our inventory efficiency. Our inventories primarily consist of raw materials work-in-progress, finished goods, and low value consumables.

We adopt a first-in, first-out approach to inventory management. Warehouse material issuance is managed in batches according to warehouse management standards. Inventory control and procurement ordering are carried out based on the safety stock settings in our ERP system, order demand, and current on-hand material inventory levels.

We utilize warehouses located at our production facility and designate separate storage areas for different products and raw materials for material management. Warehouse management is conducted through our ERP system for the control of raw material receipt and finished goods delivery. Certain warehouses are also equipped with automated systems to manage storage locations, goods receiving and dispatch, and automated guided vehicle scheduling.

During the Track Record Period, our logistics were primarily provided by qualified third party logistics service suppliers to deliver our finished products from our production facilities to location specified by our customers. We set strict standards for the transportation of our products that these third-party logistics service providers are required to follow, and we evaluate the third-party logistics service providers periodically to ensure smooth and safe delivery of products to customers.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any significant delay or inappropriate handling of products that materially or adversely affected our business operations.

QUALITY CONTROL

Our commitment to high quality and reliability helps strengthen the recognition and trust among our customers. We maintain a quality management system that complies with relevant national and international standards, covering product development, procurement, production, finished products, and logistics. We have obtained certifications including ISO 9001, CMMI Level 5, SIL, classification society certificate, explosion-proof certifications, CCC, and European certifications including CE, ATEX, and EN. As of the Latest Practicable Date, we did not experienced any major quality-related recalls for the product.

As of December 31, 2025, we have a quality control team comprising 120 members including specialists across key functions including supplier management, R&D, process control, and market quality, implementing quality control throughout the entire process. The quality control team is responsible for setting targets of quality control, establishing the quality control systems and inspection guidelines for our production, conducting regular inspections and providing trainings on quality and inspection techniques.

BUSINESS

Our quality control begins at product development, where our R&D team works with customers to test and evaluate the effectiveness, capacity, and quality of new sample products. We procure raw materials only from qualified suppliers who have passed product quality and reliability assessments, and conduct sample tests on raw materials upon delivery to identify defects early. Prior to delivery, we conduct sample checks and packaging inspections for every batch of finished products. To ensure the effectiveness of our quality control system, the quality control team regularly conducts performance inspection and data analysis on our production lines and equipment.

As a result of our stringent quality control measures, during the Track Record Period and up to the Latest Practicable Date, we have not encountered any major quality incidents, product recalls, or material claims from our customers due to product quality issues.

INFORMATION TECHNOLOGY

Information technology systems are essential to competitiveness and efficient operations. We utilize and maintain IT systems that evolve in tandem with our business growth. We have instituted an information technology system covering all material aspects of our operations, including inventory management, production, quality control, external relationship management, internal relationship management and operation management. Our information technology team is responsible for developing and maintaining IT systems in line with our business expansion and customizing them to meet our business needs. Our key information technology systems are set forth below:

- ERP System — a central system that connects and manages our essential day-to-day operations, integrating accounting, human resources, inventory, and procurement into a single unified platform for streamlined operations and data visibility.
- Manufacturing Execution System — a real-time operational system that monitors, tracks, documents, and controls the entire manufacturing process, from raw materials to finished goods.
- Customer Relationship Management — a system focused on managing our interactions with current and potential customers, centralizing data from sales, marketing, and customer service to improve relationships and drive growth.
- Office Automation — a suite of software tools, such as email, document management, and workflow systems, designed to enhance internal communication, collaboration, and administrative efficiency.
- Product Lifecycle Management — a strategic information backbone of our R&D activities that manages the entire lifecycle of a product from initial concept, design, and engineering, through manufacturing and service, to its launch.
- Supplier Relationship Management — processes and software focused on strategically managing all interactions with our suppliers to maximize the value of those relationships, optimize procurement, and strengthen the supply chain.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any information technology system failure or downtime that had a material adverse effect on our business operations.

