

BUSINESS

OVERVIEW

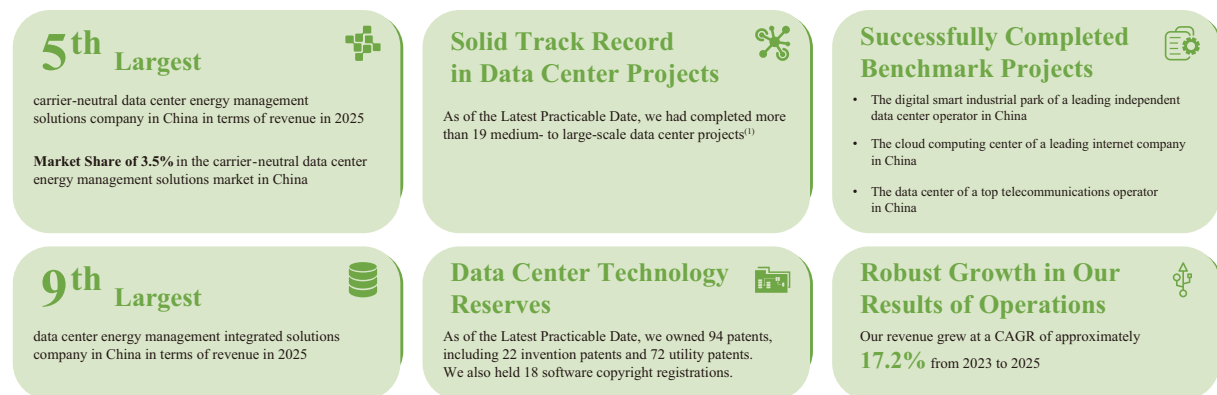
Who We Are

We are a leading energy management solutions provider in China focusing on the data center sector. We offer full life-cycle energy management solutions spanning consulting services, solution design, equipment selection and procurement, project integration and implementation, as well as system maintenance. Our solutions are widely applied across data centers, including AI computing data centers and edge data centers, smart industrial parks, intelligent factories and multi commercial complexes, covering a broad range of scenarios across multiple sectors.

According to Frost & Sullivan, in terms of revenue in 2025, we were the ninth largest data center energy management solutions provider, and, in terms of revenue from our carrier-neutral segment in 2025, we were the fifth largest carrier-neutral data center energy management solutions provider in China, with a market share of 1.5% and 3.5%, respectively. Carrier-neutral data centers are run by independent third-party operators, internet companies, and other entities that are independent of any single telecommunications provider.

We focus on the R&D and sales of energy-saving technologies and systems, with a presence in four key areas of data center energy management solutions: AI computing data centers, edge data centers, high-performance computing clusters, and integrated energy management. We continue to refine and expand high-tech application scenarios, proactively deploy our solutions in high-growth key industries, and undertake industry-leading projects in the data center sector, which we believe will lead to a rapid development of energy-saving technology applications.

Leveraging proprietary energy-saving control technologies, cooperative relationships with leading PRC telecom and internet companies, proven execution and delivery capabilities for large-scale projects and professional maintenance services, we have established a strong position in the data center energy management market. The diagram below highlights our achievements:



Note:

1. Data centers with more than 1,000 standard cabinets are considered as medium- to large-scale.

Business Model

We primarily focus on providing one-stop, customized energy management solutions covering all stages of energy management projects, including consulting services, solution design, equipment selection and procurement, and project integration and implementation, as well as system maintenance. In addition, our broad range of services covers all key aspects of data center energy management

BUSINESS

solutions, including HVAC, low-voltage intelligent and infrastructure power or environment monitoring, high-reliability power supply and distribution and emergency backup power, all integrated on a unified control and integration layer. We believe our comprehensive range of services, covering all stages of a project from design to post-construction maintenance, facilitates seamless process integration, reduces customer decision-making and coordination costs, improves execution efficiency, and compresses construction timelines. By embedding our proprietary technologies across the control and integration layers, we strengthen inter-operability among equipment and system modules, enhancing performance and helping ensure we can deliver solution that meet the diverse technical requirements of our customers across different project scenarios.

Our solutions are generally customized based on a variety of project-specific requirements and conditions, including project location, applicable energy efficiency standards, and the capital expenditure and operating expenditure objectives of our customers, which drive differentiated project characteristics and technical specifications. During the Track Record Period, we primarily engaged in the provision of energy management solutions and the sales of temperature control products and ICT equipment. The provision of energy management solutions is comprised of data center energy management solutions and commercial and industrial building energy management solutions. We provide energy management solutions for both (i) newly-built data centers and commercial and industrial buildings; and (ii) existing data centers and commercial and industrial buildings to reduce PUE levels and improve energy efficiency. As of the Latest Practicable Date, we had successfully completed more than 200 projects and were actively engaged in the execution of an additional three projects.

Industry Opportunity

Against the backdrop of China’s “carbon peaking and carbon neutrality” (碳達峰，碳中和) objectives, data centers, serving as the foundational infrastructure of the digital economy, are undergoing a structural transition toward green and low-carbon development. Improving energy utilization efficiency and reducing PUE have become key development trends in data center construction and operations, which in turn expand the addressable market for our data center energy management solutions.

