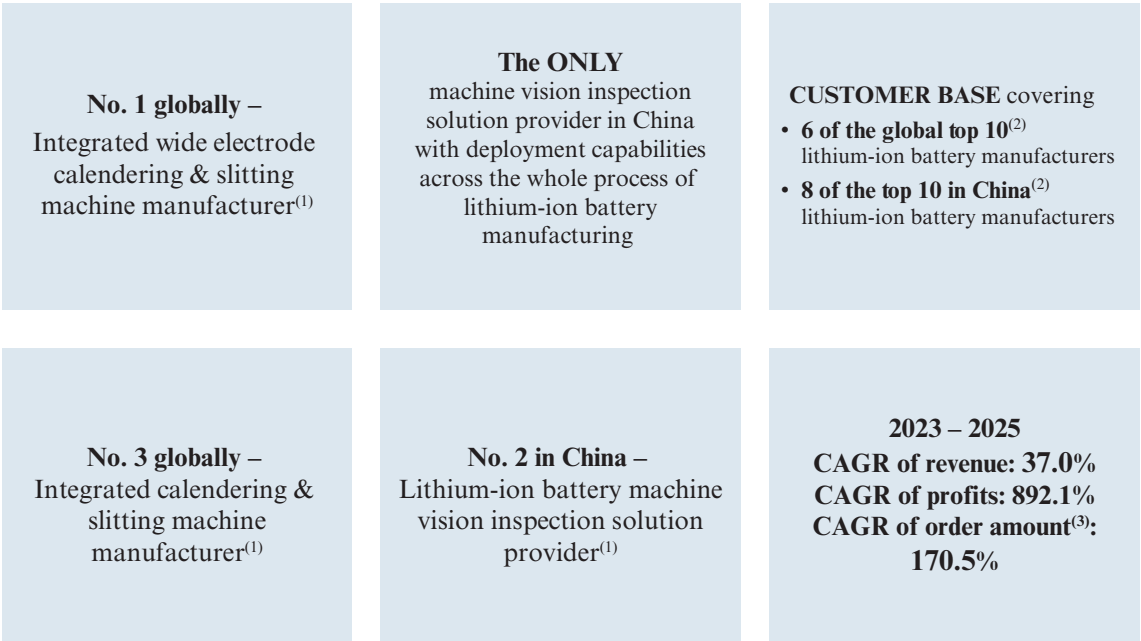


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OVERVIEW

We are a leading provider in the PRC of intelligent equipment and solutions to lithium-ion battery manufacturers, enabled by our machine vision and AI algorithms technologies. According to Frost & Sullivan, in terms of revenue in 2025, we ranked second in the Chinese domestic market for lithium-ion battery machine vision inspection solutions and ranked first in the global market for integrated wide electrode calendaring & slitting machines. As lithium-ion battery manufacturing enters a “lean” stage with the market focusing more on safety, consistency and overall production line yield, intelligent equipment and process control capabilities have become a key focus to ensure the stability of large-scale mass production of battery cells. Through deep integration of AI algorithms and core process equipment, we are able to realize real-time closed-loop control over the course of all stages of the lithium-ion battery manufacturing process, namely the stages of perception, judgment, execution and traceability, and have gradually formed a process control system integrating optics, mechanics, electronics, algorithms and software capabilities. According to Frost & Sullivan, we are the only solution provider in China that has all machine vision inspection deployment capabilities across the whole process of lithium-ion battery manufacturing, the capabilities to embed machine vision into core process equipment, and cross-process data closed-loop management capabilities, and we are gradually upgrading to an AI-driven process control capability platform which we believe will be increasingly important in this lean manufacturing stage of lithium-ion battery production.

The following diagram sets forth some of the key highlights of our Company:



Notes:

- (1) In terms of revenue in 2025, according to Frost & Sullivan
- (2) In terms of global shipment volume in 2025, according to Frost & Sullivan
- (3) Order amount is defined as total amount of new purchase order during each year.

We work closely with top clients to offer machine vision capabilities across the entire lithium-ion battery manufacturing process through a wide range of customized solutions and intelligent equipment offerings, including single process inspection systems, stand-alone machines, and multi-function, fully-integrated intelligent equipment. Our business primarily includes

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manufacture and sale of: (i) machine vision inspection solutions; and (ii) integrated intelligent equipment (such as integrated calendaring & slitting integrated machines and high-speed automatic assembly lines for full-tab cylindrical cells).

Our main source of income over the Track Record Period came from sales of integrated intelligent equipment built on a core technology foundation of machine vision and AI algorithms. Our deep integration of machine vision into our equipment enables us to embed our solutions in our customers’ production lines early on. This creates the foundation for long-term relationships and opportunities for ongoing business through algorithm iteration and system upgrades. We believe the improvement of lithium-ion battery manufacturing quality control capabilities will be a defining factor under fierce industry competition. As one of the few enterprises that have achieved closed-loop control capabilities across the entire “perception-judgment-execution-traceability” process, we believe we are well positioned to contribute to the industry’s transition towards greater automation, intelligence, and traceability.

Our market opportunities and development history

According to Frost & Sullivan, China remains the largest lithium-ion battery intelligent equipment market globally, with its market size expected to increase from RMB34.0 billion in 2025 to RMB80.0 billion by 2030. Meanwhile, the European and North American markets are expected to record more significant growth, maintaining CAGRs of approximately 28.3% and 25.9% from 2025 to 2030, respectively.

We have followed the progression of lithium-ion battery manufacturing from focusing on scale expansion to focusing on lean upgrading, and continue to build a process control capability system around the core pain points of safety, consistency and overall production line yield. We initially focused primarily on transmission and vision control technologies, accumulating underlying technical capabilities in the field of high-speed motion control and precision inspection. With support from the rapid increase in the demand for high-precision machine vision inspection in the lithium-ion battery industry, we have successfully entered the supply chain of leading customers and have participated in the development of inspection systems for key processes. Over the course of servicing prominent customers, we have accumulated a large amount of real production line data and process experience. Such data has helped us transform our business model from simply supplying machine vision systems to be integrated into equipment made by others to supplying our own core process equipment with deeply-embedded vision capabilities. Through research and development of integrated calendaring & slitting equipment, full-tab cylindrical battery assembly lines and other core products, we have gradually built a process control capability system covering key processes. We continue to develop our capabilities to address the equipment needs brought about by the upgrading of the new generation of battery technology, focusing our research and development efforts on key technologies including solid-state battery equipment and dry electrodes.

Key stages of our development have included:

- ***Vision technology accumulation stage (early stage of our development):*** We focused on cultivating high-speed and highly-reflective material detection scenarios, accumulating underlying vision algorithms and precision transmission control technology capabilities and laying a technical foundation for subsequent entry into the field of high-precision manufacturing.
- ***Entering the leading battery supply chain stage (2015–2018):*** We entered the supply chain of industry-leading customers such as CATL, carrying out algorithm iterations around micron-level defect identification needs, and training deep learning models based on real production line data, gradually forming AI vision capabilities adapted to the complex process environment of lithium-ion batteries.

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- ***Vision and core process equipment integration stage (2019–2023):*** In response to the needs of battery companies to improve Overall Equipment Effectiveness (“OEE”) and consistency management, we promoted the deep integration of vision systems into the equipment in core processes such as calendaring and slitting to achieve detection and execution linkage, and extend the process upgrade path from defect detection to defect prevention.
- ***Global development stage (2024 to present):*** We are gradually building our overseas delivery and service capabilities to further integrate with our customers’ global production expansion layout.

Our financial performance

During the Track Record Period, we achieved solid financial performance. For the three years ended December 31, 2023, 2024 and 2025, our revenue was RMB294.0 million, RMB393.9 million, and RMB552.1 million, respectively, and our net profit was RMB0.7 million, RMB51.3 million and RMB69.7 million, respectively.

As we are evolving from producing single-process machine vision inspection systems to producing high value-added integrated intelligent equipment, our profitability has continued to improve driven by continuing growth in revenue from the sale of intelligent equipment. Revenue from the sale of intelligent equipment grew from RMB96.2 million in 2023, representing 32.7% of total revenue for the year, to RMB181.0 million in 2024, representing 45.9% of total revenue for the year, and RMB461.5 million in 2025, representing 83.6% of total revenue for the year.

OUR COMPETITIVE STRENGTHS

Technological advantages: Integration of optics, mechanics, electronics, algorithms and software capabilities with machine vision as our core enabling technology

We are one of the few solution providers in the industry that can deeply embed machine vision technology into core process equipment and realize the integration of optics, mechanics, electronics, algorithms and software in controlling the manufacturing process according to Frost & Sullivan. Our systems extend beyond equipment functionality and form part of the core quality-control infrastructure of our customers’ production lines. Unlike providers that offer only inspection modules for integration into third-party machinery or stand-alone equipment, we embed our machine vision system directly into core production equipment. This deep integration enables real-time closed-loop control across the whole “perception-judgment-execution-traceability” process. In high-speed continuous production environments, our systems can quickly analyze conditions, identify defects, and provide feedback that enables equipment to perform millisecond-level dynamic deviation correction. This helps reduce defect rates and improve production-line stability.

By directly embedding the machine vision inspection system across different stages of lithium-ion battery production line, we can achieve millisecond-level identification and response in key processes, and improve the overall OEE level of the production line. Compared with the traditional “post-process inspection and offline correction” model, our integrated production and inspection architecture helps reduce the delays and errors caused by manual intervention and multi-system docking. This, in turn, helps customers achieve higher production consistency and improve overall production line yield during large-scale mass production.

In addition, we have built data interaction capabilities to achieve unified management and traceability of inspection data across different production stages. Through data analysis, we help customers identify the root cause of defects and optimize process parameters, thereby improving quality control capabilities across the entire production line. These closed-loop control capabilities across the entire “perception-judgment-execution-traceability” process constitute a core technical advantage that distinguishes us from traditional equipment manufacturers and pure machine vision

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manufacturers, so that quality control is upgraded from simply detecting defects to preventing defects. This ability to integrate the capabilities of optics, mechanics, electronics, algorithms and software that controls the manufacturing process creates meaningful technical and integration barriers, while also increasing customer switching costs in large-scale production line scenarios. These capabilities have enabled us to upgrade from a provider of single-process equipment to a deeply embedded part of the customer’s production line quality control system.

Data advantages: Robust data accumulation and AI algorithm capabilities

We entered the supply chain system of several leading lithium-ion battery manufacturers, early in our history, and have accumulated large amounts of real production line defect samples and process data over the course of our long-term cooperation with them. Our defect sample and process data, which cannot be obtained through laboratory simulations or otherwise without long periods of actual production, not only covers single processes, but also reflects the defect propagation relationship between different processes and the impact of process parameter changes on yield, and identifies the causal relationship between the two. Based on such data accumulation, we continue to train and iterate on our deep learning algorithm models, so that our systems can consistently identify complex and subtle defects.

Since 2015, we have engaged in the R&D of vision algorithms. As a first mover, we have built our advantage in data accumulation ahead of most peers according to Frost & Sullivan, and developed an in-house defect database and algorithm model training system. Unlike general machine vision algorithms, our AI algorithm model is highly adaptable to complex scenarios found in lithium-ion battery production such as high reflection, film flexibility and high-speed motion, and can maintain stable recognition accuracy under high-speed production cycles. This algorithm model has the ability to quickly migrate and deploy between different customer production lines, effectively shortening the commissioning cycle of new production lines.

The extensive amount of relevant data we have accumulated and the ability of our AI algorithm model to continue improving and optimizing overall equipment performance, has helped form an on-going virtuous cycle. With the expansion of data scale, the training efficiency and migration ability of algorithm models are further improved, and the competitive advantage brought by scale effects is strengthened. As the number of project we deliver increases, we further enrich our defect sample library and improve algorithms’ ability to identify new defect types, thereby continuously improving the accuracy and stability of detection. We believe these data accumulation and algorithm optimization capabilities give us a long-term competitive advantage in the process of AI-enabled manufacturing upgrades.

Process advantages: In-depth understanding of the lithium-ion battery manufacturing process

Lithium-ion battery manufacturing involves multiple complex processes such as front-end electrode manufacturing, mid-end battery cell assembly, and back-end module and PACK processes, and there are significant differences in the requirements for detection accuracy, speed, and response mechanisms in each process. Through many years of participation in the construction and upgrading projects of leading customers’ production lines, we have formed a systematic understanding of the key quality control points of different processes, and can design testing and equipment solutions from process principles. For example, certain defects which can occur during the front-end manufacturing process for electrodes, such as small burrs or coating defects are not able to be repaired in subsequent steps, and if not detected, can have a significant impact on battery safety. Through continuous verification and optimization of key process parameters, we develop inspection models and optical solutions that adapt to different material properties which help customers identify such defects in the front-end stage. During high-speed winding or stacking in the mid-end stage, our system monitors edge alignment accuracy in real time, reducing potential short circuit risks.

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We also actively participate in the formulation of testing specifications and technical standards for our customers. We believe this further enhances our knowledge of and ability to help shaping industry quality system standards, and provide us with better visibility to make forward-looking judgments on the evolution trend of industry testing requirements. Our deep understanding of the process characteristics allows us to participate in the early stages of our customers’ lines, enhancing engagement and project acquisition.

Customer advantages: In-depth cooperation with leading customers and global delivery capabilities

We have established long-term and stable relationships with many of the world’s leading battery manufacturers, covering a wide range of products from machine vision inspection solutions to core intelligent equipment. Our products are widely applied in various scenarios including power batteries, energy storage batteries and consumer batteries, and are compatible with the process requirements of different technical routes such as liquid electrolytes and solid-state electrolytes. Through our history of successful project delivery and long-term collaborative research and development, we have continued to increase our penetration rate in customer production lines and have achieved a significant market share of certain core products. According to Frost & Sullivan, the stringent and lengthy certification procedures required by leading industry players create a significant barrier to entry for competitors.

We have the ability to deliver full-line and multi-process projects, and can provide systematic support for customers in the process of expanding production or building overseas factories. As Chinese battery companies accelerate their global layout, we have developed our overseas delivery capabilities, in certain key regions, such as Germany and Hungary in Europe, and continue to help support them in the installation, commissioning and follow-up maintenance of overseas projects. Our partnership model supports rapid migration and deployment to enable customers to replicate their mature production lines on a global scale, and these global delivery capabilities further enhance our stickiness with our customers.

We believe that over the process of long-term cooperation with key customers, we have established a good reputation through stable delivery performance and continuous technology iteration, as demonstrated by continuing orders from our key customers. Our customer base covers six of the global top 10 lithium-ion battery manufacturers and eight of the top 10 lithium-ion battery manufacturers in China, in terms of global shipment volume in 2025. As leading customers typically attach great importance to the stability and reliability of their suppliers, we believe our existing positive partnerships with such customers provide a key advantage facilitating our future growth. We believe our long-term cooperation with leading customers and overseas delivery capabilities have enhanced our brand recognition and strengthened barriers to entry for potential competitors.

Team and governance advantages: Professional and experienced management team and strong shareholder support

Our core management team has extensive industry experience in the fields of industrial automation, machine vision and high-end intelligent equipment, and the ability and experience to manage the whole process from product research and development to market expansion to large-scale delivery, which can effectively promote the continuous implementation of our technological innovation and business expansion.

Our management played a key role in our transformation from a supplier of stand-alone vision systems to a provider of full solutions integrating opto-mechanical technologies with the computer software that controls the manufacturing process, helping to ensure that our strategic direction is aligned with industry trends. Our management team continues to accumulate experience in the delivery of complex projects and cross-regional operation management, which can support our large-scale expansion and international development. At the same time, we have established a stable corporate governance structure and decision-making mechanism, forming a development path that is both technology-driven and market-oriented. We continue to optimize our internal control and risk management systems to support future large-scale developments and global operational needs.

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In terms of shareholder structure, we have meaningful support from shareholders with substantial industrial background and capital market experience, which we believe will facilitate our strategic resource integration, industrial synergy and future capital operation challenges going forward. We believe a stable shareholder structure and a standardized governance system provide a solid foundation for our long-term development.

OUR BUSINESS STRATEGIES

We plan to implement the following strategies.

Continue to expand our business in relation to lithium-ion battery core process equipment

In order to ensure sustained growth in revenue and profit, we will continue to strive to improve our competitive position, including through the following measures.

We will continue to iterate our core equipment such as integrated calendaring & slitting machines, integrated laser notching & winding machines and high-speed automatic assembly lines for full-tab cylindrical cells, and to improve equipment accuracy, stability and automation to satisfy customers’ rising standards in terms of safety, consistency and overall production line yield.

We will use our technological advantage of being able to deeply embed machine vision technologies into core production equipment to penetrate into additional production lines and processes of our existing customers, and promote repurchase and category expansion through continuous delivery and collaborative research and development.

Through continued investment in research and development, we will further strengthen the deep integration of machine vision into core equipment, improve real-time deviation correction and data traceability capabilities, and provide customers with more complete closed-loop solutions for process quality.