BUSINESS

DATA SECURITY

We have developed corresponding online equipment management platforms, such as dedicated apps and WeChat mini-programs, for our intelligent instruments. By entering their usernames and passwords, customers can log into these platforms to view instrument operational data, such as device status and alarm information. In such case, we collect the usernames, passwords of our customers and the operational data of our customers intelligent instruments. We have published privacy policies on those platforms to obtain users’ consent for our processing of their personal information. We have implemented comprehensive data security and protection measures that includes secure data storage protocols, and strict transmission policies to ensure the confidentiality and integrity of sensitive information. We have adopted a data compliance management policy, which governs the full lifecycle of data, including collection, encryption and transmission, secure storage, backup and recovery, processing, usage, and destruction or disposal. The policy also requires classification and grading of data based on the severity of potential harm to national security, public interests, or the legitimate rights and interests of individuals or organizations in the event of data tampering, destruction, leakage, or unauthorized acquisition and use.

During the Track Record Period and up to the Latest Practicable Date, we have not been subject to material administrative penalties related to cybersecurity, data security, and personal information protection. During the Track Record Period and up to the Latest Practicable Date, there were no material disputes, lawsuits, arbitrations, or other legal proceedings initiated against us by any third party arising from our violation of applicable laws and regulations concerning cybersecurity, data security, and personal information protection.

COMPETITION

We primarily operate in the (i) intelligent sensors market, (ii) intelligent instruments market, and (iii) integrated intelligent solutions market in Chinese Mainland. These markets are highly competitive and are propelled by enduring industry trends including industrial digitalization, intelligent upgrading, stringent safety and environmental regulations, and the advancement of the IoT. From core sensing components to system-level solutions, our offerings address critical needs in industrial automation, energy, safety, and smart infrastructure.

We compete with both Chinese and international providers of sensors and instruments, particularly those with strong technical capabilities, established scale manufacturing advantages, and comprehensive system-level solutions. According to Frost & Sullivan, the key barriers to entry in Chinese Mainland’s intelligent sensors and instruments market include, among others, (i) high technical barriers arising from multidisciplinary integration; (ii) long-term R&D investment and extended commercialization cycles; (iii) system-level capability barriers driven by value chain depth; and (iv) structural barriers from scale manufacturing and cost control.

We believe the most important competitive factors are product accuracy and stability, research and development capabilities, system-level integration, manufacturing scale and cost efficiency, and compliance with industry standards. We believe that we are well positioned to compete against industry peers with our deep technological accumulation across multiple disciplines, comprehensive product ecosystem, large-scale and multi-category manufacturing foundation, strong alignment with localization trends and policy-driven market demand, established relationships with key customers across vertical markets, and experienced management team. To strengthen our long-term competitive advantages, we continue to invest in technology innovation, expand our global presence, and enhance operational efficiency across our integrated sensor-to-solutions value chain.

BUSINESS

EMPLOYEES

As of December 31, 2025, we employed 3,129 full-time employees, who are all based in Chinese Mainland. The following table sets forth a breakdown of our employees by function as of the same date:

	Number of employees	% of total employees
Production	793	25.3
Sales and marketing	688	22.0
General and administrative	588	18.8
Research and development	1,060	33.9
Total	3,129	100.0

Our success depends on our ability to attract, retain and motivate qualified personnel, and we believe that our high-quality talent pool is one of our core strengths. We adopt high standards and strict procedures in our recruitment, including campus recruitment, online recruitment, internal referral and recruitment through executive search, to satisfy our demands for different types of talents. We recruit employees based on their educational background, relevant experience in similar positions and professional qualifications, as well as our expansion strategy and job vacancies. We offer competitive compensation for our employees. In addition, we regularly evaluate the performance of our employees and reward those who perform well with higher compensation or promotion.

We provide regular and specialized training tailored to the needs of our employees in different departments. Our employees can also improve their skills through our development of technologies and mutual learning among colleagues. New employees will receive pre-job training and general training.

As required by PRC laws and regulations, we participate in various employee social security schemes organized by municipal and provincial government, including pension, maternity insurance, unemployment insurance, work-related injury insurance, health insurance and housing provident fund. We are required under PRC laws and regulations to make contributions to employee social security schemes at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time.

We believe our leadership in the industry is the key factor in the retention of talent, as our employees are attracted and motivated by the exposure of working with us. However, we also enter into standard contracts and agreements regarding confidentiality, non-competition, intellectual property, employment and commercial ethics with our executive officers and full-time employees. These contracts typically include a non-competition provision effective for certain years after their employment with us and a confidentiality provision effective during and after their employment with us.