In particular, carrier-neutral segment of data center energy management solution has been expanding significantly in recent years. From 2020 to 2025, the market size of carrier-neutral solutions grew from RMB11.2 billion to RMB32.7 billion, representing a CAGR of 23.9%. Looking ahead, the market is expected to maintain strong growth momentum and reach RMB106.2 billion by 2030. The principal growth drivers include: (i) AI computing demand drives growth of advanced data centers; (ii) continued digital transformation sustains cloud infrastructure expansion; (iii) energy efficiency and liquid cooling support upgrades in high-performance data centers; (iv) data security and regulation trends create opportunities for localized deployment; and (v) low-carbon and green energy transition shapes the industry’s long-term direction.

OUR COMPETITIVE STRENGTHS

We believe the following strengths have contributed to our success and differentiate us from our competitors:

A leading energy management solutions provider in China positioned to capture the carbon peaking and carbon neutrality objectives and AI growth cycle

We are a leading energy management solutions provider in China focusing on the data center sector. We collaborate with leading Chinese telecommunications and internet companies and other data center project owners to help them improve energy efficiency and create long-term value, providing

BUSINESS

solutions are widely applied across a wide variety of data centers, including AI computing data centers and edge data centers and other high technology facilities, including smart industrial parks, intelligent factories and multi-use commercial complexes, covering a broad range of scenarios across multiple sectors. We have been deeply engaged in energy management for more than 18 years and have more than 13 years of experience in the data center industry. As of the Latest Practicable Date, we had successfully completed more than 200 projects and were actively engaged in the execution of an additional three projects. Leveraging our leading technical capabilities and extensive project experience, we have built robust project quality control capability and earned the long-term trust of top-tier customers across different industries.

Our leading industry position: According to Frost & Sullivan, we were the ninth largest data center energy management solutions and the fifth largest carrier-neutral data center energy management solutions provider in China in terms of revenue in 2025, with a market share of 1.5% and 3.5%, respectively. We believe these rankings reflect our sustained accumulation of technical expertise, delivery track record, and customer recognition in a competitive market.

Our milestones, recognitions and industry engagement: Our Company was recognized by the Ministry of Industry and Information Technology of the PRC (工業和信息化部) as a National Specialized and New Technology “Little Giant” Enterprise (國家專精特新“小巨人”企業) in July 2024. We emphasize active engagement and communication with leading companies in the data center industry, maintaining a forward-looking view of technological directions and industry trends. We are a member of the Energy Saving Service Industry Committee of China Energy Conservation Association (中國節能協會節能服務產業委員會) and the vice chairman of the Guangdong Energy Conservation Association (廣東省節能協會). We have also actively participated in the establishment and refinement of several national standards within the energy management industry. As of the Latest Practicable Date, we had participated in the drafting of (i) the national standard of Evaluation for Green Data Center (Standard No. GB/T 44989-2024); and (ii) one national standard of Requirements and Measurement Methods for Dynamic Energy Efficiency of Data Center IT Systems (Standard No. GB/T 46662-2025).

According to Frost & Sullivan, China’s data center industry has broad development prospects, and the data center energy management segment is experiencing robust growth under multiple drivers including the carbon peaking and carbon neutrality objectives announced by the PRC Government and the AI growth cycle. We believe our solutions, which have the ability to incorporate solar and other sources of energy, allow our customers to decrease their energy usage, and are in-line with larger industry trends towards greener data centers. As a leading data center energy management solutions provider in China with extensive project implementation experience and high-quality industry resources, including stable relationships with upstream suppliers, a broad customer network, and deep industry understanding and insights, we believe we are particularly well-placed to capture the strong growth opportunities in the industry.

Driven by our core technologies, we continue to engage in technological innovation and develop application scenarios in the field of energy management.

We serve our customers and lay the foundation for our corporate development through a strategy of continuing to improve our core technologies and expand the scenarios in which they can be applied. Our proprietary technologies, efficient technology integration, and innovation across diverse application scenarios allow us to provide customers with one-stop, customized integrated energy solutions that ensure sustained and quantifiable energy saving results. The breadth of our services across each stage of the energy management solution lifecycle and our cooperation with upstream equipment manufacturers in the industry, downstream enterprises in the telecommunications sector, and higher education and research institutions in connection with R&D has provided us with significant ongoing feedback, facilitating our R&D activities to further improve our technology.