Expand our production capabilities with regard to lithium-ion battery intelligent equipment to support business growth

We plan to continue to expand our production capabilities at our core production bases, including construction and production line upgrades at our East China headquarters (Changzhou) manufacturing base, to enhance our intelligent equipment manufacturing capabilities and meet the growing order demand of our customers. We also plan to recruit (i) additional production personnel, including several mechanical engineers, electrical engineers and installation and commissioning technicians, and (ii) additional R&D personnel. For our historical and planned increases to production capabilities, plan to recruit additional personnel and the timeline for the development of our East China headquarters (Changzhou) manufacturing base, see “— Production Facilities and Production Process” in this section and “Future Plans and [REDACTED]” in this document. As part of such expansion, we plan to build more automated production lines and introduce advanced manufacturing standards to improve production efficiency, shorten lead times, and improve product quality stability.

In addition, we believe one of the key challenges going forward will be our ability to support customers’ increasing and evolving equipment needs brought about by global production expansion. As global battery companies continue to expand their production capabilities, we will better support customers’ production line construction needs through capacity improvement and production optimization, and continue to upgrade our supply model from stand-alone order delivery to large-scale mass production.

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Strategically focus on next generation battery technology innovation and potential applications in other fields

To maintain our competitiveness while taking advantage of new opportunities presented by evolution of the industry, we remain committed to keeping at the forefront of industry trends. We will carry out product pre-research and verification around next generation battery technologies such as solid-state batteries, dry electrodes, and full-tab cylindrical batteries, including continuing to invest in the development of equipment and testing solutions for key processes, forming replicable engineering landing capabilities and working with industry participants to promote trial production and support mass production.

Moreover, we will position ourselves to seize the equipment upgrade opportunities brought about by the evolution of structural form. In response to the manufacturing requirements of new types of batteries such as full-tab cylindrical batteries, we will develop equipment and machine vision inspection solutions that meet the needs of high-speed manufacturing and high consistency. We will also build cross-processes algorithms and migration capabilities in advance and will continue to accumulate new process defect samples and related data to further improve the efficiency of rapid model migration and deployment, laying the foundation for subsequent large-scale volume production.

In addition, we plan to build on our success in the lithium-ion battery manufacturing field to explore the applicability of related technologies in other high-end manufacturing fields. For example, leveraging our expertise in machine vision and AI algorithms, we have developed intelligent equipment and solutions tailored for photovoltaic module inspection, precision machining of 3C products, and semiconductor packaging inspection. This would enable us to realize business synergies, diversify our product portfolio, and create new revenue drivers. We have already secured small-volume orders from industry-leading companies in these fields, and we expect successful testing by such customers will open up opportunities for additional orders.

Expand our global footprint and build our global delivery and service capabilities

According to Frost & Sullivan, the overseas lithium-ion battery intelligent equipment market is expected to maintain a high compound growth rate between 2025 and 2030, providing structural growth opportunities for overseas expansion. We plan to further strengthen our overseas delivery capabilities and penetrate the overseas market, following participants China's battery industry chain as they go abroad. We plan to use [REDACTED]% of the [REDACTED] from the [REDACTED] to develop our sales and delivery network, including expanding our overseas service coverage. For details of our plan on such development, see “Future Plans and [REDACTED]” in this document.

We aim to increase our penetration with leading overseas customers and key projects, starting with benchmark projects, from which we hope to replicate the experience of full-line/multi-process delivery, and enhance the comprehensive solution capabilities and long-term cooperation stickiness of overseas customers.

Promote digital transformation to improve operational efficiency and delivery capabilities

We plan to further improve our operations with a more systematic management approach to better support large-scale delivery. Specifically, we will further improve our ERP, OA, SRM, PLM and EHR systems to advance our collaborative efficiency and process visualization management capabilities in R&D, procurement, production, project delivery and after-sales service.

At the same time, we will focus on enhancing parallel project management capabilities through standardized processes and digital tools to shorten lead times and optimize resource allocation, thus controlling costs and increasing profitability. We will also promote the digital management of key quality indicators and supply chain performance indicators. We believe such data-driven quality and supply chain system will help improve delivery stability and customer satisfaction.

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Explore strategic investment and merger and acquisition opportunities to achieve growth, expand the supply chain and strengthen our capabilities

In addition to organic growth, we intend to pursue strategic investment or acquisition opportunities, focusing on target companies we believe are highly synergistic with our existing capabilities. In particular, we will focus on potential opportunities that can enhance our optics/algorithm capabilities, improve key components for our production, optimize our core process solutions, and expand our overseas service capabilities, to boost our overall competitiveness.

Moreover, we will explore potential targets that can help us supplement and expand our supply and delivery capabilities. Going forward, on the premise of ensuring steady development of our main business, we may also explore opportunities for strategic cooperation and investment that will help expand our industry application scenarios and platform capabilities. With regard to any such investment or acquisition, we will adhere to prudent investment principles and strict integration standards to ensure that any such investment can form clear synergies at the technical, product, and/or customer dimensions.

We plan to use [REDACTED]% of the [REDACTED] from the [REDACTED] to invest in or acquire such synergistic companies. For details of our plans regarding such investments or acquisitions, see “Future Plans and [REDACTED]” in this document. As of the Latest Practicable Date, we had not identified any potential targets.

OUR BUSINESS MODEL

We work closely with top clients to offer machine vision capabilities across the entire lithium-ion battery manufacturing process through a wide range of customized solutions and intelligent equipment offerings, including single process inspection systems, stand-alone machines, and multi-function, fully-integrated intelligent equipment. According to Frost & Sullivan, as of December 31, 2025, we were the only machine vision company in China providing comprehensive coverage of machine vision inspection solutions across the whole process of lithium-ion battery manufacturing.

We have developed two flagship product lines:

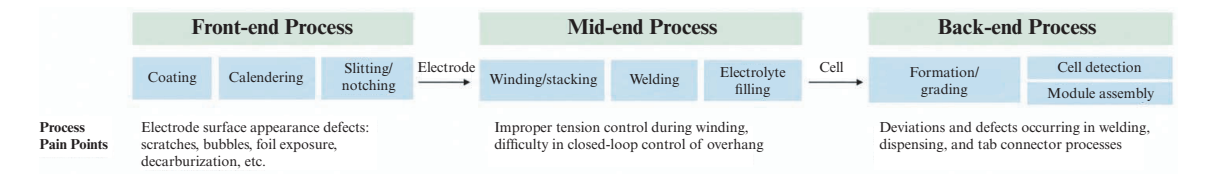
- (i) Lithium-ion battery integrated intelligent equipment; and
- (ii) Lithium-ion battery machine vision inspection solutions, including machine vision inspection systems and Automatic Optical Inspection (AOI) equipment.

Lithium-ion Batteries Manufacturing Process and Our Products

Lithium-ion battery manufacturing can be divided into three stages: front-end, mid-end, and back-end. Based on over ten years of in-depth industry experience, we have gained a deep understanding of the pain points and potential defects that can occur at each stage of the manufacturing process.

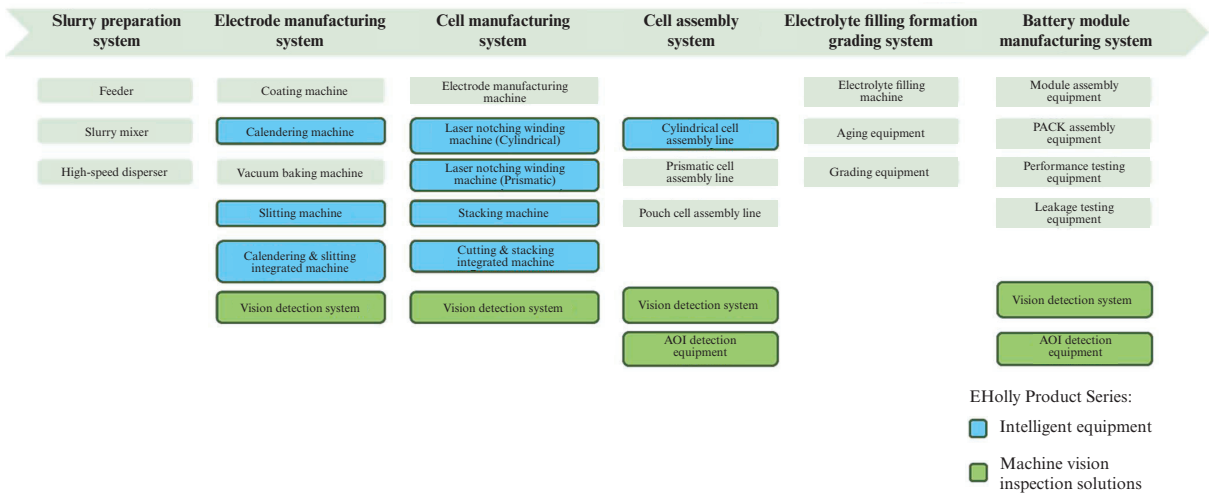
- The front-end stage mainly covers manufacturing cathode and anode materials, membranes, and electrode sheets, including the procedures of coating, calendaring and slitting/notching. In this process, there may exist uneven electrode coating, electrode surface appearance defects, inconsistent electrode thickness, as well as burrs;
- The mid-end stage focuses on assembling lithium-ion battery cells, including the procedures of winding/stacking, welding and electrolyte filling. In this process, welding quality defects may occur due to improper tension control during winding, or difficulty in closed-loop control of overhang; and
- The back-end stage involves formation/grading, detection of the lithium-ion batteries, and module assembly. In this process, deviations and defects may occur in welding strength, dispensing consistency, and applying tab connectors.

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We have the capability to provide inspection solutions over the entire lithium-ion battery manufacturing process. We have developed multiple machine vision inspection systems and AOI equipment to fit different customers’ production line setups and process requirements. This allows us to meet customers’ needs for deploying machine vision inspection systems or equipment on new production lines, as well as support upgrades and improvements on existing lines.

Building on our machine vision inspection capabilities, we have also developed our own intelligent lithium-ion battery manufacturing equipment that integrates with these inspection systems, helping our customers improve efficiency in setting up lithium-ion battery production lines. The following chart shows our product and solution offerings across a typical lithium-ion battery production line.



OUR PRODUCTS AND SOLUTIONS

Intelligent Equipment

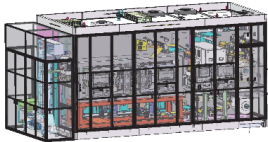
We have developed a series of intelligent equipment for lithium-ion battery manufacturing. In 2023, 2024 and 2025, revenue generated from our intelligent equipment was RMB96.2 million, RMB181.0 million, and RMB461.5 million, respectively, representing 32.7%, 45.9% and 83.6%, respectively, of our total revenue for those years.

We focus on the core processes of lithium-ion battery manufacturing and are dedicated to integrating the functions of lithium-ion intelligent equipment, aiming to create integrated intelligent equipment capable of simultaneously completing multiple core processes, to replace traditional equipment that is limited to a single process. In this way, we can help our customers improve the efficiency of lithium-ion battery manufacturing. Our integrated intelligent equipment includes (i) integrated electrode calendering & slitting machines (輥壓分切一體機), and (ii) integrated laser

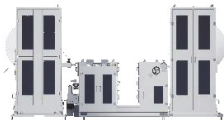
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notching & winding machines (激光模切捲繞一體機). Moreover, we completed the sale and delivery of our first high-speed automated assembly line for full-tab cylindrical cells (全極耳圓柱電芯高速自動裝配線) in 2025.

The following table sets out our core intelligent equipment products as of the Latest Practicable Date:

No.	Intelligent Equipment	Introduction and Features	Picture
1.*	Integrated Wide Electrode Calendering & Slitting Machine (大寬幅輥壓分切一體機)	This equipment uses a roll-to-roll method with a pair of rollers to compact coated lithium-ion battery electrode sheets to a specified density while performing electrode sheet slitting. The equipment features online thickness measurement and automatically adjusts roller pressure in real time based on thickness. It also supports unwinding, manual splicing, and high-efficiency dust removal.	 1500 mm Wide Electrode Calendering & Slitting Integrated Machine
		This equipment is designed for large-scale intelligent manufacturing of power and energy storage batteries, supporting high-energy-density cell production with electrode widths of 1,200 mm to 1,500 mm and above. It integrates two core processes — calendering and slitting — into a single platform, featuring large-diameter high-rigidity rollers, a fully closed-loop hydraulic servo control system, and multi-axis synchronous tension control technology. The equipment delivers continuous and stable operation at a maximum rolling force of ≥ 400 tonnes and a roller surface linear speed of ≥ 120 m/min.	 1200 mm Wide Electrode Calendering & Slitting Integrated Machine
2.*	Integrated Narrow-width Electrode Calendering & Slitting Machine (窄幅輥壓分切一體機)	This equipment's functions are the same as the wide electrode calendering & slitting integrated machine. This equipment targets high-precision, multi-product flexible manufacturing for electrode widths of 300 mm to 800 mm, serving fast-charging power batteries, small power batteries, and premium consumer batteries such as 4680 cylindrical cells. The compact modular design integrates calendering, edge thinning compensation, slitting, and dust removal into a single platform.	 850 mm Narrow-width Electrode Calendering & Slitting Integrated Machine
3.	Wide Electrode Slitting Machine (大寬幅極片分切機)	This equipment continuously cuts wide rolls of electrode sheets into multiple narrower strips with the required widths.	
4.	Dry Electrode Lamination Machine (乾法電極復合一體機)	Developed for next-generation high-energy-density batteries using dry electrode technology, this product integrates four core processes — dry powder mixing, fibrillation, film calendering, and thermal lamination onto current collectors — enabling continuous production from raw materials to finished electrode-current collector assemblies. The fully solvent-free modular design eliminates the coating and drying stages entirely, substantially reducing energy consumption and manufacturing costs.	

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No.	Intelligent Equipment	Introduction and Features	Picture
5.	Electrode Slitting Machine (極片分切機)	This is a fully automatic high-speed slitting machine for lithium-ion battery production. It continuously slits and rewinds electrode sheets after the rolling process, and is compatible with one-out-four, one-out-three, and one-out-two configurations.	 Electrode Slitting Machine  Electrode Slitting Machine (One to Four)
6.	Rewinding Machine (復卷機)	This equipment enables the unwinding and rewinding of coated/cold-pressed cylindrical electrode sheets, ensuring that the edge alignment of the rewound electrode sheets meets process requirements.	
7.*	Integrated Laser Notching & Winding Machine for Prismatic Cells (方形電池激光模切捲繞一體機)	This equipment processes electrode rolls through continuous laser notching and wind them along with the separator, to produce bare cells that meet required process specifications and quality standards.	
8.*	High-Speed Automatic Assembly Line for Full-tab Cylindrical Cells (全極耳圓柱電芯高速自動裝配線)	The fully automated cylindrical lithium-ion battery assembly line covers all production stages from jelly roll unloading after winding to casing insertion. It is suitable for both upgrading the processes of existing single-tab cell lines and serving as the front-end production section of newly established lines. This assembly line consists of a cathode current collector welding machine, an anode current collector welding machine, cathode and anode loading machines, a short-circuit tester, a jelly roll loading and unloading machine, and a wrapping machine.	

* These flagship products are further introduced in detail in the below case studies.

Case Study 1: Integrated Intelligent Equipment for Electrode and Cell Assembly Manufacturing

Conventional segmented production equipment for lithium-ion batteries — including stand-alone calendaring, slitting, notching, and winding machines — gradually fall behind leading battery manufacturers’ dual requirements for cost efficiency and quality consistency, due to their repeated material rewinding, inter-process transfer delays, and the inherent difficulty of implementing closed-loop control. We have developed integrated machinery for our customers to help them address these issues.

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- *Intelligent Equipment in Electrode Manufacturing Process: Integrated Wide and Narrow-width Electrode Calendering & Slitting Machines*

Our integrated wide and narrow-width electrode calendering & slitting integrated machine is designed to address the need to consolidate electrode calendering and slitting in large-scale lithium-ion battery manufacturing. By integrating both processes into a single system, electrodes proceed directly from calendering into inline slitting, eliminating intermediate rewinding, unloading, and reloading steps, thereby improving production continuity and electrode edge consistency.

The technology development trend for integrated calendering and slitting machines is characterized by high speed, high precision, high quality and large width, which closely aligns with the lithium-ion battery industry’s move towards larger cell sizes and higher capacities. To address these market requirements, we embedded machine vision capabilities into our integrated calendering and slitting integrated machine and developed a multi-modal inspection solution capable of real-time closed-loop monitoring of calendering thickness, uniformity and slitting dimensions. Through predictive algorithms, the machine can automatically address production fluctuations, helping maintain consistency while reducing manual intervention.