We have established labor unions that represent some of our employees. We believe that we maintain a good working relationship with our employees. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any significant labor disputes or any difficulty in recruiting staff for our operations.

INSURANCE

We maintain insurance policies as required under PRC laws and regulations, as well as based on our operational needs and industry practice. We believe our existing insurance coverage is adequate for our existing operations and is in line with industry standards and complies with the relevant rules and regulation in the PRC. Nevertheless, we may be exposed to claims and liabilities which exceed our insurance coverage. See “Risk Factors — Risks Relating to Our Business and Industry — Our insurance may not sufficiently cover all losses or potential claims that could affect our business, results of operations, and financial condition.” During the Track Record Period and up to the Latest Practicable Date, we had not made, neither had we been the subject of, any insurance claims which are of a material nature to us.

BUSINESS

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We are committed to conducting our research and development, production and service operations in a responsible manner. We continually enhance our compliance management and internal controls, promote the development of a management framework that is traceable, measurable and capable of improvement, and maintain effective communication with our stakeholders, including customers, employees, suppliers, investors and regulators, with a view to achieving harmonized growth in both economic and social value.

Governance

We have established a multi-tiered ESG governance and implementation mechanism that embeds ESG requirements into our corporate governance and operational management systems. The Board, as the highest governance body for ESG matters, is responsible for identifying, assessing and overseeing material ESG issues, and for giving due consideration to the impact of ESG-related risks and opportunities on our Company's long-term development. Our management team is responsible for formulating ESG strategies, policies and disclosure arrangements, driving cross-functional coordination and implementation, and reporting to the Board on a regular basis regarding execution progress and improvement plans.

To enhance the effectiveness of implementation, we have designated our management team to take primary responsibility for driving ESG matters, with a particular focus on: appointing a dedicated ESG lead and defining the responsibilities and authorities of each functional department in relation to ESG matters; approving environmental targets and employee training programs; securing the resources necessary for the effective operation of the environmental management system; regularly assessing and mitigating ESG risks; and establishing response and remediation arrangements for potential environmental incidents. These mechanisms are designed to ensure that ESG governance requirements are cascaded from the decision-making level through to management and operational execution, forming a closed-loop management process.

Environmental

Environmental Protection

We have embedded environmental management requirements into key operational processes including raw material procurement, research and development, production operations and logistics. We have established corresponding management systems and operational standards with a focus on energy consumption control, pollution prevention and efficient use of resources, and conduct compliance reviews and third-party monitoring as required to ensure that our discharge activities comply with applicable standards and regulatory requirements.

Environmental Management System

We continuously improve our environmental and energy management systems, and formulate internal management manuals, workflows and role-specific responsibilities in accordance with our business characteristics. We enhance the practicability and traceability of environmental governance through systematic, process-oriented and documented management. We conduct periodic reviews and updates of our relevant policies, and ensure effective implementation through awareness training, site inspections and internal audits.

BUSINESS

Energy and Resource Consumption

Our primary resource consumption in day-to-day operations comprises electricity and water. We continue to drive energy conservation and refined management by reducing resource consumption intensity through smart monitoring, equipment efficiency optimization and process management improvements. We also monitor the impact of electricity price fluctuations on costs and treat improvements in energy efficiency as an important lever for operational improvement and cost management.

Item	Unit	For the year ended December 31,		
		2023	2024	2025
Electricity Consumption ⁽¹⁾ . . .	'000 kWh	19,207.3	19,752.4	19,763.8
Water Consumption . .	Cubic meters	151,308	146,343	140,703

Note:

- (1) The statistical scope covers our headquarters operations in Hanwei Industrial Park and Hanwei IoT Technology Park in Zhengzhou.

Waste Gas and Wastewater Management

We have established management measures for waste gas and wastewater that may be generated during our operations, and have put in place collection, treatment and monitoring arrangements at key points to ensure that our discharges continuously comply with applicable laws, regulations and standards.

- **Waste Gas Management:** We implement classified collection and compliant treatment of waste gas generated during production processes, with filtration and adsorption facilities installed at key discharge points. We conduct routine inspections and maintenance of waste gas treatment equipment to ensure their continued effective operation, and to ensure that the discharge of principal pollutants meets applicable national and local emission limit requirements.
- **Wastewater Management:** We implement classified collection and compliant treatment of wastewater generated during our operations. Principal wastewater types include production wastewater and domestic sewage, both of which undergo pre-treatment prior to discharge.

Waste Management

We implement classified management of general solid waste and hazardous waste, and have formulated and implemented corresponding internal policies that specify requirements for collection, temporary storage, transportation and record-keeping. In 2025, hazardous waste generated by us included laboratory waste liquids, empty waste containers and spent activated carbon, totaling approximately 2.2 tons. We engaged qualified third-party service providers to carry out compliant disposal, and retained disposal records and relevant documentation as required to ensure that the disposal process is traceable and verifiable.

BUSINESS

Metrics and Targets

We adopt “resource consumption intensity” as our core measurable indicator, measuring resource utilization efficiency by reference to aggregate resource consumption per RMB one million in revenue. Aggregate resource consumption primarily comprises key resource items such as electricity consumption and water abstraction. We intend to use 2025 as the baseline year for internal management assessments, and have set the following phased management targets, taking into account factors including operational planning, capacity utilization rates, product mix and the pace of project construction:

- a reduction in resource consumption intensity of 8% compared to the 2025 baseline by the end of 2026;
- a reduction of 12% compared to the 2025 baseline by the end of 2028; and
- a reduction of 15% compared to the 2025 baseline by the end of 2030.

The foregoing targets are internal management targets intended to guide our energy conservation, consumption reduction and operational efficiency improvement efforts. Actual achievement may be affected by factors including changes in business scale, the pace of capacity ramp-up, the progress of technical upgrades, external energy mix and policy requirements.

Social

Employment

In respect of employment and recruitment, we adhere to the principles of legal compliance and equal opportunity, and allocate human resources in a manner commensurate with our business development needs. We have established a comprehensive remuneration system that is competitive in the market, complemented by an annual performance appraisal mechanism and medium-to-long-term incentive plans (such as equity incentives) based on performance and contribution. We provide employees with a range of benefits including statutory social insurance and housing provident fund contributions, supplementary commercial insurance, meal subsidies, transportation and communication allowances, festival gifts and annual health check-ups. We place importance on the work-life balance and organizational vitality of our employees, and regularly organize team-building activities, cultural and sports events, and professional development training. We have also established an employee mental health support program and a hardship assistance fund, and through systematic humanistic care initiatives and career development support, we continuously strengthen employees’ sense of belonging, fulfilment and cohesion.

Occupational Safety

In relation to occupational health and safety, we have established a relatively comprehensive internal control system with clearly defined safety responsibilities and operational requirements at each level. During the Track Record Period, we conducted multi-tiered safety training covering topics including chemical handling, working at height, electrical safety and fire safety, to strengthen employees’ safety awareness. We also implemented occupational hazard factor monitoring and employee occupational health check-ups, and rectified identified hazards and risks to continuously improve our intrinsic safety performance.

We have established a systematic management system for occupational health and safety, with clearly defined safety responsibilities and operational standards at each level. During the Reporting Period, we focused on key areas including laboratory operations, electrical safety, fire safety, data security and project site operations, and organized multi-tiered, scenario-based safety training and emergency drills to comprehensively enhance employees’ risk identification and emergency response capabilities. We also conduct regular workplace occupational hazard factor monitoring, organize annual health check-ups for all employees, and maintain occupational health records. Identified hazards and abnormalities are promptly addressed through engineering controls, management optimization and personal protective measures, continuously reinforcing our intrinsic safety foundations through a combination of technical and managerial means. From 2023 to 2025, we recorded zero cases of occupational disease for three consecutive years.

BUSINESS

Sustainable Supply Chain

We have established and continue to improve a suite of policies including our Supplier Admission and Performance Evaluation Standards, Responsible Procurement Policy and Supply Chain Environmental and Social Responsibility Code of Conduct, which comprehensively incorporate key elements such as quality, delivery, cost, environmental performance, labor rights, business ethics and data security into our supplier lifecycle management processes. During the Track Record Period, we conducted specialized training, on-site audits and capability-building dialogues with strategic and key material suppliers on topics including green procurement requirements, work safety standards, compliance standards and information security protocols, with a view to driving continuous improvement in our business partners’ sustainability management practices. We also systematically build a resilient, reliable and responsible supply chain ecosystem through the implementation of a supplier risk stratification and assessment mechanism, a normalized multi-sourcing strategy, dynamic monitoring of market and compliance risks, and the use of digital procurement platforms to enhance supply chain transparency and collaborative efficiency.