Our product portfolio has expanded to cover both wide-width series, ranging from 1,200 mm to 1,500 mm, and narrow-width series, ranging from 450 mm to 1,100 mm, and we have also launched models with roller diameters increased to 1200 mm and widths up to 1,800 mm. Our calendering and slitting equipment was accepted into the CATL supply chain in 2019, initially as pilot machines. Following multiple rounds of technical verification and production line optimization, we gradually secured orders for mass production of this equipment and in 2025 and our equipment represented approximately 50% of all integrated calendering and slitting equipment in CATL’s production lines.

This achievement reflects systematic validation of our capabilities over several years rather than a single-point breakthrough. The core technologies required for large-width calendering and slitting integrated machines, including roller deflection compensation, closed-loop tension control for wide electrodes and AI-driven predictive compensation for thickness consistency, have been fully validated under CATL’s stringent standards. In addition, CATL imposes high requirements on delivery timeliness, equipment stability and large-scale supply capability, and our ability to secure nearly half of all integrated calendering and slitting equipment in its production line indicates that we have established production assurance systems and supply chain management capabilities aligned with the needs of a leading market player. Finally, we believe our progression from narrow-width to wide-width machines, from pilot equipment to mass production, and from single-machine delivery to batch supply demonstrates our ability to iterate alongside leading customers’ process roadmaps.

We have also expanded our customer base beyond CATL to other leading lithium-ion battery manufacturers in China, including Hithium, Zenergy and Cornex, demonstrating the adaptability and scalability of our technical solutions.

- *Intelligent Equipment in Cell Assembly Manufacturing Process: Integrated Laser Notching & Winding Machines for Prismatic Cells*

In the production of bare prismatic cells, laser notching for tab forming and winding for cell formation have traditionally been completed by two separate machines in sequence. This conventional arrangement not only occupies substantial floor space, but also creates operational challenges associated with secondary electrode transfer, repeated unwinding and rewinding, and the difficulty of maintaining closed-loop control over tab alignment during the transition between processes. Therefore, we developed our integrated laser notching & winding machine for prismatic cells to address pain points in the mid-stream cell-making process of lithium-ion battery manufacturing.

BUSINESS

This machine integrates multiple processes, including unwinding, laser notching, tab forming, dust removal, tension control, winding formation and CCD-based vision inspection, within a single workstation, enabling an “instant cut and wind” production mode. Through a high-precision servo control system, the machine achieves accurate electrode positioning and winding alignment, which are important to ensure cell consistency and production stability. In addition, the machine adopts a modular design that supports relatively fast changeovers for different cell sizes, thereby improving production flexibility and allowing customers to adapt more efficiently to changing product specifications.

In 2024, we have supplied two units of such integrated laser notching & winding machines to Zenergy, and such equipment has completed acceptance. This project demonstrates our ability to commercialize integrated mid-stream cell-making equipment and supports our continued expansion in prismatic lithium-ion battery manufacturing equipment.

Through the two categories of integrated intelligent equipment described above, we have established comprehensive product coverage across two critical integration stages in lithium-ion battery manufacturing — the electrode manufacturing and cell assembly stages. Our integrated calendaring and slitting equipment has been delivered in volume to leading customers including CATL, while our integrated laser notching and winding equipment has successfully completed benchmark project acceptance at Zenergy. These outcomes demonstrate, through actual delivery and acceptance, our technical capabilities, engineering execution, and capacity for large-scale deployment in integrated equipment. Going forward, we believe such solutions can be progressively introduced across additional customer projects in line with their specific process requirements and qualification timelines.

Case Study 2: High-Speed Automated Assembly Line for Full-Tab Cylindrical Cells

We aim to develop high-speed automated assembly lines for full-tab cylindrical cells as a new growth driver of our business. In 2025, we completed the sale and delivery of our first high-speed automated assembly line for full-tab cylindrical cells.

The fundamental distinction between full-tab cylindrical lithium-ion batteries and conventional single-tab or dual-tab counterparts lies in the connection mode between tabs and current collectors, which is upgraded from point contact or line contact to surface contact. This structural innovation greatly optimizes the electron transmission path and delivers substantial performance gains, including enhanced high-rate charge and discharge capability, lower internal resistance, superior heat dissipation and safety performance, improved fast-charging performance, and a broader operating temperature range.

The full-tab cylindrical battery production line’s core procedure resides in the front-end cell assembly process, which is critical to the overall production line yield, operating speed and consistency.

To cater to the manufacturing requirements of full-tab cylindrical batteries, we have developed a dedicated high-speed automated assembly line for front-end assembly processes. The assembly line comprises negative current collector welding machines, negative current collector feeding machines, positive current collector welding machines, positive current collector feeding machines, HI-POT testing machines, tray loading and unloading machines, adhesive coating machines, as well as supporting cell feeding and discharging equipment. This integrated production line is tailored to our customers’ specifications with respect to production capacity, precision, operational stability and quality consistency in cylindrical cell assembly.

The core competitive edge of this product lies in its high-speed and highly stable automated assembly capacity.

BUSINESS

All equipment deployed on the high-speed assembly line is equipped with independent motor drives, cam-linkage mechanisms and a continuous turret cam operating mode. Adjacent processes are automatically connected through a flexible chain system, enabling an efficient and coordinated production workflow. The assembly line is also integrated with a Manufacturing Execution System (MES), supporting full-process data traceability from raw materials to finished products and facilitating customers’ quality control management. Through process innovation, production line layout optimization and logistics system upgrading, we strive to further elevate the production capacity and operational efficiency of the production line.

In 2025, we obtained an order from the domestic manufacturing base of a leading cylindrical battery manufacturer in China. The equipment delivered for the order passed customer acceptance in September 2025. The customer was highly satisfied with the production line’s performance, yield and consistency, and subsequently awarded us all capacity expansion orders for its overseas production bases. In April 2026, we successfully secured another order for the Nanjing manufacturing base of a leading cylindrical battery manufacturer headquartered in South Korea. We believe these projects fully demonstrate our commercialization capability and growth potential in the full-tab cylindrical battery equipment market.

Case Study 3: Full-Process Turnkey Solution for a Polymer Solid-state Battery Pilot Production Line

We have long focused on integrated intelligent equipment for core processes in the front and middle stages of lithium-ion battery manufacturing, including integrated calendaring and slitting machines and integrated laser notching and winding machines. Leveraging our expertise in machine vision and optics-mechanics-electronics-computing-software (OMECS) integration, we have built a track record of reliable delivery and quality performance with leading customers, earning strong market recognition. In 2024, we successfully undertook and delivered our first full-process turnkey solution for a 0.5 GWh polymer solid-state battery pilot production line of Beijing Pure Lithium New Energy Technology Co., Ltd. (北京純鋰新能源科技有限公司), or Pure Lithium New Energy (純鋰新能源), at its production base in Lankao, Henan Province. The completion of this project marks a transformative milestone in our evolution from a stand-alone equipment supplier to a full-line solution provider, expanding the scope and total contract value of individual customer engagements while building the engineering experience and project delivery capabilities required for future overseas market development. In this project, we manufactured in-house the calendaring equipment, slitting equipment, and secondary sealing equipment — all product categories within our core technology domain.

Our ability to undertake and deliver full-process turnkey projects is underpinned by three core capabilities:

- *OMECS Integration.* This capability is directly transferable to full-line projects, ensuring seamless data connectivity across all process stages and enabling traceability of critical quality parameters.
- *Accumulated Full-Process Quality Control Expertise.* Through long-term partnerships with leading customers including CATL, Hithium, Zenergy and Cornex, we have accumulated extensive real production data and process know-how. These assets enable us to understand the interdependencies between individual processes — from mixing through to formation and capacity grading — giving us the capability to integrate entire production lines rather than simply combining stand-alone equipment.
- *Supply Chain Integration and Project Management Capabilities.* For equipment that we do not manufacture in-house, we have established rigorous vendor qualification and integration standards, with a focus on ensuring full-line process compatibility, unified communication protocols, and controllable delivery schedules. In the Pure Lithium New Energy project, we coordinated over ten categories of equipment suppliers to achieve full-line commissioning for an emerging solid-state battery technology.

BUSINESS

According to Frost & Sullivan, lithium-ion battery manufacturers typically favor a “single point of contact, full-line delivery” procurement model, whereby one supplier assumes overall coordination responsibility and reduces the management and interface risks associated with multiple vendors. The successful execution of the Pure Lithium New Energy project demonstrates that we have the capabilities required to deliver results on overseas engagements: full-line process design covering the entire process pathway from formulation to finished cells, multi-equipment integration and system commissioning, and effective management of delivery timelines and costs.

Machine Vision Inspection Solutions

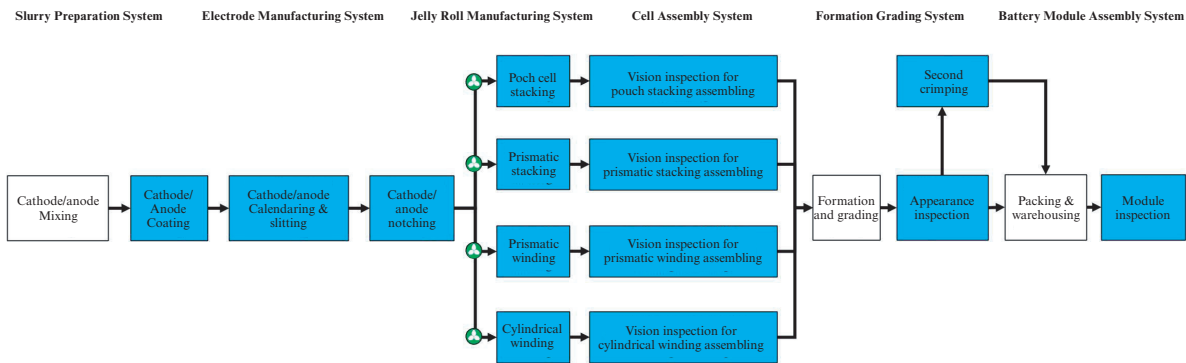
Our machine vision inspection solutions use optical devices and sensors to capture images of the target, which are then converted into digital signals by a dedicated image processing system. These signals are processed to extract key features such as area, quantity, position, and length. Based on preset tolerance levels and other criteria, the system outputs results that control actions of on-site equipment.

As intelligence and automation levels in lithium-ion battery manufacturing continue to increase, machine vision products have been widely adopted across all production stages of lithium-ion battery manufacturing. Ranging from coating and calendaring in the front-end process, cell assembly in the mid-end process, to inspection after formation and grading in the back-end process as well as the module and PACK stage, the penetration rate of machine vision applications has been climbing steadily.

The extensive adoption of machine vision in lithium-ion battery manufacturing equipment has delivered substantial improvements to battery quality control. On the one hand, machine vision technology can avoid contamination introduced by manual intervention, and on the other hand timely block defective batches from flowing into the end market. Beyond enhancing quality control, analysis of defect measurement data via vision software and algorithms further provides battery manufacturers with data support and decision-making references for process refinement and quality optimization. Such comprehensive application advantages have fueled the rapid growth in the adoption scale of machine vision products in lithium-ion battery manufacturing. For further details, see “Industry Overview” in this document.

We have machine vision inspection capabilities covering the entire lithium-ion battery production process from (i) electrode sheet manufacturing, to (ii) battery cell assembly, to (iii) module and PACK assembly.

The following diagram illustrates the lithium-ion battery manufacturing process. Procedures highlighted in blue are procedures that can be equipped with machine vision inspection solutions to increase accuracy and efficiency:



BUSINESS

Our vision inspection solutions include two main categories: (i) lithium-ion battery machine vision inspection systems; and (ii) lithium-ion battery AOI equipment. The former category is designed to integrate into lithium-ion battery intelligent equipment, while the latter is stand-alone equipment which can be integrated into lithium-ion battery production lines or designed as offline units for spot-checking or re-inspection.

In 2023, 2024 and 2025, revenue generated from our machine vision inspection solutions amounted to RMB173.6 million, RMB182.7 million, and RMB71.5 million, respectively, representing 59.1%, 46.4%, and 12.9%, respectively, of our total revenue for those years.

Machine Vision Inspection Systems

We have the capability to provide inspection solutions at each stage of the lithium-ion battery production process.

In lithium-ion battery manufacturing, the method used to produce the cells can either be winding or stacking, depending on the cell format:

- Cylindrical cells predominantly use the winding process. In this method, continuous sheets of cathodes, separators, and anodes are layered and tightly wound into a spiral “jelly-roll” structures, which are then inserted into a rigid metal can. Winding offers high automation, fast production speed, and strong mechanical stability, making it especially suitable for large-scale manufacturing in consumer electronics and electric vehicles.
- Prismatic cells can be manufactured using either winding or stacking. Wound prismatic cells form a flattened jelly-roll to fit inside a rectangular aluminum case, providing a good compromise between production efficiency and space utilization. Stacked prismatic cells, are assembled by placing cut electrode sheets and separators in alternating layers. This flat, layered structure enables more uniform current distribution, lower internal resistance, and potentially higher energy density and longer cycle life. As a result, stacking is increasingly favored in high-performance electric vehicle applications.
- Pouch cells most commonly adopt stacking because their flexible laminated packaging benefits from evenly distributed, flat electrode layers that help reduce internal stress and swelling. However, some pouch designs use a Z-fold (laminated winding) approach to combine improved consistency with higher production efficiency.

Lithium-ion battery manufacturing is highly complex encompassing dozens of sequential manufacturing processes. Machine vision technology, with its hallmark advantages of high precision, high speed, and non-contact operation, has become deeply embedded across the entire production workflow — from the earliest coating processes to final module and PACK assembly. In the modern intelligent manufacturing of lithium-ion batteries, machine vision has established itself as an indispensable “eyes” of the production line.

The core processes and their respective inspection priorities are outlined below:

- **Coating:** Machine vision inspection systems mainly monitor coating dimensional accuracy and alignment deviation, and precisely identify micro defects such as foil exposure, bubbles, material shortages and surface particles.
- **Calendering:** Machine vision inspection systems target the thickness uniformity of electrode sheets and detect defects such as powder shedding, surface cracking and wrinkles.
- **Slitting and Notching:** Machine vision inspection systems precisely identify micro defects such as foil exposure, bubbles, material shortages and surface particles ensure precise dimensional accuracy and maintain strict burr control.

BUSINESS

- **Winding and Stacking:** Machine vision inspection systems real-time monitor the stacking alignment (Overhang) of electrode sheets and separators, accurately quantify the position and shape of tabs, and effectively address misalignment issues caused by tension fluctuation or mechanical errors.
- **Tab Welding:** Machine vision inspection systems identify weld spatter, cold joints, and slag residues.
- **Cap Welding:** Machine vision inspection systems inspect the sealing performance of cells by examining the integrity of weld seams between cover plates and cell shells, weld porosity, burst points and the appearance of cover plate poles.
- **Electrolyte Filling:** Machine vision inspection systems verify the assembly condition and positional accuracy of sealing pins and plugs at liquid injection ports, detect electrolyte residue and contamination around the ports to secure cell sealing safety.
- **Formation and Capacity Grading:** Machine vision inspection systems detect externally observable anomalies such as cell swelling and electrolyte leakage.
- **Appearance Inspection:** Machine vision inspection systems perform a 360-degree full inspection on finished cells to identify defects including surface protrusions, scratches, foreign particles and air bubbles under blue protective films.
- **Module and PACK Assembly:** Machine vision inspection systems examine busbar welding quality and the dimensional accuracy of module assembly.

Together, these machine vision inspection systems form a comprehensive quality assurance framework that safeguards battery safety and performance across the entire production chain. Machine vision plays a critical and irreplaceable role at every stage of lithium-ion battery manufacturing. By deploying application-specific inspection solutions across each process step, lithium-ion battery manufacturers can achieve end-to-end quality control — from raw material processing through to finished product — enabling the timely detection and rejection of defects of all types. This holistic approach effectively ensures the performance consistency, operational safety, and reliability of the final battery product.

Revenue generated from our machine vision inspection systems was RMB164.9 million, RMB105.3 million, and RMB52.4 million, respectively, representing 56.1%, 26.7%, and 9.5%, respectively, of our total revenue, for the years ended December 31, 2023, 2024 and 2025.

AOI Equipment

AOI equipment for the lithium-ion battery industry includes stand-alone machinery focusing on vision inspection. Such equipment is typically deployed in (i) the battery cell manufacturing and (ii) the module and pack assembly stages. These devices can be integrated into production lines for real-time, online inspection of battery cells, batteries, and modules’ appearance and dimensions. They can also be designed as offline units for spot-checking or re-inspecting appearance and dimensions of products.

Compared with machine vision inspection systems embedded within core lithium-ion battery manufacturing equipment, AOI equipment combines our capabilities of optics, mechanics, electronics, algorithms and software into a single unit. Their physical design can be customized to fit available space and specific inspection needs. This flexibility allows AOI equipment to effectively meet quality and safety inspection requirements in the back-end process of lithium-ion battery manufacturing.