Product Responsibility

We have established a quality management system spanning the entire product lifecycle, and have formulated and implemented a series of policies including our Product R&D Quality Assurance Process, Reliability Design and Testing Standards and Customer Feedback and Quality Improvement Management Procedures, covering the complete chain from market needs analysis, R&D and design, supply chain management and production testing, through to delivery, deployment and after-sales services. During the Track Record Period, we strictly adhered to a layered quality control process encompassing component selection and qualification, software code review, modular testing and system integration verification, and, in light of the characteristics of the IoT industry, strengthened product reliability testing under complex environments, data security verification and long-term operational stability assessments. We have also established an agile customer issue response and root cause analysis mechanism, integrating market feedback loops into our product iteration and quality continuous improvement processes, with a commitment to providing customers with reliable, high-quality products and services.

PROPERTIES

Our headquarters office is located in Zhengzhou, Henan Province. As of the Latest Practicable Date, none of our property interests for non-property activities (as defined under Rule 5.01(2) of the Listing Rules) had book values representing 15% or more of our consolidated total assets. According to Article 6(2) of the “Companies (Exemption of Companies and Prospectuses Compliance Provisions) Notice,” this document is exempt from compliance with the requirements of Section 342(1)(b) of the “Companies (Winding Up and Miscellaneous Provisions) Ordinance” regarding listing all land or building interests in valuation reports described in Paragraph 34(2) of Schedule 3 of the “Companies (Winding Up and Miscellaneous Provisions) Ordinance.”

Owned Land and Properties

As of December 31, 2025, we held the land use rights to 14 parcels of land with a total land area of approximately 284,480 sq.m. in Chinese Mainland. All of these land parcels have been granted land use right certificates. As of December 31, 2025, we owned 82 properties in Chinese Mainland with a total GFA of approximately 244,799 sq.m.. These land parcels and properties are primarily used for business operations, production and warehousing purposes. We have obtained all title certificates for these properties in Chinese Mainland.

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As of the Latest Practicable Date, (i) certain portions of our properties located in Shanghai, with a total GFA of approximately 2,668.41 sq.m., were leased to a single tenant for commercial, office and car parking uses; and (ii) certain portions of our properties located in Zhengzhou, with a total GFA of approximately 40,574.17 sq.m., were leased to various tenants for office use. Pursuant to Rules 5.01A and 5.01B of the Listing Rules, if the carrying amount (as defined in Rule 5.01(1) of the Listing Rules) of a property interest (as defined in Rule 5.01(3) of the Listing Rules) is 1% or more of its total assets (as defined in Rule 5.01(4) of the Listing Rules), the document must include the full text of a valuation report for such property interest. As the carrying amount of these properties leased to tenants exceeded 1% of our total assets, respectively, a property valuation report on such property interest by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer is included in Appendix III to this document.

Leased Properties

As of the Latest Practicable Date, we leased 16 major properties in Chinese Mainland with a total land area of approximately 27,013.82 sq.m., primarily used for production and R&D purposes and with lease terms generally ranging from four months to 5.25 years.

As of the Latest Practicable Date, none of our lease agreements with respect to these properties were registered with the appropriate government authorities. As advised by our PRC Legal Advisor, failure to complete the registration of the lease agreements may result in a fine on the relevant entity ranging from RMB1,000 to RMB10,000 imposed by the relevant authorities. During the Track Record Period, in relation to the aforementioned leased properties, we have not been penalized or fined by the relevant authorities. Our PRC Legal Advisor is of the view that the aforementioned failure to complete the registration of the lease agreements will not have a material adverse impact on our business operations. The failure to complete the registration of the lease agreements does not affect the validity of the lease agreements, nor does it affect our normal use of the leased property, and it will not have a major impact on our production and operations. Therefore, we believe that the failure to complete the registration of the lease agreements will not materially and adversely affect our business, the results of operations or our financial condition.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time become a party to various legal, arbitration or administrative proceedings arising in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any material pending or threatened legal, arbitral or administrative proceedings against us or our Directors.

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. However, we could be subject to fines, penalties, and orders requiring that we change our practices, which could have an adverse effect on our business and results of operations if our practice fails to comply with applicable laws and regulations.

BUSINESS

In July 2023, an administrative penalty of RMB342,500 (the “**Administrative Penalty**”) was imposed on the Yibin branch office of Garden Environmental Protection by the Yibin Municipal Ecology and Environment Bureau in connection with inconsistencies in wastewater discharge test data identified during an onsite inspection. The inconsistencies arose from a breach of contract by a service provider engaged to perform operation and maintenance services, together with insufficient monitoring by us of that service provider’s performance. The Administrative Penalty was fully settled by us in August 2023, and we were compensated for half of the Administrative Penalty by the service provider pursuant to a judgment of the People’s Court of Chengdu Hi-tech Industrial Development Zone, Sichuan Province. The Administrative Penalty represented approximately 0.2% of the revenue of Garden Environmental Protection for 2023, and is immaterial in the context of the revenue of Garden Environmental Protection during the Track Record Period (being RMB220.8 million, RMB255.1 million and RMB218.1 million for 2023, 2024 and 2025, respectively) and our Group’s total revenue from continuing operations for the same periods. To prevent such an incident from recurring, we have (i) implemented a framework for reviewing the qualifications of, conducting background checks on, and carrying out periodical performance reviews of the service providers; (ii) arranged training sessions for our employees relating to the supervision of service providers to enhance their awareness of this ongoing obligation; and (iii) undertaken a comprehensive overhaul of the work procedures for pollution discharge monitoring and introduced enhanced measures to ensure adherence to all applicable laws and regulations. On the basis that (i) no licenses, permits, or approvals have been revoked due to the Administrative Penalty; (ii) the Administrative Penalty was fully settled; (iii) we have strengthened our internal controls to prevent similar incidents from recurring; and (iv) our PRC Legal Advisor is of the view that the Administrative Penalty is not a material non-compliance under the relevant PRC laws and regulations, our Directors are of the view that the Administrative Penalty will not have any material adverse effect on our business, financial condition, or results of operations. Accordingly, our Directors consider that such incident will not affect the suitability of our Directors under the Listing Rules.

LICENSES, APPROVALS AND PERMITS

We are required to maintain various licenses, permits and approvals in order to operate our business. We continually monitor our compliance with the requirements related to licenses, permits and approvals in order to ensure that we have all such licenses, permits and approvals which are necessary to operate our business. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant authorities in Chinese Mainland that are material to the operation of our existing business.

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

License/Permit	Holder	Grant Date	Expiry Date	Issuing Authority
Industrial Safety Qualifications Work Safety License (Construction)	Company	April 2024	April 2027	Henan Department of Housing and Urban-Rural Development
	Garden Environmental Protection	October 2025	October 2028	Fujian Province Department of Housing and Urban-Rural Development
Construction Enterprise Qualification Certificate	Company	July 2024	January 2029	Zhengzhou Municipal Bureau of Urban and Rural Development
	Garden Environmental Protection	October 2025	October 2030	Fujian Province Department of Housing and Urban-Rural Development

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License/Permit	Holder	Grant Date	Expiry Date	Issuing Authority
Conformity Certificate of Explosion-Proof	Hanwei Intelligent Security	January 2023	January 2028	China National Quality Supervision and Testing Center for Explosion-Protected Electrical Products
	Chengdu Hanwei Intelligent Sensing Technology Co., Ltd.	December 2024	December 2029	China National Quality Supervision and Testing Center for Explosion-Protected Electrical Products
Information Security & Management System Certifications				
Information Security Service Qualification Certificate	Company	September 2025	September 2028	China Cybersecurity Review, Certification and Market Regulation Big Data Center
Quality Management System Certification Certificate	Garden Environmental Protection	December 2023	December 2026	Quality Assurance Centre of China Association for Quality
	Fujian Hengjia Environmental Protection Equipment Co., Ltd.	September 2024	September 2027	Quality Assurance Centre of China Association for Quality
Environmental Management System Certification Certificate	Garden Environmental Protection	December 2023	December 2026	Quality Assurance Centre of China Association for Quality
	Fujian Hengjia Environmental Protection Equipment Co., Ltd.	September 2024	September 2027	Quality Assurance Centre of China Association for Quality
International Trade and Supply Chain Credentials				
Certificate of Customs Declaration Unit Registration	Company	July 2017	Long-term valid	Jinshui Customs of the People's Republic of China
Certificate of Customs Declaration Unit Registration	Winsen Electronics Technology	November 2012	Long-term valid	Jinshui Customs of the People's Republic of China