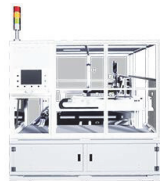
Revenue generated from our AOI equipment was RMB8.7 million, RMB77.5 million, and RMB19.1 million, respectively, representing 3.0%, 19.7%, and 3.4%, respectively, of our total revenue, for the years ended December 31, 2023, 2024 and 2025.

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The following table sets out our offerings of AOI equipment as of the Latest Practicable Date:

No.	AOI Equipment	Introduction and Features	
<i>In Battery Cell Manufacturing Process</i>			
1.*	Al-can/Blue Film Appearance and Dimension Inspection Machine (鋁殼／藍膜外觀尺寸檢測一體機)	This equipment inspects the appearance and measures the dimensions of prismatic cells before and after coating, using 2D/2.5D/3D cameras to check for defects and measure all six surfaces: two large surfaces, two-sided narrow surfaces, one bottom surface, and one terminal top surface. It is a stand-alone automatic inspection equipment connected to upstream and downstream material transfer lines, performing automatic loading and unloading. It conducts six-surface appearance defect inspection and automatic NG sorting, while storing production data and images locally and uploading them to the MES system.	
2.*	Bare Cell Matching and Appearance Inspection Equipment (裸電芯配對及外觀檢測一體機)	This equipment is used for matching bare cells after hot pressing, while also performing the surface appearance inspection of bare cells. It mainly includes an appearance inspection system, NG cache stack system, and transfer system.	
3.	Top Cover Welding Appearance and Dimension Inspection Machine (頂蓋焊後外觀尺寸檢測一體機)	This device was designed to inspect the appearance and dimensions of the cell top cover edges, including R corners, and is compatible with multiple product types. It addresses a wide range of appearance inspection requirements, and classifies weld appearance defects accordingly. The device also features automatic data and image storage, traceability, and communication with the MES system.	
4.	Top Cover Welding Edge Inspection Equipment (頂蓋焊後翻邊檢測機)	This device primarily inspects the dimensions of the long and short edges of cell top cover welds. It saves the data locally, and uploads it to the production system.	
<i>In Module and PACK Assembly Process</i>			
5.	Module Gluing Appearance Inspection Equipment (模組塗膠外觀檢測機)	This equipment was designed to measure the gluing area on the bottom and side panels of battery module, mainly comprising image capture, image processing, and data storage modules.	
6.	Side Seam Welding Appearance Inspection Machine (側縫焊外觀檢測機)	This inspection device was designed to inspect the appearance of side seam laser welds on modules. Detection results are uploaded to the MES system for data exchange, enabling seamless integration with upstream and downstream systems to match production capacity and meet the process quality requirements of the production line.	

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No.	AOI Equipment	Introduction and Features	
7.	Appearance Inspection After Busbar Welding (BusBar焊後外觀檢測機)	This device inspects the appearance of laser welds between the busbar and terminal. It features automatic storage and traceability of inspection data and images, with the ability to upload data to the MES system.	
8.	Integrated Prismatic Cell Wrapping & Inspection Machine (方形鋰電池包膜檢測一體機)	This equipment was developed to address pain points in lithium-ion battery assembly processes by deeply integrating film wrapping and quality inspection into a single system. The integrated wrapping and inspection machine combines blue film wrapping processes with high-precision vision inspection, enabling an integrated operating model of simultaneous wrapping and inspection.	
9.	Module Appearance Inspection & Full Size Inspection Equipment (模組外觀&全尺寸檢測一體機)	This inspection device is used for full-dimensional measurement and appearance inspection of cell modules, with detection results uploaded to the MES system for data exchange. The device integrates seamlessly with upstream and downstream systems to match production capacity and meet the process quality requirements of the production line.	

* These flagship products are further introduced in detail in the below case studies.

Case Study 1: Al-can/Blue Film Appearance and Dimension Inspection Machine

Our flagship product, Al-can/blue film appearance and dimension inspection machine, utilizes multimodal fusion technology to achieve comprehensive 360-degree inspection. It represents an advanced level of machine vision inspection technology, with exports already made to Germany. This equipment addresses one of the most technically demanding inspection challenges in lithium-ion battery manufacturing. Blue film, or insulating isolation film, serves as a critical safety barrier for battery cells by physically separating cells and helping prevent the chain effects of thermal runaway or short circuit from spreading to adjacent cells. Given its thickness of only approximately 0.015 mm to 0.20 mm, blue film is highly vulnerable to scratches, tears, wrinkles and other defects during production and transportation. If such defects are not detected in a timely manner, they may directly affect the safety and service life of the battery pack. At the same time, the equipment must also inspect the appearance and dimensions of the aluminum can and assess the position and flatness of the blue film wrapping, making this type of inspection highly complex.

Blue film inspection presents several technical difficulties. Due to the smooth and semi-transparent surface of the film and its particles distinctive reflective and transmissive optical characteristics, many defects, such as foreign matter beneath the film, shallow scratches, micro-bubbles and indentations, exhibit very low contrast under conventional imaging conditions. Traditional vision algorithms therefore tend to suffer from relatively high false rejection rates and missed detection rates. In addition, blue film defects may take many different forms, including scratches, tears, wrinkles, bubbles, embedded foreign particles and adhesive residue, while some defects occur infrequently, making it difficult to build a comprehensive training sample library. Furthermore, downstream inspection equipment is required to match high-speed automated production lines, with single-cell inspection generally needing to be completed within seconds. The machine must also complete micron-level dimensional measurement tasks in parallel.

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To address these challenges, we developed a proprietary multi-modal inspection architecture integrating 2D, 2.5D and 3D imaging technologies. In this system, 2D imaging is used for rapid localization of macroscopic defects, 2.5D imaging enhances the identification of low-contrast defects such as shallow scratches and wrinkles, and 3D imaging uses height information to detect tears, unevenness and embedded foreign matter with greater precision. We have also developed our own AI algorithm platform incorporating small-sample learning, transfer learning and data augmentation technologies, enabling high-accuracy models to be trained under limited sample conditions. In addition, the machine is equipped with micron-level motion control modules and adopts a parallel multi-station design, allowing simultaneous completion of six-side appearance inspection, dimensional measurement and blue film positioning tasks while achieving production speeds of over 30 to 40 PPM.

This product has become one of our flagship products in the downstream inspection segment of lithium-ion battery manufacturing and has been applied in the mass production lines of leading battery manufacturers, including CATL, Hithium and Zenergy, in both China and overseas markets.

Case Study 2: Bare Cell Matching and Appearance Inspection Equipment

In the post-process step after hot pressing of lithium-ion battery bare cells, a traditional production model typically separates cell matching (pairing) and full-surface appearance inspection into two independent stages. These stages often rely on manual visual checks or single-function inspection equipment. This approach generally suffers from lower efficiency, higher risk of missed defects, and limited ability to close the feedback loop using defect data — especially in high-speed, high-volume production scenarios. For leading battery companies, even tiny defects are subject to strict “zero tolerance” requirements (for example, tab (ear) folding issues and pin-pulling defects). These problems are often difficult to detect and intercept in time with manual inspection alone. To address this issue, this equipment integrates bare cell matching and full-surface appearance inspection into one continuous process. The two functions work in coordination, significantly improving detection coverage and quality control capability without affecting line throughput.

The core functions and technical highlights of the equipment are as follows:

- ***Bare Cell Matching Function***

Based on the process recipe, the equipment automatically and accurately matches adjacent electrode groups. This ensures the internal consistency of the bare cells and provides a stable, reliable positional reference for subsequent assembly steps.

- ***Full-Surface Appearance Inspection System***

The equipment integrates our developed multi-modal machine vision system, enabling real-time recognition of surface and structure-related defects on bare cells. It covers more than a dozen typical defect types, mainly including: (i) surface defects (dents, scratches, bubbles, contamination/dirty marks); (ii) structural defects (large-area reverse placement, tab misalignment, tab folding); (iii) process anomalies (pin-pulling defects, tab clamping residuals); and QR code reading and matching.

- ***In-line 100% Inspection Matched to Line Speed***

The inspection system combines high-resolution line-scan cameras and area-scan (matrix) cameras, together with an AI defect classification algorithm, to enable online full inspection, precise defect localization, and automatic categorization. Its detection speed fully matches the production line speed, supporting high-speed continuous operation without any need to slow down or stop the line.

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- *NG Buffer Stack and Transfer/Sorting*

For bare cells judged as NG (nonconforming), the equipment automatically diverts them via a transfer system into a dedicated NG buffer stack to prevent NG units from mixing into the normal flow. Meanwhile, the system records the defect type and location of each cell, providing traceable data to support continuous upstream process optimization (e.g., rolling pressing, hot pressing, tab welding, etc.). Bare cells judged as conforming units are then transferred to the next process step in an orderly manner according to the matching logic.

Below are the key delivery projects for this equipment:

- *CATL — Thüringen Plant, Germany*

This project was our first deployment of visual inspection equipment in an overseas customer facility. The plant has stringent requirements for equipment reliability, inspection accuracy, and CE compliance. Since the equipment was put into operation, it has run stably and helped the customer effectively control appearance defect “escape” in the bare-cell process. The successful delivery and sustained stable operation validate our ability to adapt our vision inspection system to overseas, high-standard manufacturing environments.

- *Zenergy — Jiangsu Plant*

The customer installed this equipment in its power battery production line, mainly to perform online control of typical defects affecting end-product yield, such as tab folding and pin-pulling defects. After commissioning, the rate of bare-cell appearance nonconformity decreased significantly. The collected defect data is also traceable back to upstream hot pressing and tab welding processes, providing effective data support for the customer’s closed-loop process improvement.

These projects demonstrate that our Bare Cell Matching and Appearance Inspection Equipment has been validated in actual production lines at both overseas facilities in Germany and domestic leading lithium-ion battery enterprises. We have accumulated customer resources and application experience in defect detection in the mid-to-late stages of bare-cell processing. This shows our capability to combine high-precision machine vision with automated equipment, and provide integrated inspection solutions tailored to each customer’s specific quality requirements.

RESEARCH AND DEVELOPMENT

Our R&D Team

As of December 31, 2025, our R&D team comprised 191 professionals, with deep expertise in optics, mechanics, electronics, algorithms, software and product design. We retain key technical staff with competitive remuneration packages and welfare benefits. We also invest in continuing education and training programs to upskill our key technical staff. The salient terms of agreements with our R&D team are set out below:

- *Intellectual Property arrangement:* All intellectual property rights — including inventions, utility models, designs, know-how, copyrights and other IP forms — created, co-developed or otherwise owned by the employee shall vest in us if arising from: (i) performing assigned duties; (ii) performing other Company-assigned tasks; (iii) activities related to such duties within one year post-termination; or (iv) utilization of our resources, including funds, equipment, materials or trade secrets.
- *Confidentiality:* During employment, and for all time thereafter until the confidential information being lawfully made public, the employee shall not, without our prior written consent, disclose to any third party, or in any way use any information for the benefit of any third party, such as technical and operational information, belonging to us or belonging to any other party for which we have a duty of confidentiality.

BUSINESS

- *Non-competition:* We have the right to unilaterally initiate a non-competition period of two years following the termination of employment of our technical staff, based on our evaluation of the necessity of the non-competition arrangements. During the term of employment and the non-competition period initiated by us, employees shall not engage in any competitive behavior.

R&D Expenditure and Investment

Our R&D team’s expertise covers specialized fields including machine vision, artificial intelligence, precision mechanical engineering, automation control, and process engineering. We have invested substantial manpower and resources into R&D, and we believe that our success depends on the outcomes of our continuous R&D efforts. We incurred R&D expenditure of RMB37.6 million, RMB41.5 million and RMB49.4 million in 2023, 2024 and 2025, respectively, representing 12.8%, 10.5% and 8.9% of our total revenue for the same years, respectively.

The following table provides a breakdown of our R&D expenditure by nature for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Research and development expenses						
Employee Compensation	32,505	86.6	31,517	76.0	33,607	68.1
Materials	2,612	7.0	6,094	14.7	11,967	24.2
Amortization & Depreciation	1,371	3.7	1,600	3.9	1,489	3.0
Other Expenses	1,065	2.7	2,252	5.4	2,302	4.7
Total	37,553	100.0	41,463	100.0	49,365	100.0

We intend to allocate approximately [REDACTED]% of the [REDACTED] from the [REDACTED] to fund our future R&D initiatives. For details, see “Future Plans and [REDACTED]” in this document.

Our R&D Process

We focus on machine vision technology as the core, and develop an R&D framework centered on quality perception and process control for key stages in lithium-ion battery manufacturing. The framework covers algorithm development, equipment development, and system integration.

Our R&D strategy is to use machine vision to enable deep perception of critical production processes in lithium-ion battery manufacturing. By leveraging defect data collected from the production line, we identify the relationships between defects and upstream process parameters. Based on these insights, we prioritize R&D resources on the key areas that directly affect product yield and the production line’s overall efficiency — measured by OEE. Our goal is to build a closed-loop control system with real-time sensing, judgment, and execution capabilities, shifting quality control from “after-the-fact inspection” to “in-process intervention,” and gradually exploring the possibility of “prevention before defects occur.”

Our R&D work is organized into three categories:

- New product development, i.e., research and prototype validation of forward-looking, platform-based technologies;
- Customer-order product development, i.e., customized R&D based on customer process requirements and conversion into mass-production equipment; and
- Technical exchange and collaboration, i.e., working with customers, suppliers, and other third parties to tackle critical technical challenges together.

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A major source of our R&D topics comes from defect information continuously identified by the machine vision inspection systems deployed on our clients’ production lines. We address these issues from three levels. On the perception layer, we develop AI detection models and optical solutions for new types of defects. On the control layer, we embed perception algorithms into equipment control systems for processes such as roll pressing, slitting, and winding, while addressing engineering challenges including high-speed real-time communication, precision motion control, and mechanical integration. On the system layer, we build a cross-process data platform to support quality traceability and process optimization.

Key steps in our R&D process include:

- (i) Solution review: reviewing the coordination between the vision system and the actuators in terms of timing, accuracy, and control logic;
- (ii) Prototype commissioning: validating end-to-end real-time performance and reliability of the “perception — judgment — execution” chain in a simulated production environment; and
- (iii) On-site trial runs: fine-tuning algorithm and control parameters by collecting real data on the customer’s production line.

Our Core Technologies

Our core technologies comprise our EHolly AI platform along with other technologies that we apply across our products and solutions.

EHolly AI Platform

EHolly AI Platform is an integrated, full-stack AI technology system built by us for the smart manufacturing industry. It deeply integrates deep learning, machine vision, and big-data analytics for quality management.

The platform is supported by three core sub-platforms for manufacturing, i.e., AIM (AI Algorithm Platform for Manufacturing), VIM (Vision Inspection Software System) and QMS (Quality Management System for Manufacturing), covering a closed-loop workflow from bottom-layer algorithm development, to production-line vision inspection deployment, and then to end-to-end quality diagnosis and optimization. The platform is committed to delivering intelligent solutions for lithium-ion batteries and general industrial manufacturing that are high-accuracy, high-speed, and highly adaptable.

BUSINESS



- *AI Algorithm Platform for Manufacturing (AIM)*

AIM is the core algorithm engine of E Holly AI Platform. Built on deep learning, AIM also leverages our practical implementation experience in industrial inspection. It is mainly used for the localization, detection, and identification of complex defects.

The platform includes multiple algorithm models, covering key stages from data annotation, to model training, and then to testing and deployment. It supports hybrid deployment on both CPU and GPU. AIM is optimized to meet industrial vision requirements, including inspection speed, image resolution, and the recognition of tiny defects, so it can provide stable intelligent recognition capabilities for upper-layer applications.

The following diagram illustrates the functionality of our AIM:



BUSINESS

- *Vision Inspection Software for Manufacturing (VIM)*

VIM is the vision inspection software system within EHolly AI Platform, designed for fast deployment on production lines. It was initially developed for key process steps in the lithium-ion battery industry. Through continuous iteration, it has expanded to multiple application scenarios across different industries.

The main goal of VIM is to engineer and productize machine vision capabilities, so we can respond more quickly to customized inspection needs on production lines. By using modular and configuration-based approaches, VIM enables rapid deployment and flexible adjustment, reducing both custom development costs and implementation timelines.

The following diagram illustrates the functionality of our VIM:



- *Quality Management System for Manufacturing (QMS)*

QMS is the quality data diagnosis and optimization system in the EHolly AI Platform for the full process of lithium-ion battery production. It collects data from all stages and elements of the production process (e.g., people, machines, materials, methods, environment, and measurement) and uses embedded algorithm models to perform anomaly identification and diagnosis, producing structured diagnostic reports.

In addition, QMS supports reverse traceability — linking diagnostic conclusions back to the corresponding original process data — so users can identify the specific process stage where quality issues occurred. This also enables closed-loop management. Further, QMS provides simulation and predictive analysis capability. Based on historical data and real-time production data, users can run predictive “what-if” analyses by setting virtual parameters. This supports production-line optimization, environment optimization, station optimization, optimization of materials and process parameters, and new product development — helping move from “finding problems” toward “prevention before defects occur” and continuous improvement.