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RISK MANAGEMENT AND INTERNAL CONTROL

We have in place a reasonable internal control and risk management system to address the strategic, operational, financial, legal, investment and market risks identified in relation to our operations. This system comprises various measures and policies, including budget management, procurement management, expenditure management, sales and development management, safety and environmental protection management, investment management, connected party transaction controls, anti-fraud and whistleblowing procedures, information disclosure controls, human resources management, IT management and financial and operational controls and monitoring procedures.

Our Board is responsible for overseeing our overall risk management, such as determining risk management objectives and policies. The Board has authorized the senior management to design and implement procedures that ensure the effective implementation of risk management objectives and policies. The senior management review the effectiveness of implemented procedures and the rationality of risk management objects and policies through monthly reports submitted by functional department. After due consideration, our Directors are of the view that our current internal control measures are adequate and effective.

To monitor the implementation of our risk management policies and corporate governance measures after the [REDACTED], we have implemented or will continue to implement, among others, the following risk management measures:

- establish the audit committee to review our financial information and its disclosure, supervise and evaluate the internal and external audit work as well as the internal control system, provide advice and comments to our Board and perform other duties and responsibilities as may be assigned by the Board. For details of the qualification and experience of these members, see “Directors and Senior Management”;
- establish anti-fraud policies to identify, prevent and punish unethical and illegal conducts, as well as whistle-blowing procedures to encourage our employees to bring those conducts to the attention of our senior management and the Board and ensure the protection of whistle-blowers;
- adopt various policies to ensure our compliance with the Listing Rules, including but not limited to policies in respect of risk management, connected transactions and information disclosures;
- engage accounting firms to provide professional advice and consultations with respect to our risk management; and
- arrange for our Directors and senior management to attend training seminars on the Listing Rules’ requirements and the responsibilities of a director of a Hong Kong [REDACTED] company.

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IMPACT OF INTERNATIONAL TRADE POLICIES

Sanctions and Export Control

The U.S. and other jurisdictions or organizations, have, through executive orders, legislation or other regulatory means, implemented measures that impose economic sanctions against certain countries, regions or against targeted industry sectors, companies, entities, persons, and/or organizations within such countries or regions. None of the members of our Group has been designated as a U.S. Sanctioned Target, nor is any Group entity located, incorporated, organized or resident in a Sanctioned Country. In addition, during the Track Record Period, our Group did not derive a material portion (10% or more) of its revenue from continuing operations from business activities with Sanctioned Country entities or Sanctioned Targets. Accordingly, our Group is unlikely to be viewed as a Sanctioned Target or Sanctioned Trader. During the Track Record Period, a limited number of our customers attributable to an immaterial portion (below 0.1%) of our revenue from continuing operations during the Track Record Period became designated on the Specially Designated Nationals and Blocked Persons (the "**SDN List**"), which is maintained by the U.S. Office of Foreign Assets Control of the U.S. Department of the Treasury. Transactions with such customers took place before their designation on the SDN List and we have not transacted with such customers since such designation. As advised by our U.S. Sanctions Legal Advisor, the aforementioned transactions and business activities would not constitute primary sanctioned activities under the sanctions regimes of the relevant jurisdictions, and we are unlikely to be viewed as engaging in secondary sanctionable activity or in any activity that would result in material U.S. sanctions risk to the Relevant Persons.

The U.S. and other jurisdictions have also implemented export control laws and regulations, including the Export Administration Regulations ("**EAR**") administered by the Bureau of Industry and Security ("**BIS**") of the U.S. Department of Commerce, which regulate the export, re-export and transfer of certain products, software and technologies based on classification, destination, end-use and end-user. Certain non-U.S.- produced items may be subject to the EAR if they incorporate controlled U.S.-origin items above certain applicable thresholds or rely on certain U.S.-controlled software or technologies. BIS also maintains restricted party lists, including the entity list (the "**Entity List**"), which impose additional licensing requirements on transactions involving listed entities. In recent years, the U.S. has placed an increasing number of entities, including hundreds of entities in China, including certain of our customers, on the Entity List. None of the items we sold to Entity List-designated customers, which accounted for an immaterial portion (below 0.1%) of our total revenue from continuing operations during the Track Record Period involved any transfer, export or re-exports of items subject to the EAR. Based on consultation with our U.S. Sanctions Legal Advisor, our Group's overall export control risk is considered to be low.

We have adopted internal control measures on customers to mitigate risks in light of the applicable export controls laws and regulations. We have implemented a know-your-customer process to assess the background of our counterparties. Apart from that, we have introduced export control and sanctions compliance framework and review and approval mechanisms. In addition, we also keep abreast of the latest development in applicable export control laws and regulations to ensure continued adherence to the latest legal and regulatory requirements.

Based on the above facts and analysis, our Directors are of the view, that the U.S. sanctions and export control restrictions would not have any material adverse impact on our business operations or financial performance.

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AWARDS AND RECOGNITIONS

<u>Award/Recognition</u>	<u>Award Authority</u>	<u>Award Year</u>
Key Technologies and Industrialization of High-Sensitivity Infrared Gas Sensors – Second Prize for Science and Technology Progress, China Instrument and Control Society	China Instrument and Control Society	2025
Key Technologies and Application of High-Precision Intelligent Laser Gas Detection – Second Prize for Science and Technology Progress, China Instrument and Control Society	China Instrument and Control Society	2024
Key Technologies and Application of High-Sensitivity Full-Range Laser Gas Detection – Second Prize for Science and Technology Progress of Henan Province . . .	The People’s Government of Henan Province	2024
Key Technologies and Application of Gas Detection Based on Multi-dimensional Sensing and Micro-Gas Chromatography Analysis – Second Prize for Science and Technology Progress, China Instrument and Control Society	China Instrument and Control Society	2023
Key Technologies and Application of High-Precision and High-Reliability Gas Detection – Second Prize for Science and Technology Progress of Henan Province . . .	The People’s Government of Henan Province	2023
Development of All-Solid-State Gas Sensors and Their Applications in Environmental Monitoring and Safety Supervision – First Prize for Technological Invention of Jilin Province	The People’s Government of Jilin Province	2022
Safety System with Integrated Gas Detection and Networking Technologies – Third Prize for Science and Technology Progress, China Instrument and Control Society	China Instrument and Control Society	2021
Key Technologies and Application of Highly Sensitive Fluorescent Sensors Based on Aptamers – Second Prize for Science and Technology Progress of Henan Province . . .	The People’s Government of Henan Province	2021

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Award/Recognition	Award Authority	Award Year
Drunk Driving Detection and Data Analysis System Based on Intelligent Sensing Technology – Third Prize for Science and Technology Progress, China Instrument and Control Society	China Instrument and Control Society	2020
Key Technologies and Application of Rapid, Accurate, and Highly Sensitive Gas Detection Based on Micro-Gas Chromatography – Second Prize for Science and Technology Progress Award of Beijing Municipality	The People’s Government of Beijing Municipality	2020
Pump-Suction Vehicle-Mounted Laser Methane Inspection Instrument – Second Prize for Science and Technology Progress of Henan Province	The People’s Government of Henan Province	2016
Vehicle-Mounted Laser Methane Inspection Instrument – Second Prize for Science and Technology Progress of Henan Province . . .	The People’s Government of Henan Province	2014
Wireless Gas Inspection Management System – Third Prize for Science and Technology Progress of Henan Province	The People’s Government of Henan Province	2013
Synthesis of Nano-In ₂ O ₃ and Research on Novel Nano Gas Sensors – Third Prize for Science and Technology Progress of Henan Province	The People’s Government of Henan Province	2007
Preparation and Application of Nano Tin Oxide Gas-Sensitive Powder – Third Prize for Science and Technology Progress of Henan Province	The People’s Government of Henan Province	2002