We are actively driving the commercialization of our EHolly AI platforms and endeavor to establish our AI process control systems as a new and sustainable revenue growth engine. As of the Latest Practicable Date, we have successfully achieved the commercialization of our QMS. This milestone marks a significant step in translating our technological capabilities into tangible

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commercial outcomes. Looking ahead, we expect that our EHolly AI platforms will achieve commercialization in a broader scope and continue to attract new orders and generate revenue, further strengthening our overall business performance.

Other Core Technologies Applied across Our Products and Solutions

The following table sets out the additional core technologies we apply across our products and solutions:

No.	Technology	Features	Source	Application	Scaled Production (Yes/No)
1	Wide-Format Calendering and Slitting Integration Technology (寬幅輥壓分切一體化技術)	This technology employs finite element analysis for data-driven modeling and mechanical structure design, integrating roll pressing and slitting processes into a single piece of equipment. It optimizes performance indicators such as thickness consistency and stability, meeting the requirements for 1500 mm wide-format roll pressing while reducing equipment footprint and material handling costs.	Independent R&D	Lithium-ion Battery Intelligent Equipment	Yes
2	Laser Notching and Winding Integration Technology (激光模切捲繞一體化技術)	This technology integrates notching and winding processes into a single piece of equipment through optical, mechanical, electrical, algorithms and software design. By utilizing a real-time tab misalignment correction system and a variable-diameter winding needle device, the cell tab misalignment is controlled within ± 3 mm.	Independent R&D	Lithium-ion Battery Intelligent Equipment	Yes
3	Self-Learning Tension Control Technology (自學習張力控制技術)	Based on periodic tension data collected by sensors, this technology uses a specific algorithm to preemptively control tension errors that recur with the same trend, thereby narrowing the range of tension fluctuation and ensuring tension stability during high-speed operation of lithium-ion battery production equipment.	Independent R&D	Lithium-ion Battery Intelligent Equipment	Yes
4	Lithium-ion Battery Electrode Defect Inspection Technology (鋰電池極片缺陷檢測技術)	Through visual imaging and image analysis, this technology can accurately detect defects such as decarburization, scratches, cracks, bubbles, breakage, pinholes, exposed metal, residual material, and burrs during the electrode sheet manufacturing stage, meeting the high accuracy requirements for defect detection in high-speed production environments.	Independent R&D	Lithium-ion Battery Machine Vision Inspection System	Yes

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No.	Technology	Features	Source	Application	Scaled Production (Yes/No)
5	Lithium-ion Battery Post-Welding Inspection Technology (鋰電池焊後檢測技術)	Through image processing algorithms and AI algorithm models, this technology achieves improved 2D and 3D imaging in the lithium-ion battery welding inspection segment, effectively detecting complex defect appearances such as weld mark offset, burn-through, explosion spots, weld blackening, pinholes, broken welds, polarization anomalies, pits, protrusions, flanging, weld beads, and weld seam gap defects, thereby ensuring the quality of lithium-ion battery welding processes.	Independent R&D	Lithium-ion Battery Machine Vision Inspection System	Yes
6	AI Data Training Quality Improvement Technology (AI數據訓練質量提升技術)	This technology identifies and selects images with similar characteristics and clarity through large-scale data cleaning methods. Using automated image annotation consistency evaluation methods, it obtains consistent evaluation results across different image sets, thereby filtering out valuable data for AI data training and improving model inference quality.	Independent R&D	Lithium-ion Battery Machine Vision Inspection System	Yes
7	Lithium-ion Battery Product Quality Traceability Technology (鋰電池產品質量追溯技術)	Based on existing inspection data, this technology assigns codes to products at each process stage during production and binds corresponding data. Through data transmission, parsing, and analysis, it forms a quality traceability system that effectively and systematically analyzes the causes of quality issues at various stages of lithium-ion battery production.	Independent R&D	Lithium-ion Battery Machine Vision Inspection System	Yes

PRODUCTION FACILITIES AND PRODUCTION PROCESS

Production Facilities

As of the Latest Practicable Date, we had two production facilities in the PRC, among which, one production facility was located in Yixing, Jiangsu Province, China, and one production facility was located in Changzhou, Jiangsu Province, China.

The following table sets forth the details of our two production facilities:

Facility (Location)	Total Area (sq.m.)	Key Functions	Leased/ Owned
Yixing production base 3 Kaixuan Rd, Qiting Subdistrict, Yixing, Jiangsu Province, China	21,660	Manufacturing, R&D, office use	Leased
Changzhou Phase I production base ⁽¹⁾ 88 Bailongshan Rd, Jintan District, Changzhou, Jiangsu Province, China	72,485	Manufacturing, R&D, office use	Owned

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Note:

- (1) As of the Latest Practicable Date, the Changzhou Phase I production base was still under continuing construction and was engaging in limited pilot production. For details about the construction of our Changzhou Phase I production base, see “Future Plans and [REDACTED]” in this document.

Planned Production Facilities

We plan to establish a new production facility at a plot adjacent to our Changzhou Phase I production base, in Changzhou, Jiangsu Province, China. The following table sets out certain information regarding our planned new production facility as of the Latest Practicable Date:

Facility (Location)	Total Area (sq.m.)	Estimated Commencement Time of Production	Status	Estimated Investment amount (HK\$ in millions)	Key Function
Changzhou Phase II production base ⁽¹⁾ Changzhou, Jiangsu Province, China	Approximately 70,000	June 2029	Under plan	286.5 ⁽¹⁾	Manufacturing, warehouse

Note:

- (1) For details about the investment and construction plan of our Changzhou Phase II production base, see “Future Plans and [REDACTED]” in this document.

Major Production Machinery and Equipment

We use a comprehensive suite of machinery and equipment to support our production. As of December 31, 2025, our major machinery and equipment integral to our manufacturing processes are owned by the Group and sourced from domestic third-party suppliers.

Our major manufacturing equipment includes (i) fixed-beam gantry machining centers, (ii) CNC gantry surface grinders, (iii) vertical machining centers (VMCs), (iv) CNC lathes, (v) overhead cranes, (vi) laser trackers, (vii) coordinate measuring machines (CMMs) and (viii) measurement arms. To maintain competitiveness and operational excellence, we periodically upgrade our machinery and continuously introduce advanced equipment to optimize our manufacturing technologies, with a view to enhancing product quality and improving production efficiency. We also implement a structured regime of routine and preventive maintenance across all machinery and equipment to ensure consistent operation.

Production Capacity and Utilization Rate

As a provider of intelligent equipment and machine vision inspection solutions for lithium-ion battery manufacturing, we supply customized products to our customers. Each order may involve uniquely configured machines tailored to a specific customer’s production line, inspection standard, or battery format, making it impractical to measure output in units of any single product type. Working hours, by contrast, offer a consistent and universally applicable measure that accurately reflects the labor and machine resources consumed across all order types, enabling more meaningful evaluation of production capacity and operational utilization regardless of product variation.

We measure our capacity utilization based on working hours. Theoretical working hours are calculated by multiplying the average monthly headcount by the number of working days (24 days per month) and eight hours per day, in accordance with our alternating single and double rest day schedule.

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The following table sets forth our capacity utilization during the Track Record Period:

	2023	2024	2025
Theoretical working hours	348,480	328,128	602,688
Actual working hours	316,095	396,832	752,378
Capacity utilization rate	90.7%	120.9%	124.8%

In 2023, our capacity utilization rate was 90.7%, reflecting our relatively early-stage operational scale during that period. As customer demand grew, our capacity utilization increased to 120.9% in 2024 and further to 124.8% in 2025. The above-100% utilization rates in 2024 and 2025 were primarily attributable to overtime arrangements to meet increased project delivery requirements, which is a common practice in our industry. Our actual working hours increased significantly from approximately 316,095 hours in 2023 to approximately 752,378 hours in 2025, driven by substantial growth in business volume. Correspondingly, our theoretical working hours increased from approximately 328,128 hours in 2024 to approximately 602,688 hours in 2025, reflecting meaningful workforce expansion to support our growing operations. We manage capacity through flexible staffing and overtime scheduling to ensure timely delivery commitments to our customers.

As advised by our PRC Legal Advisor, no material non-compliance or violation of any labor or environmental protection laws and regulations currently exist or persist that could adversely affect our business operations and financial conditions during the Track Record Period.

As of March 31, 2026, we had an order backlog with a total contract value of RMB1,757.7 million. This significant volume of unfulfilled orders shows that our current production capacity is no longer sufficient to meet customer demand on time. Expanding our facilities is therefore necessary to deliver orders promptly, support our existing clients, and capture new business opportunities.

Production Process

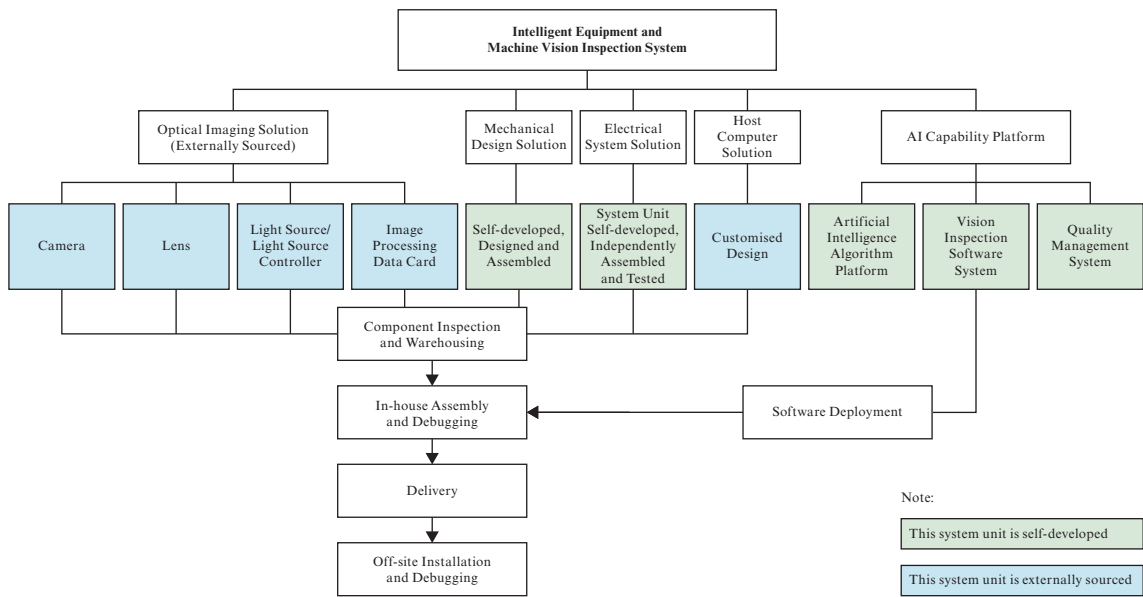
The production processes for AOI inspection equipment and machine vision inspection systems for lithium-ion batteries are broadly similar, both involving the integration of optical, mechanical, electrical, algorithms and software functions. Within the production process, optical configuration plays a critical role in determining the quality of inspection data. Drawing on our extensive experience in this area, we design tailored optical solutions based on specific product requirements before procuring compatible cameras, lenses, light sources, and image processing cards accordingly. For mechanical components, we maintain in-house machining and manufacturing capabilities to ensure quality and efficiency. For electrical systems and host computer solutions, we take the lead in circuit design and component selection, then source approved parts from qualified suppliers to complete system integration. For the software and algorithms, which constitute the core of the machine vision inspection system, we develop customized software solutions closely aligned with equipment workflows and communication interfaces, while continuously optimizing deep learning algorithms to meet client performance requirements. Upon completion, we carry out deployment and commissioning at the customer’s site to ensure seamless implementation.

For production of lithium-ion intelligent equipment, we begin by completing the mechanical, electrical, and software solution designs based on customer requirements. This process results in a comprehensive bill of materials that specifies both in-house manufactured and outsourced components. The in-house manufacturing process encompasses raw material inspection, component processing, and component inspection, with certain procedures subcontracted to external parties as needed. Any purchased components undergo rigorous incoming inspection before being assembled alongside in-house manufactured parts. Once assembly is complete, the equipment proceeds to commissioning, during which its functionality and performance are thoroughly verified. This is followed by a final inspection to ensure that all specifications and quality standards are met. Upon passing final inspection, the equipment is transferred to our

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finished goods warehouse for storage. It is then shipped to the customer’s designated location, where on-site installation and acceptance are carried out to ensure smooth handover and operational readiness.

The following diagram illustrates the production process of our lithium-ion battery intelligent equipment and machine vision inspection solutions, during which we integrate the optical, mechanical, electrical, algorithm and software functions:



Subcontracting

During the Track Record Period, we outsourced certain works to third-party professional subcontractors, after considering various factors, including, among others, our production capacity, cost efficiency, the technical requirements of the process, and the need for operational flexibility.

We select qualified subcontractors based on several criteria, including (i) their qualifications and relevant industry certifications; (ii) the quality and consistency of their work; (iii) their ability to meet our technical specifications and delivery timelines; (iv) price competitiveness; and (v) their proven experience in manufacturing high-performance components for the energy storage sector.

Our business subcontracting mainly occurs in non-core processes including (i) the manufacturing of our components, (ii) the installation of our equipment and systems at our customers’ sites, and (iii) the subsequent testing and maintenance of the equipment and systems. If there is a sudden surge in orders and our employees cannot complete them on time, we will consider temporary subcontracting measures and determine the subcontracting ratio based on actual demand at that time.

During the Track Record Period, we entered into subcontracting agreements with our subcontractors that outlined the required technical standards, delivery methods, acceptance conditions and timelines. By subcontracting certain tasks, we enhance productivity and improve resource allocation, allowing us to concentrate on our core competencies in pipe body manufacturing and final assembly.

For the years ended December 31, 2023, 2024 and 2025, our subcontracting costs amounted to RMB0.3 million, RMB1.0 million, and RMB11.8 million, respectively.

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PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

Procurement and Supplier Selection Process

During the Track Record Period, we procured standard components and customized components for our production. Standard components cover mechanical components (mainly including slip shafts, bearings, hydraulic stations, gear reducers), electrical components (mainly including servo motors, servo drives, PLC, cameras, capture cards, industrial PCs, control modules, sensors, 3D profilometers, light sources), and other standard components (mainly including hardware accessories, fasteners, wires, and cables). Based on the selected model or performance specifications, our supplier will prepare and deliver the components according to our requirements. Customized components mainly include rolling mill frames, rollers, machined parts, sheet metal components, and bearing housings. When procuring customized components, we provide the specifications and technical drawings, according to which our suppliers independently procure raw materials and manufacture the components.

We believe that the quality of our products relies on sourcing high-quality materials and components from reliable suppliers. To facilitate this process, we have implemented comprehensive internal policies and procedures to ensure consistent and timely supply of key components to support our production processes and overall operations. We have a set of supplier selection and management policies, based on which we conduct supplier selection and evaluation. Suppliers that meet our requirements are included on our approved qualified supplier list. We regularly evaluate and manage our suppliers' performance and require suppliers to continuously improve. Unqualified suppliers will be removed from the approved supplier list.

Due to the high degree of product customization, we follow a “make-to-order” production model. Once the sales team confirms a specific project, the design department develops the plan and Bill of Materials (BOM) and submits the purchasing requirements to the procurement team. Procurement personnel then select suppliers and confirm prices through inquiries, price comparisons, and bidding. After internal approval, a purchase contract is issued. When suppliers complete delivery, the quality department inspects the incoming materials. Only products that pass inspection will be formally accepted and moved into our inventory.

Where possible, we diversify our suppliers to enhance the stability and flexibility of our overall supply. We select suppliers based on a comprehensive assessment of delivery capabilities, cost efficiency and product quality, aiming to achieve the best value. The process of selection involves requesting quotations, comparing prices and conducting commercial negotiations to determine the final supplier and terms. Our evaluation considers supplier stability, delivery capability and the ability to provide consistent quality.

Major Suppliers

During the Track Record Period, our suppliers primarily consisted of mechanical components manufacturers. Our top five qualified suppliers have remained relatively consistent. For the years ended December 31, 2023, 2024 and 2025, our top five suppliers accounted for 31.5%, 22.4%, and 29.8%, respectively, of our total purchases for the year. Purchases from our largest supplier for each year during the Track Record Period accounted for 11.3%, 7.2% and 12.1% of our total purchases for the respective year. To the best knowledge of our Directors, all of our five largest suppliers were Independent Third Parties and none of our Directors, their associates or any Shareholders of our Company, 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 suppliers during the Track Record Period.

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The following tables set forth the details of our top five suppliers for each period during the Track Record Period.

For the Year Ended December 31, 2023

Supplier	Purchase Amount (RMB'000)	Percentage of Total Purchase (%)	Background and Principal Business	Details of Major Products Purchased	Year of Commencement of Business Relationship	Credit Terms	Payment Method
Supplier A	27,598	11.3	A company primarily engaged in the production and technical development of cold rolling mill rolls, located in Jiangsu, China.	Mechanical components	2022	90 days	Bank acceptance bill & bank transfer
Supplier B	20,272	8.3	A company primarily engaged in the manufacturing and processing of general machinery, mechanical parts, hardware products, moulds and plastic products, located in Jiangsu, China.	Mechanical components	2022	90 days	Bank acceptance bill & bank transfer
Supplier C	10,664	4.3	A company mainly providing industrial automation control products and solutions, located in Guangdong, China.	Mechanical components	2018	90 days	Bank acceptance bill & bank transfer
Supplier D	10,113	4.1	A company mainly engaged in CNC lathes and precision parts machining and manufacturing, located in Shanghai, China.	Mechanical components	2022	90 days	Bank acceptance bill & bank transfer
Supplier E	8,576	3.5	A company mainly engaged in the production and sales of automation equipment, located in Jiangsu, China.	Mechanical components	2023	90 days	Bank acceptance bill & bank transfer
Total	77,223	31.5					

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For the Year Ended December 31, 2024

Supplier	Purchase Amount (RMB'000)	Percentage of Total Purchase (%)	Background and Principal Business	Details of Major Products Purchased	Year of Commencement of Business Relationship	Credit Terms	Payment Method
Supplier B	15,125	7.2	A company primarily engaged in the manufacturing and processing of general machinery, mechanical parts, hardware products, moulds and plastic products, located in Jiangsu, China.	Mechanical components	2022	90 days	Bank acceptance bill & bank transfer
Supplier A	8,776	4.2	A company primarily engaged in the production and technical development of cold rolling mill rolls, located in Jiangsu, China.	Mechanical components	2022	90 days	Bank acceptance bill & bank transfer
Supplier F	8,628	4.1	A company mainly engaged in the production and sales of automation equipment, located in Jiangsu, China.	Mechanical components	2024	30 days	Bank acceptance bill & bank transfer
Supplier D	7,687	3.7	A company mainly engaged in CNC lathes and precision parts machining and manufacturing, located in Shanghai, China.	Mechanical components	2022	90 days	Bank acceptance bill & bank transfer
Supplier G	6,871	3.3	A company primarily engaged in the manufacturing, sales and repair of metallurgical equipment, general equipment components, metal surface treatment and bearings, headquartered in Hebei, China.	Mechanical components	2023	90 days	Bank acceptance bill & bank transfer
Total	47,087	22.4					

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For the Year Ended December 31, 2025

Supplier	Purchase Amount (RMB'000)	Percentage of Total Purchase (%)	Background and Principal Business	Details of Major Products Purchased	Year of Commencement of Business Relationship	Credit Terms	Payment Method
Supplier B	57,778	12.1	A company primarily engaged in the manufacturing and processing of general machinery, mechanical parts, hardware products, moulds and plastic products, located in Jiangsu, China.	Mechanical components	2022	90 days	Bank acceptance bill & bank transfer
Supplier A	41,947	8.8	A company primarily engaged in the production and technical development of cold rolling mill rolls, located in Jiangsu, China.	Mechanical components	2022	90 days	Bank acceptance bill & bank transfer
Supplier H	16,422	3.4	A company primarily engaged in the production and sales of hydraulic power machinery and components, headquartered in Shenzhen, Guangdong, China.	Mechanical components	2023	90 days	Bank acceptance bill & bank transfer
Supplier I	14,551	3.1	A company primarily engaged in the manufacturing, sales and repair of metallurgical equipment, general equipment components, metal surface treatment and bearings, headquartered in Hebei, China.	Mechanical components	2023	90 days	Bank acceptance bill & bank transfer
Supplier J	11,294	2.4	A company primarily engaged in the production and sales of bearing and metal materials, headquartered in Shanghai, China.	Mechanical components	2023	90 days	Bank acceptance bill & bank transfer
Total	141,992	29.8					

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Salient terms of our supplier agreements

We maintain robust supplier management frameworks ensuring fair and transparent competition. New supplier onboarding involves cross-functional assessment across R&D, manufacturing, quality control, and procurement, evaluating technology, quality, delivery, capacity, and corporate social responsibility. Qualified suppliers must sign confidentiality, quality assurance, and anti-bribery agreements, and undergo regular performance reviews.

We generally enter into framework agreements with our selected standard parts and customized components suppliers. The terms of these agreements vary depending on the specific product and the result of our negotiation.

The framework agreements related to standard component supply generally contain the following terms:

- **Duration:** The duration of the agreement is typically two years from the signing date subject to further renewal arrangements.
- **Obligations of supplier:** Suppliers must deliver conforming goods, guarantee no infringement of third-party intellectual property, provide 24-hour advance shipping notice, and track and report any transit anomalies within two hours.
- **Payment and credit terms:** Suppliers can make payment through bank transfer with a credit term of 90 days, or bank acceptance draft with a payment term of six months.
- **Quality assurance:** The warranty period is 12 months from the acceptance date. During the warranty period, suppliers shall provide free repair, replacement, or return in accordance with the purchase order and the quality assurance agreement.
- **Confidentiality:** All technical and commercial information will remain confidential, and these obligations will survive after expiry of the contract.
- **Termination:** We may unilaterally terminate upon late delivery, defective goods, or failure to perform.

The framework agreements related to customized component supply generally contain the following terms:

- **Duration:** The duration of the agreements is typically two years from the signing date subject to further renewal arrangements.
- **Principal rights and obligations of parties involved:** Suppliers must process and deliver the ordered components according to the specifications, and may not subcontract to any third party. All intellectual properties arising from the processing belong to us. We may deploy technical personnel on-site for quality inspections at any time.
- **Payment and credit terms:** Suppliers can make payment through bank transfer with a credit term of 90 days, or bank acceptance draft with a payment term of six months.
- **Quality assurance:** Sample and small-batch approval are required before mass production, and the results must meet a pass-rate benchmark set against existing suppliers. Defective components can be returned for re-processing.
- **Confidentiality:** All technical and commercial information will remain confidential, and these obligations will survive after expiry of the contract.
- **Termination:** Either party may terminate if unremedied breach persists after reasonable notice period.

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SALES AND MARKETING

Sales and marketing play a key role in driving our business growth. Our branding efforts are led by our marketing and product center, while our sales team reinforces this positioning through direct customer engagement, working together to strengthen brand recognition and communicate our product advantages. As of December 31, 2025, our marketing team consisted of 23 professionals.

Under our direct sales network, after receiving customer requirements, the sales representatives coordinate with our R&D team to discuss technical and equipment details. The R&D team then designs a product solution, producing product manuals and technical specification sheets. Based on pricing guidelines, they provide a quotation to the customer. Once the customer places an order, an internal contract or order review process is initiated.

OUR CUSTOMERS

Our customers primarily include lithium-ion battery manufacturers. For the years ended December 31, 2023, 2024 and 2025, revenue attributable to our five largest customers amounted to RMB290.2 million, RMB382.8 million and RMB521.2 million, respectively, accounting for approximately 98.7%, 97.2% and 94.4% of our revenue for the respective periods. Revenue attributable to our largest customer in each year in the Track Record Period amounted to RMB252.8 million, RMB264.4 million and RMB418.6 million, respectively, accounting for approximately 86.0%, 67.1% and 75.8% of our total revenue for the respective periods.

During each year in the Track Record Period, we made significant sales to our largest customer, CATL, and their revenue contribution to us was significant. Despite the magnitude of such in each year in the Track Record Period, our Directors are of the view that such sales to this customer and the high level of revenue contribution they represent are unlikely to have a material adverse effect on us for the following reasons:

- We have maintained a long-standing and stable relationship with our major customer, CATL, since 2016. Throughout this period, we have signed framework agreements periodically. The latest framework agreements entered into between us are within their respective validity periods. According to Frost & Sullivan, the contractual terms comply with industry practices, and there are no significant preferential arrangements. No material disputes have arisen over the course of our cooperation, and we received formal recognition from CATL, i.e., Excellent Supplier Awards, in each of 2023, 2024 and 2025, reflecting the depth of our mutual trust built over time.
- This high degree of customer concentration reflects the competition landscape in the downstream battery manufacturing industry and is common among suppliers to such industry, which is characterized by high levels of concentration. According to Frost & Sullivan, high capital expenditure requirements, economies of scale, and a stringent supplier qualification and certification systems result in lithium-ion battery procurement orders being highly concentrated among a small number of leading manufacturers. Thus high levels of customer concentration are common for intelligent equipment and machine vision inspection solution providers to the lithium-ion battery industry. According to Frost & Sullivan, CATL commands nearly 30% of the global lithium-ion battery market, making it a natural anchor customer for leading intelligent equipment suppliers in the industry, in terms of global shipment volume in 2025.
- To the best knowledge of the Directors, CATL is mutually reliant on us, primarily because we also hold a significant share within CATL’s supply chain ecosystem for the products of the same categories and there are a limited number of suppliers of such intelligent equipment. In addition, once installed and validated in the battery manufacturer’s production line, such equipment is rarely substituted and will need to be maintained and inspected by the intelligent equipment suppliers, creating a powerful mutual dependency that binds both supplier and customer over extended production cycles.

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- We are also actively pursuing strategies to diversify our customer base. On the domestic front, we have made meaningful inroads with second-tier battery manufacturers. The continued rise of emerging battery manufacturers will also provide us with additional high-quality potential customer resources. According to Frost & Sullivan, the global markets for intelligent battery equipment and machine vision inspection will continue to grow at a relatively high compound annual growth rate from 2025 to 2030. Internationally, we have begun penetrating overseas markets, securing engagements with foreign lithium-ion battery manufacturers, thereby broadening our potential customer base. Similarly, our efforts to expand into other fields will broaden our potential customer base and help us decrease revenue concentration, we are actively advancing diversification in customers, products, and markets, expanding into application areas such as 3C electronics and semiconductors, reducing our reliance on any single end market.

The following tables set forth the details of our top five customers for each period during the Track Record Period.

For the Year Ended December 31, 2023

Customer	Sales Amount (RMB'000)	Percentage of Total Sales (%)	Background and Principal Business	Details of Major Products Sold	Year of Commencement of Business Relationship	Payment Method
Contemporary Amperex Technology Co., Ltd. (寧德時代新能源科技股 份有限公司)	252,765	86.0	A company primarily engaged in the research, development, production, and sales of batteries for electric vehicles and energy storage systems, headquartered in Fujian, China, and listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange.	Lithium-ion battery intelligent equipment and machine vision inspection solutions	2016	Bank acceptance bill & bank transfer
Jiangsu Zenergy Battery Technologies Co., Ltd. (江蘇正力新能電池技術 股份有限公司)	17,951	6.1	A company primarily engaged in the research, development, production, and sales of power batteries and energy storage system batteries, headquartered in Jiangsu, China.	Lithium-ion battery intelligent equipment and machine vision inspection solutions	2021	Bank acceptance bill & bank transfer
Hymson Laser Technology Group Co., Ltd. (海目星激光科技集團股 份有限公司)	15,008	5.1	A company primarily engaged in the research, development, production, and sales of laser and automation equipment, headquartered in Guangdong, China, and listed on the Shanghai Stock Exchange.	Machine vision inspection solutions	2018	Bank acceptance bill & bank transfer
Customer A	3,153	1.1	A company primarily engaged in the R&D, production, and sales of power lithium-ion batteries and battery systems for electric vehicles, in Guangdong, China.	Lithium-ion battery intelligent equipment and machine vision inspection solutions	2019	Bank acceptance bill & bank transfer
Shanghai Lanjun New Energy Technology Co., Ltd. (上海蘭鈞新 能源科技有限公司)	1,296	0.4	A company primarily engaged in the R&D, production, and sales of lithium-ion batteries, battery modules, and battery systems, in Shanghai, China.	Machine vision inspection solutions	2021	Bank acceptance bill & bank transfer
Total	290,173	98.7				

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For the Year Ended December 31, 2024

Customer	Sales Amount (RMB'000)	Percentage of Total Sales (%)	Background and Principal Business	Details of Major Products Sold	Year of Commencement of Business Relationship	Payment Method
Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司)	264,381	67.1	A company primarily engaged in the research, development, production, and sales of batteries for electric vehicles and energy storage systems, headquartered in Fujian, China, and listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange.	Lithium-ion battery intelligent equipment and machine vision inspection solutions	2016	Bank acceptance bill & bank transfer
Jiangsu Zenergy Battery Technologies Co., Ltd. (江蘇正力新能電池技術股份有限公司)	92,475	23.5	A company primarily engaged in the research, development, production, and sales of power batteries and energy storage system batteries, headquartered in Jiangsu, China.	Lithium-ion battery intelligent equipment and machine vision inspection solutions	2021	Bank acceptance bill & bank transfer
Hymson Laser Technology Group Co., Ltd. (海目星激光科技集團股份有限公司)	10,025	2.5	A company primarily engaged in the research, development, production, and sales of laser and automation equipment, headquartered in Guangdong, China, and listed on the Shanghai Stock Exchange.	Machine vision inspection solutions	2018	Bank acceptance bill & bank transfer
Xiamen Hithium Energy Storage Technology Co., Ltd. (廈門海辰儲能科技股份有限公司)	9,427	2.4	A company primarily engaged in the research, development, production, and sales of energy storage batteries and related energy storage systems, headquartered in Fujian, China.	Machine vision inspection solutions and machine vision inspection solutions	2022	Bank acceptance bill & bank transfer
Customer B	6,504	1.7	A company primarily engaged in the research, development, production, and sales of lithium-ion batteries, including consumer batteries and power batteries, headquartered in Guangdong, China, and listed on the Shanghai Stock Exchange.	Machine vision inspection solutions and machine vision inspection solutions	2015	Bank acceptance bill & bank transfer
Total	382,812	97.2				

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For the Year Ended December 31, 2025

Customer	Sales Amount (RMB'000)	Percentage of Total Sales (%)	Background and Principal Business	Details of Major Products Sold	Year of Commencement of Business Relationship	Payment Method
Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司)	418,631	75.8	A company primarily engaged in the research, development, production, and sales of batteries for electric vehicles and energy storage systems, headquartered in Fujian, China, and listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange.	Lithium-ion battery intelligent equipment and machine vision inspection solutions	2016	Bank acceptance bill & bank transfer
Jiangsu Tenpower Lithium Co., Ltd. (江蘇天鵬電源有限公司)	32,513	5.9	A company primarily engaged in the research, development, production, and sales of battery products and power solutions, headquartered in Jiangsu, China.	Lithium-ion battery intelligent equipment	2024	Bank acceptance bill & bank transfer
Guangdong Dongbo Intelligent Equipment Co., Ltd. (廣東東博智能裝備股份有限公司)	30,301	5.5	A company primarily engaged in the research, development, production, and sales of intelligent manufacturing equipment, particularly automation equipment for lithium-ion battery production, headquartered in Guangdong, China.	Machine vision inspection solutions	2024	Bank acceptance bill & bank transfer
Lankao Pure Lithium New Energy Technology Co., Ltd. (蘭考縣純鋰新能源科技股份有限公司)	23,309	4.2	A company primarily engaged in the research, development, production, and sales of solid-state battery products, in Henan, China.	Lithium-ion battery intelligent equipment	2024	Bank acceptance bill & bank transfer
Shanghai Mentechs Automation Technology Co., Ltd. (上海孟騰自動化科技有限公司)	16,453	3.0	A company primarily engaged in the research, development, production, and sales of intelligent equipment and automation systems, in Shanghai, China.	Lithium-ion battery intelligent equipment	2025	Bank acceptance bill & bank transfer
Total	521,207	94.4				

Note:

- (1) As of December 31, 2025, our Company owned indirect equity interests of less than 2% in Lankao Pure Lithium New Energy Technology Co., Ltd.

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

Salient Terms of Our Customer Agreements

We generally do not enter into long-term industry-wide supply agreements with our customers. Instead, we enter into framework agreements that remain valid on an ongoing basis, pursuant to which customers may place individual purchase orders from time to time without the need to separately negotiate or agree on additional terms for each transaction. The primary function of these framework agreements is to confirm our status as a qualified supplier, and the execution of such agreements forms part of the vendor qualification process required by our customers.

The salient terms under the agreements with our customers are set out below:

Pricing:

The prices of our products and solutions are generally specified in individual purchase orders placed under the relevant framework agreement, and are agreed on an order-by-order basis.

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Payment terms:	Payment terms are generally recorded in detail in purchase orders. Our customers’ payment arrangements vary depending on the contracting entity, the nature of the project and the applicable credit terms agreed with the relevant customer group. Common payment structures include: (i) a staged payment arrangement of 30%-30%-30%-10%, whereby the customer pays a deposit of 30% of the total contract value upon signing, a further 30% upon shipment, a further 30% upon completion of installation, commissioning and customer acceptance, and the remaining 10% upon expiry of the warranty period; and (ii) a staged payment arrangement of 30%-30%-40%, whereby the customer pays 30% upon signing, 30% upon shipment and the remaining 40% upon acceptance. We generally accept bank transfers and bank acceptance drafts as payment methods.
Description of products:	The quality of our products and solutions shall comply with the specifications and acceptance criteria designated by the relevant customer.
Delivery method and timing:	We are generally responsible for arranging delivery of our products to our customers’ designated locations. We engage third-party logistics service providers to carry out transportation and procure relevant insurance coverage accordingly. Delivery is considered complete upon the date on which all equipment has been transported to the customer’s designated site, installation and commissioning have been completed, and the customer has conducted and passed its final acceptance inspection. Where delays in installation or commissioning arise due to site conditions at the customer’s premises that do not meet the requirements for equipment installation, both parties shall enter into a written supplemental agreement to confirm the revised delivery timeline.
Warranty period:	Our sales agreements typically provide for a warranty period of 12 months following customer acceptance. During the warranty period, in the event of any quality issue, we are obligated, at our own cost and in accordance with the customer’s requirements, to provide free repair services or replacement and return-of-goods services for the affected equipment or components. Upon expiry of the warranty period, we provide after-sales services including equipment maintenance, repair and upgrade services, as well as supply of spare parts and components, on a paid basis.
Confidentiality:	We have strict confidentiality obligations regarding all customer technical materials, business information, and data obtained during contract performance. These confidentiality obligations remain effective even after the relevant agreements are terminated or concluded.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material breach of a framework agreement, nor did we have any material disputes with our customers that had a significant impact on our business.

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Pricing

The selling prices of our products and integrated solutions are determined through an internal process involving our cost center, finance department and sales and marketing departments, and are subject to management approval. Key pricing considerations include raw material and component costs, direct labor costs, the target gross margin established by our finance department, prevailing market conditions, and the pricing of comparable products offered by our competitors. Given the highly customized nature of our offerings, we typically reference a customer’s historical equipment procurement prices as an initial benchmark. Our internal teams calculate the underlying product cost before determining the final quotation based on finance department-approved gross margin parameters. For customers adopting a bundled cooperation model, the package price is typically negotiated directly between our senior management and the customer’s decision-makers. For routine tendering processes, pricing is primarily benchmarked against market conditions, with final prices determined through individual negotiations taking into account order volume, customization complexity, long-term partnership potential and competitive positioning. Our end-to-end integrated solution capability allows us to negotiate on an overall packaged solution basis.

LOGISTICS

We generally engage qualified third-party logistics service providers to deliver products to customer-designated locations. Service providers are selected and periodically evaluated based on qualifications, on-time performance, geographic coverage and quotation. Our logistics arrangements allow us to provide responsive delivery while reducing fixed asset intensity and mitigating transportation risks.

INTELLECTUAL PROPERTY

Our intellectual property rights are essential to our business. We strive to safeguard our technology, through a combination of patent, copyright, and trade secrets in China. We also use trademarks to protect our brand. Furthermore, we establish confidentiality, non-disclosure and intellectual agreements with our employees, ensuring that any intellectual property created during their employment belongs to us.

As of the Latest Practicable Date, we held 214 patents, comprising 96 invention patents and 118 utility model patents, 52 patent applications and 2 PCT patent applications. Additionally, we own 74 registered software copyrights and 2 registered domain names in the PRC. Our portfolio further includes 19 registered trademarks and 1 trademark applications in the PRC. For more detailed information regarding our material intellectual property rights, see “Statutory and General Information” in Appendix VI to this document.

During the Track Record Period and up to the Latest Practicable Date, we have not encountered any threatened or pending disputes, litigation, or legal proceedings related to material violations of intellectual property rights that could adversely affect our business. Nevertheless, despite our diligent efforts, we cannot guarantee that third parties will not infringe upon or misappropriate our intellectual property rights, nor can we assure that we will not face lawsuits for intellectual property infringement. See “Risk Factors — Risks Relating to Our Business and Industry — We may be unable to protect our intellectual property rights and may be subject to infringement claims from third parties, either of which could reduce the value of our brands and harm our business and competitive market position” in this document for details. We believe that we had sufficient intellectual property protection in place to cover the material aspects of each of our major products as of the Latest Practicable Date.

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QUALITY ASSURANCE

We aim to provide our customers with products of superior quality. We have established quality assurance measures covering product specifications, production, inspection and acceptance, packaging, delivery and after-sales services. Standard products are supplied in accordance with agreed specification sheets or other agreed requirements. Where no specifications have been agreed, the applicable national standards, industry standards and our internal factory standards will apply. Customized products are manufactured based on approved drawings or mutually confirmed technical parameters and solutions. Acceptance of products is determined with reference to any technical agreements, confirmed drawings and specification requirements agreed between the parties, and must also comply with applicable national or industry standards. Where no standards have been expressly agreed, national standards will apply, or, in the absence of national standards, our factory standards or relevant industry standards will apply. If product upgrades by the manufacturer result in differences between the delivered model and the contractual model, the customer may accept the updated products upon our provision of supporting evidence. Products are generally labeled and delivered with the relevant delivery documents and standard packaging. We generally provide a one-year warranty from the date of receipt, under which we are responsible for repair or replacement of defective products, subject to agreed warranty terms and exclusions.

During the Track Record Period and as of the Latest Practicable Date, we have not experienced any significant product returns, liability claims or legal issues related to product safety or quality control, nor have we had any product or service recalls.

SEASONALITY

Our business is subject to seasonal fluctuations. Our customers, who are primarily lithium-ion battery manufacturers, generally finalize their supply contracts toward the end of each year. Following the conclusion of such supply contracts, our customers then proceed to formulate their production plans and initiate tendering and procurement processes for the equipment required, meaning that equipment installation and commissioning activities typically commence in the first half of the following year, with customer acceptance often extending into the second half. This pattern results in a concentration of recognized revenue in the latter part of the financial year, giving rise to uneven cash flows and period-to-period variability in our operating results.

COMPETITION

In 2025, the global lithium-ion battery integrated wide electrode calendering & slitting machine market reached RMB660 million in total. Due to the high-precision process requirements and relatively long customer validation cycles, the global top three lithium-ion battery integrated wide electrode calendering & slitting machine manufacturers together accounted for 95.1% of the market, indicating a highly concentrated market structure. Among them, the Company ranked first globally in the corresponding business segment in 2025, with a market share of 42.1%.

According to Frost & Sullivan, in 2025, the global lithium-ion battery integrated electrode calendering & slitting machine market reached RMB1,320 million in total. The global top five lithium-ion battery integrated electrode calendering & slitting machine manufacturers together accounted for 92.4% of the market, indicating a concentrated market structure. Among them, we ranked third globally in the corresponding business segment in 2025, with a market share of 21.1%.

According to Frost & Sullivan, in 2025, the market size of lithium-ion battery machine vision inspection solutions in China reached approximately RMB1,400 million. Among them, the global top five lithium-ion battery machine vision inspection solution providers generated combined revenue of approximately RMB436 million, representing an aggregate market share of 31.2%, indicating a relatively fragmented market structure. Among them, we recorded revenue of over RMB71 million from lithium-ion battery machine vision inspection solutions in 2025, ranking second with a market share of 5.1%.

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AWARDS AND RECOGNITIONS

During the Track Record Period, we have received recognition for the quality of our products and solutions. Some of the significant awards and recognition we have received are set forth below.

Award Year	Award/Recognition	Awarding Institution/Authority
2026	Forbes China Pioneer Innovator in Industry Development (福布斯中國行業發展領創者)	Forbes China (福布斯中國)
2025	National Specialized and Innovative Key “Little Giant” Enterprise (國家級「專精特新」重點小巨人)	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
2025	25th China Patent Excellence Award (第二十五屆中國專利優秀獎)	Patent Office of the China National Intellectual Property Administration (國家知識產權局專利局)
2025	Artificial Intelligence End Products, Industry Large Models and Application Solutions (人工智能終端產品、行業大模型和應用解決方案)	Department of Industry and Information Technology of Guangdong Province (廣東省工業和信息化廳)
2025	Golden Globe Award from GGII (高工鋰電金球獎)	Gaogong Industry Research Institute (GGII) (高工產業研究院(GGII))
2025, 2024, 2023	Excellent Supplier Award (最佳供應商)	CATL (寧德時代)
2024	National Specialized and Innovative “Little Giant” Enterprise (國家級「專精特新」小巨人)	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
2024	Typical Application Case of Artificial Intelligence Empowered New Industrialization (人工智能賦能新型工業化典型應用案例)	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
2024	“Jiebang Guashuai” (Open Bidding for Key Projects) of Intelligent Manufacturing System Solutions (智能製造系統解決方案「揭榜掛帥」)	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
2024	Guangdong Province Manufacturing Champion (廣東省製造業單項冠軍)	Department of Industry and Information Technology of Guangdong Province (廣東省工業和信息化廳)
2024	Innovation Product for Intelligent Testing Equipment (智能檢測裝備創新產品)	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部), Intelligent Testing Equipment Industry Development Alliance (智能檢測裝備產業發展聯盟)
2023	National High-Tech Enterprise (國家級高新技術企業)	Department of Science and Technology of Guangdong Province (廣東省科學技術廳)
2023	Guangdong Intellectual Property Demonstration Enterprise (廣東省知識產權示範企業)	Guangdong Administration for Market Regulation (Guangdong Intellectual Property Administration) (廣東省市場監督管理局(知識產權局))

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EMPLOYEES

As of December 31, 2025, we had a total of 737 employees. As of the same date, all of our employees were based in China. The table below sets forth a breakdown of our employees by function as of December 31, 2025.

Function	Number of Employees	% of Total
Quality Control and Delivery	235	31.9
Supply Chain and Manufacturing	213	28.9
Research and Development	191	25.9
Operation and Management	43	5.8
Sales and Marketing	23	3.1
Finance	16	2.2
Human Resource	16	2.2
Total	737	100.0

We believe that maintaining a stable and motivated employee force is critical to the success of our business. To streamline human resource management, we have established a comprehensive set of internal management measures, outlining the procedures and criteria for recruitment, training, internal referrals, among others.

Recruitment

We adopt multiple recruitment channels, including campus recruitment, online recruitment platforms, external sourcing and internal referrals, to support the staffing needs of different business lines. Our core sales workforce has remained stable, supported by continuous internal talent development efforts. For our R&D team, we have established a mature talent framework and retain core personnel through competitive compensation.

Training

We provide structured onboarding training for new employees and conduct periodic company-wide training sessions. We have established a comprehensive employee training system covering six categories: (i) foundational knowledge training, including new employee onboarding, departmental rules and procedures, and business process training; (ii) competency enhancement training, covering job-specific theoretical knowledge, operational skills, business skills, and management skills; (iii) corporate culture training, focusing on company vision, core values, and team cohesion; (iv) mindset and attitude training, cultivating positive attitudes and emotional management among employees; (v) three-level safety training conducted at the company, department, and team levels, encompassing safety regulations, safe equipment operation, and labor protection requirements; and (vi) information security training on confidentiality protocols, document security, and cybersecurity awareness. Trainings are delivered through various methods, including internal and external instructor-led sessions, video-based learning, on-site demonstrations, and self-directed learning, with delivery methods selected to best suit the relevant training content. Through these initiatives, we aim to continuously enhance employee competencies and support long-term professional development.

Remuneration and Benefits

We are committed to establishing compensation mechanisms based on different job positions and responsibilities. We retain key management and technical staff with competitive remuneration packages and welfare benefits. We also invest in continuing education and training programs to

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upskill our key management and technical staff. In the event of termination of employment requested by a key staff, we closely communicate with the staff for the reason of departure and feedback for us.

We enter into standard labor contracts and confidentiality agreements with our full-time employees, and we also enter into non-competition agreements with them, which may be enforced at our discretion upon termination of employment.

As required under PRC laws and regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity and unemployment benefit plans, under which we make contributions at specific percentages of the salaries of our employees. During the Track Record Period and up to the Latest Practicable Date, we did not provide or fully provide social insurance and housing provident fund contributions for certain of our full-time employees based on their actual wages in accordance with the applicable PRC laws and regulations. In addition, the social insurance and housing provident fund contributions for two employees were remitted through a third-party agency arrangement rather than directly by us as the employing entity. See “Risk Factors — Risks Relating to Our Business and Industry — Failure to make adequate contributions to various employee benefits plans according to the procedures under the relevant PRC laws and regulations and the laws and regulations of other jurisdictions in which we operate may subject us to penalties or other consequences” in this document.

We believe we maintain a good working relationship with our employees, and we have not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

PROPERTIES

As of the Latest Practicable Date, no single property interest forming part of our non-property activities of 15% or more of our total assets. As such, according to section 6(2) of Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) under paragraph 34(2) of the Third Schedule to the Companies (Winding up and miscellaneous Provisions) Ordinance, which requires us to include a valuation report for any of our interests in land or buildings.

Owned Properties

As of the Latest Practicable Date, we held the land use rights of one parcel of land in China with a total site area of 72,485 sq.m. The following table summarizes the details of the land use rights we held as of the Latest Practicable Date:

Holder of Land Use Right Certificate	Location	Purpose	Total site area (sq.m.)	GFA (sq.m.)
EHolly Changzhou	Changzhou, Jiangsu Province	Manufacturing, R&D, office use	72,485	N/A ⁽¹⁾

Note:

- (1) As of the Latest Practicable Date, the production facilities built on this land were still under continuing construction and had not completed final acceptance or inspection, and we had not obtained the ownership certificate of the building.

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Leased Properties

As of the Latest Practicable Date, we leased five properties in China with a total GFA of 28,109 sq.m. The following table set forth the details of the five properties leased by us as of the Latest Practicable Date:

Location	Purpose	GFA (sq.m.)	End of Lease Term
No. 3, Kaixuan Road, Qiting Street, Yixing, China	Manufacturing, R&D, office use	21,660	June 30, 2041
Room 101–301, Building 3, Guanmei Industrial Park, No. 9, Shinan Er Road, Huijiang, Dashi Street, Panyu District, Guangzhou, China	R&D, office use	4,763	May 23, 2027
Room 306–310, Building 3, Guanmei Industrial Park, No. 9, Shinan Er Road, Huijiang, Dashi Street, Panyu District, Guangzhou, China	Manufacturing, R&D, office use	800	May 23, 2027
4/F, Building B, No. 22, Hebei Industrial Zone, Xianglian Community, Longhua Street, Longhua District, Shenzhen, China	Office use	680	August 31, 2026
Room 1325 and 1326, Block A, Zhongnan Building, No. 18, Zhonghua West Road, Ganjingzi District, Dalian, China ⁽¹⁾	Office use	206	July 14, 2026

Note:

- (1) As of the Latest Practicable Date, the lease agreement with respect to this property had not been filed with the local housing administration authorities as required under the PRC law. As of the Latest Practicable Date, we had not received any notice from any regulatory authority with respect to potential administrative penalties or enforcement actions as a result of the failure to file such lease agreement.

INFORMATION TECHNOLOGY INFRASTRUCTURE

Information technology underpins our competitive advantage and operational effectiveness. We develop, operate and continuously enhance IT systems that evolve alongside our business expansion and are tailored to support the needs of various functions. These systems play a critical role in enabling our research and development, sales and marketing, finance, supply chain and procurement processes, project execution, customer service, and internal administrative operations.

Our core internal systems include OA system and ERP system we purchased from third parties. Our OA system serves as a unified workflow platform, enabling the digitization and standardization of approval processes and knowledge management. It enhances operational efficiency while strengthening internal control and governance. Our ERP focuses on business operations, integrating sales, supply chain, production, and finance into a unified data flow with closed-loop management. It provides highly integrated information support for business activities. The reliable supply of our products relies on the stable operation of these information systems. These systems are continuously upgraded to keep pace with our business expansion and increasing digitalization demands.

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Our IT team plays a critical role in maintaining the stable operation of our information systems and delivering information technology services to support daily business activities. Through system configuration and secondary development, our IT team continuously optimizes and improves business workflows, further enhancing work efficiency and user experience. In addition, our IT team implements risk control measures by establishing and executing information security, cybersecurity, and data backup strategies, including redundancy and disaster recovery, to realize rapid system restoration whenever in need.

LICENSES, PERMITS AND APPROVALS

We are required to obtain and renew certain licenses, permits and approvals for our business operations. During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisors, we had obtained all requisite licenses, permits and approvals that are material for our operation, and all of such licenses, permits and approvals are within their respective effective periods and in accordance with PRC laws and regulation. We had not experienced any material difficulty in renewing such licenses, permits and approvals during the Track Record Period and up to the Latest Practicable Date, and we currently do not expect to have any material difficulty in renewing them when they expire, if applicable. During the Track Record Period and up to the Latest Practicable Date, we have not been penalized by the relevant government authorities for any non-compliance relating to maintenance and renewal of our material licenses, permits and approvals.

The following table sets out a list of material licenses and permits currently held by us for our operations in the PRC as at the Latest Practicable Date:

No.	Entity	Name of the License	Expiration Date
1	the Company	Radiation Safety License	November 13, 2029
2	the Company	Stationary Pollution Source Discharge Registration	November 28, 2026
3	the Company	Consignee and Consignor of Import-Export Goods	N/A
4	EHolly Changzhou	Consignee and Consignor of Import-Export Goods	N/A
5	EHolly Yixing	Stationary Pollution Source Discharge Registration	January 21, 2029
6	EHolly Yixing	Consignee and Consignor of Import-Export Goods	N/A
7	Guangzhou Zhicheng	Consignee and Consignor of Import-Export Goods	N/A

INSURANCE

As of the Latest Practicable Date, we believe our insurance coverage aligns with industry standards and is sufficient to protect our key assets, facilities and liabilities. We believe our current insurance coverage is adequate for our operations. However, we may still face claims or liabilities that exceed our coverage. For more details, see “Risk Factors — Risks Relating to Our Business and Industry — The insurance coverage we have may not adequately protect us against all operating risks” in this document. During the Track Record Period and up to the Latest Practicable Date, we have not made or been subject to any material insurance claims.

LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

Overview

From time to time, we may become involved in non-compliance incidents or legal proceedings in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or

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administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition, and results of operations.

Regulatory Compliance

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

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, we and our major subsidiaries were not involved in any court, arbitral or administrative proceedings that we believe may be of material importance to our assets and liabilities or profits and losses nor, so far as we are aware, are any such proceedings pending or threatened. See “Risk Factors — Risks Relating to Our Business and Industry — We and our Directors, management, employees, Shareholders and their respective affiliates may be subject to lawsuits, contract disputes, employment-related claims and other legal or administrative proceedings or fines, any of which could have a material and adverse effect on our business, results of operations, financial condition and reputation” in this document.

DATA SECURITY

Data security is critical to our operations. We are committed to protecting data of our customers, suppliers, partners, as well as other participants in our business network. We have established internal policies and procedures to ensure that the data controlled or processed by us is managed in a secure and compliant manner.

Our internal control measures mainly include: (i) establishing systems and policies covering cybersecurity, the full lifecycle of data, data classification and tiered management, physical security of the data center environment, and data backup and recovery; (ii) assigning system access permissions based on employees’ job responsibilities and the principle of least privilege, and requiring that any addition, removal, or modification of access privileges must be reviewed and approved through the relevant approval procedures; (iii) regularly organizing information security trainings and risk-awareness activities, conducting internal self-checks within departments, and having employees sign confidentiality agreements to clearly define their confidentiality obligations; and (iv) entering into contracts with suppliers that include clear data protection and confidentiality terms, as well as security responsibilities, while establishing a supplier onboarding security assessment mechanism.

We do not collect personal information through public channels such as operating websites or applications. The information we collect is limited. During our business activities, the only personal information we collect mainly relates to employee information, and contact information of customers and suppliers, as well as other information needed for our operations and management. In addition, as part of our after-sales services, we only receive operational data related to customers’ intelligent manufacturing equipment when customers actively request and provide such data (primarily a small number of typical defect images) for algorithm optimization, troubleshooting, and production line adjustments that are authorized by the customers. During the Track Record Period and up to the Latest Practicable Date, we have not received any complaints or litigation from any third parties alleging that we infringed their data protection rights by violating applicable laws and regulations. Based on the foregoing and after consulting our PRC legal counsel, we believe that during the Track Record Period and up to the Latest Practicable Date, we have complied, in all material respects, with the applicable laws and regulations in the PRC relating to cybersecurity, data security, and personal information protection.

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We incorporate Environmental, Social, and Governance (ESG) into our core sustainability framework. We build a systematic management system and integrate it into daily operations and strategic implementation.

ESG Governance Structure

We actively promote the integration of ESG concepts into daily operations. We establish a tiered ESG management system with clear roles and responsibilities. The governance framework includes:

- the Board of Directors as the ESG leadership and decision-making body;
- the Board’s Strategic and Development Committee as the research and guidance body;
- an ESG leadership team led by the General Manager to provide support and safeguards;
- an ESG implementation group led by the Company Secretary; and
- execution carried out jointly by functional departments and subsidiaries.

As the core leadership and decision-making body for ESG matters, the Board of Directors has final approval authority over major ESG-related issues, including: reviewing and approving our ESG development strategy and goals, major topics, management structure, and management policies; approving the annual ESG report and other key ESG-related matters.

In addition, the Board is required to include ESG responsibilities within the scope of the internal control effectiveness evaluation, identify and assess ESG-related risks, and oversee the rectification of internal control gaps/deficiencies. Directors and the Audit Committee may provide opinions and suggestions regarding ESG performance. After consolidation by the Board Office, proposals are discussed by the Strategic Committee and submitted to the Board for review. The Board also has the final interpretive authority of the ESG Management Measures, ensuring that our ESG work is carried out in a compliant and orderly manner.

Anti-Corruption

We have built an anti-corruption system across multiple dimensions including policies, organization, implementation, and supervision. We have formulated the Anti-Bribery Management System, the Anti-Fraud Management System, and the Anti-Money Laundering Management System, covering key business activities and all levels of personnel. These systems clearly prohibit bribery, fraud, and money laundering. We set up the Audit Department as the standing supervisory body for anti-bribery and anti-fraud. We establish a “Business Department — Risk Control Department — Audit Department” system of three lines of defense. We also require key-position employees and business counterparties to sign a Commitment Letter to Prevent Commercial Bribery. In addition, we set up a whistleblowing mailbox and a multi-channel reporting mechanism, and we conduct regular self-assessments of anti-money laundering risks and internal control checks to comprehensively prevent corruption risks. During the Track Record Period, we have not had any legal cases related to embezzlement.

Environmental Indicators and Management

We attach great importance to the environmental impact of our production and operations. We strictly comply with relevant laws and regulations. We have obtained ISO 14001 environmental management system certification. With standardized management in place, we strengthen our environmental protection and safety foundation and fully implement environmental responsibilities.

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Emissions

We comply strictly with environmental protection and pollutant discharge permit regulations. Guangzhou Yihong has completed the filing/registration for fixed pollution sources. Our core processes do not involve fuel combustion, the use of VOCs, or the discharge of industrial waste gases and solid wastes. Only domestic wastewater, after pre-treatment and meeting the applicable standards, is discharged into the municipal pipe network. It is centrally treated by the Dashi Wastewater Treatment Plant. Supported by the environmental protection facilities in Guanmei Industrial Park, we reduce environmental risk and ensure pollutant discharge consistently meets standards.

At the Yixing production base, we strictly implement end-to-end solid waste management. Under the Enterprise Solid Waste Management System, wastes are categorized into domestic waste, general industrial solid waste, and hazardous waste. We follow the principles of reduction, resource utilization, and harmless treatment, implementing categorized collection, designated storage areas, and compliant disposal. Yixing production base set 1.85 tons of waste generated per unit of product (Kilograms per piece) in 2022 as the baseline and aim to reduce it by 5% by 2027. We advance implementation through multiple initiatives, including target-based performance evaluation, optimization and upgrades of production processes, and promotion of cleaner production.

Category	Unit	For the year ended December 31,		
		2023	2024	2025
Hazardous waste	tons	1,536	713	2,476
Hazardous waste emission intensity	kg/million	5.2	1.8	4.5

Greenhouse Gas and Energy Management

We continuously promote efficient use of resources and optimize our energy structure by advancing on-site solar photovoltaic (PV) power generation projects to reduce resource consumption intensity. During the Track Record Period, through our PV projects we generated a cumulative 1,629 MWh of electricity.

To manage greenhouse gas emissions effectively, we identify greenhouse gas emission sources covering scenarios including air-conditioning refrigerant (CFC/HFC) leakage, fire, chemical leakage, vehicle exhaust, and production and office activities. We implement targeted control measures such as periodic maintenance, hazard inspections, standardized storage, replacement refrigerants, and promotion of dry powder/foam fire extinguishers and other non-halons fire-fighting equipment. We also conduct annual greenhouse gas inventories to provide data support for optimizing our emissions reduction pathway.

Category	Unit	For the year ended December 31,		
		2023	2024	2025
Resource consumption				
Electricity	MWh	1,215	1,310	1,601
Water resources	tons	21,269	14,411	20,926
Electricity intensity	MWh/million	4.1	3.3	2.9
Water intensity	tons/million	72.3	36.6	37.9
Greenhouse gas emissions				
Scope 1	tons CO ₂ e	78.0	66.1	57.8
Scope 2	tons CO ₂ e	750.0	797.8	1,003.4
Scope 3	tons CO ₂ e	8.8	8.4	11.3

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Note: Our Scope 1 emissions primarily stem from fuel consumption by our company-owned vehicles, Scope 2 emissions primarily stem from electricity consumption and Scope 3 emissions primarily stem from water consumption and cardboard boxes usage. These resource consumptions are closely linked to our production and processing volumes. As overall production and processing volumes declined in 2024, waste emissions, resource consumption, and greenhouse gas emissions all decreased that year.

Social Indicators and Management

We actively support social welfare and charitable initiatives, and we work to fulfill corporate social responsibility by advancing compliant business operations and employee value enhancement in parallel for sustained development.

Employment

We comply with the Labor Law of the PRC, the Anti-Employment Discrimination Law, and the Law on Employment Promotion of the PRC, among other applicable regulations. We have established a standardized employee management mechanism. We sign employment contracts with employees and arrange working hours according to the standard working hours system. We conduct fair performance assessments based on our performance appraisal management measures. Job descriptions explicitly prohibit discrimination based on gender, disability, sexual orientation, age, religion, or ethnicity. As of December 31, 2025, we had 737 employees, including 347 under age 30, 367 between ages 30 and 50, and 23 over age 50. During the Track Record Period and up to the Latest Practicable Date, we strictly complied with applicable laws and regulations and had no cases of forced labor or child labor. We uphold equal and compliant employment principles at all times.

Employee Health and Safety

We adopt a people-centered approach and place high priority on employees’ physical and mental well-being and workplace safety. We provide employees with annual health checkups and comprehensive commercial insurance on an ongoing basis. For employees engaged in occupational disease hazard-related work, we arrange regular occupational health examinations to effectively protect employees’ safety and health. We also have established a health, safety, and environment (HSE) policy, formulated environmental health and safety policies, and developed continuous improvement strategies and corrective measures to reduce the risk of workplace injuries or illnesses as much as possible.

Employee Development and Training

To continuously improve employees’ professional competence and overall capabilities and support their growth, we regularly organize training through both online and offline formats. This helps provide employees with clear career development pathways and align individual growth with corporate development. In addition, we set up an employee satisfaction survey control procedure and develop survey forms to collect employees’ views and suggestions, including in areas such as education and training, so we can continuously improve to meet employees’ needs and expectations. In 2025, we conducted a total of 70 training sessions, with a total duration of 2,094 hours.

Sustainable Supply Chain Management

To standardize suppliers’ ESG management, we have established a comprehensive supplier control system. We have formulated and signed a series of documents, including a Social Responsibility Commitment, an Integrity Agreement, and a Commitment to Not Use Conflict Minerals, among others. These documents clearly require suppliers to strictly comply with applicable laws and social responsibility requirements. We also prioritize more sustainable suppliers and conduct regular CSR investigations to monitor whether suppliers fulfill their corporate social responsibility. Through ongoing supervision and periodic evaluations, we screen and select qualified suppliers to promote supply-chain compliance and sustainable development and management.

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Product Responsibility

To ensure product health and safety, we establish product responsibility and safety management procedures. After product-related information is received, we conduct product safety project identification and determination, and we maintain records for future safety traceability. After safety is identified and determined, we plan and carry out related work including reliability charters, product design reviews, technical specification controls, and reliability testing — so as to regulate product safety and reliability across the entire lifecycle to the greatest extent. We also have a product reliability charter. All newly designed and produced products must undergo reviews. All products, components, materials, and process methods must be tested before use, which helps reduce potential risks and hazards in the process. In addition, we have obtained TISAX certification to protect customer privacy and data security.

Community and Public Welfare

We are committed to fulfilling our corporate social responsibility, actively participating in rural education initiatives, and helping underprivileged students achieve their educational aspirations. Every year, we collaborate with relevant companies to organize charitable donation campaigns. From 2023 to 2025, we donated a total of RMB0.3 million.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

During the process of preparing for the [REDACTED], we engaged an internal control consultant (the “**Internal Control Consultant**”), to perform a review in connection with the internal control of our Group and to report factual findings on our entity-level controls and internal controls of various processes in accordance with AATB1 issued by the Hong Kong Institute of Certified Public Accountants, including financial reporting and disclosure controls, sales, accounts receivable and collection, procurement, accounts payable and payment, inventory and logistics management, management of fixed assets and intangible assets, human resources and payroll management, cash and treasury management, taxation management, general controls of IT system (including protection of data and privacy), research and development management, insurance management, production management.

We have established a comprehensive internal control system covering entity-level controls and internal controls of various processes. All related policies and procedures under this system have been implemented and are strictly enforced:

At the corporate level, the Company complies with the requirements for internal monitoring stipulated in the Listing Rules and Corporate Governance Code of the Hong Kong Stock Exchange and adopts the five key elements of the COSO Internal Control-Integrated Framework: control environment, risk assessment, control activities, information and communication, and monitoring. By establishing a sound governance structure, clear allocation of responsibilities and authorities, and an active culture of internal control, the Company has laid a solid foundation for the effective operation of its internal control system.

At the business process level, the internal control system has deeply covered the entire business cycle. Each key process has set up key control points such as separation of responsibilities, authorization approval, physical inventory, and regular reconciliation to ensure business operation compliance, asset security, and accurate financial data.

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At the IT level, the Company primarily relies on core platforms such as the Kingdee ERP system and the OA office automation system to achieve online and automated management of core business and financial processes. These systems are equipped with comprehensive user access management, data backup, log auditing, and privacy protection functions, effectively ensuring data integrity, security, and system stability, thereby providing robust technical support for the effective operation of the internal control system.

In addition, our Internal Control Consultant proposed certain suggestions and recommendations to strengthen and enhance our internal control system. Key suggestions and recommendations included:

- **Entity Level:** It was recommended that we establish comprehensive and formal written policies regarding anti-fraud, anti-corruption, anti-money laundering, anti-bribery, and other misconduct. These policies should clearly define prohibited behaviors, designate responsible departments, and establish reporting channels, response mechanisms, and investigation procedures. Additionally, it was recommended that whistleblower protection measures and clear accountability mechanisms for employees at all levels should be implemented to ensure effective governance and compliance;
- **Process Level:** It was recommended that we review and update our business process policies to ensure completeness. Particularly within sales management, operational standards should be explicitly defined for sales forecasting, product pricing and discount approvals, order fulfillment, and after-sales service. This will standardize business management and provide reasonable assurance regarding the consistency of work outcomes and decision-making procedures; and
- **IT Control Level:** It was recommended that we enhance our IT management policies to explicitly define monitoring processes for unauthorized software. Regular software audits should be conducted to ensure license coverage matches employee counts and usage patterns. Furthermore, implementing a software approval and white-listing strategy will help prevent future compliance risks associated with unlicensed software usage.

As of the Latest Practicable Date, we had implemented the Consultant’s recommendations to improve our internal control system. The Internal Control Consultant subsequently conducted a follow-up review on the status of our actions taken to address the findings in the evaluation and did not identify any material weakness or make any further recommendations.

Having considered the internal control measures implemented, our Directors confirmed that the enhanced internal controls are adequate and effective, taking into account our Company’s obligations and the directors’ duties under the Listing Rules and other applicable legal and regulatory requirements.

Risk Management

We recognize that risk management is critical to the success of our business operation. Key operational risks faced by us include changes in the general market conditions and the regulatory environment of lithium-ion battery and new energy vehicle industry, our ability to offer quality products, our ability to manage our anticipated growth and to execute our growth strategies, and our ability to compete with our competitors. See “Risk Factors” in this document for a discussion of various risks and uncertainties we face. We also face various market risks. In particular, we are exposed to market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. See “Financial Information — Quantitative and Qualitative Disclosures about Market Risk” in this document for a discussion of these market risks.

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In order to meet these challenges, our Audit Committee, comprising three of Directors, namely Ms. Wu Kin Yi, Mr. Mao Junxiang and Mr. Jin Yi and chaired by Ms. Wu Kin Yi, is responsible for reviewing and supervising our financial reporting process, risk management and internal control system.

We maintain a set of accounting policies in connection with our financial reporting risk management. We also have various procedures and IT systems to implement our accounting policies, and our finance department reviews our management accounts accordingly. We provide regular training to our finance department employees to ensure that they understand our financial management and accounting policies and strictly enforce them in our daily operations.