BUSINESS

Our principal technological advantages include the following:

- ***Expertise in energy-saving and temperature control technologies:*** We have independently developed an AI-enabled comprehensive energy management platform for data centers which combines the control of data center air cooling and liquid cooling. By integrating AI deep-learning algorithms for precise recognition of the parameters of different application scenarios with energy consumption modeling, analysis and prediction, we have formed a core capability in precision thermodynamics. This allows us to achieve temperature control precision within $\pm 0.5^{\circ}\text{C}$ and humidity control precision within $\pm 5\%$ in data centers, thereby addressing the challenge of autonomous and precise AI thermal control in data centers in China and helping to reduce energy consumption;
- ***Participation in early-stage data center development:*** Leveraging our close cooperation with EPC contractors and data center project owners, our R&D team becomes involved as early as the project evaluation stage of data center energy management solution projects, helping to formulate appropriate technical solutions taking into consideration technical suitability and economic feasibility based on project-specific conditions, including data center site environment, resource conditions and construction scale. We deploy experienced engineers to conduct solution screening, comparative analysis of outcomes, engineering simulations and predictive assessments of construction effects, thereby providing service in all stages of data center energy management projects;
- ***Systemic talent development and research team building:*** We continue to strengthen our R&D capabilities through a variety of measures, including external recruitment, collaboration with industry and academic institutions and comprehensive internal training programs; and
- ***Formulation of industry standards, technical directions of energy management and collaboration with universities:*** We participate in the formulation of national industry standards, and actively promote the development of the data center energy management industry. As of the Latest Practicable Date, we had participated in the drafting of (i) the national standard of Evaluation for Green Data Center (Standard No. GB/T 44989-2024); and (ii) one national standard of Requirements and Measurement Methods for Dynamic Energy Efficiency of Data Center IT Systems (Standard No. GB/T 46662-2025). We also commission certain R&D projects to top universities, research institutes, and enterprises in China, including Guangzhou Institute of Energy Conversion, Chinese Academy of Sciences (中國科學院廣州能源研究所). Under this scenario, we typically retain the ownership of intellectual property rights resulting from such R&D efforts. In certain circumstances, the relevant intellectual property rights will be shared by the parties pursuant to the commissioning agreement.

Robust technological capabilities are a critical foundation for energy management solutions that help data centers reduce costs while maintaining stability and safety. According to Frost & Sullivan, the importance of energy management solutions to data centers is reflected in two principal aspects:

- They contribute to cost reduction and efficiency enhancement of data center operations. The energy management system typically accounts for approximately 20% of the total construction costs of a data center if the costs of IT equipment, such as servers and GPUs, are included, and approximately 60% to 70% of the total construction costs of a data center, if such IT equipment costs are excluded. In addition, electricity expenses account for approximately 50% to 65% of the total operating costs of a data center.

BUSINESS

- They constitute an important safeguard for the stability and safety of energy supply for data centers. Given the extremely high reliability requirements for power supply in data centers, our energy management solutions use end-to-end monitoring and early risk detection and warning to avoid business interruptions caused by energy failures.

Our technologies help data centers achieve both of these objectives. As of the Latest Practicable Date, we owned 94 patents, including 22 invention patents. We also held 18 software copyright registrations.

A solid business foundation built on high-quality customer relationships

We have established long-term and stable cooperative relationships with numerous leading downstream customers in the data center industry. As of the Latest Practicable Date, we had completed more than 19 medium- to large-scale data center projects (projects with more than 1,000 standard cabinets). The cumulative number of cabinets supported by our data center energy management solutions exceeded 15,000 units. The PUEs of our completed data center energy management projects ranged from 1.20 to 1.35, which are below the PUE standard of 1.5 as required by the NDRC. Our customers include companies in China that provide end-to-end solutions for data center infrastructure. Since 2021, we have provided technical services to top Chinese telecommunications companies, which typically act as project owners of their own data centers. We have also maintained long-term and stable business relationships with top-tier data center operators. In addition, we cooperate with EPC contractors. Through these data center operators and EPC contractors, our energy management solutions ultimately serve downstream customers in high-growth sectors represented by leading Chinese internet companies.

According to Frost & Sullivan, major data center operators prioritize stability and reliability of energy systems. and adopt a highly selective approach when selecting suppliers for energy management solutions. This provides an advantage to established data center energy management solutions providers, who have accumulated trust and loyalty through long-term cooperation.

A full life-cycle “technology + service” integrated model supporting sustained growth

Our data center energy management solutions and services encompass the full lifecycle of data center development. We provide end-to-end services covering consulting services, solution design, equipment selection and procurement, project integration and implementation, as well as system maintenance, thereby achieving an integrated “technology + service” business model. We establish relationships with our customers from the project evaluation stage, formulating appropriate technical solutions based on site-specific environmental conditions, available resources, construction scale and other relevant factors. We believe our turnkey integrated services model significantly simplifies our customers’ data center management processes, ensures optimal energy-saving outcomes, and creates substantially greater added value compared to stand-alone equipment sales. Throughout the service period, we continuously safeguard the effectiveness and sustainability of project performance while enhancing customer stickiness through ongoing project optimization services.

Through our proprietary software platforms and strong hardware development and integration capabilities, we provide one-stop, customized energy management solutions to data center EPC contractors and data center operators. Our hardware and software solutions include:

- ***MOTSUN Comprehensive Energy Management Platform:*** A visual, manageable, and controllable platform covering energy management, energy consumption analysis, energy management control, operation and maintenance, property management, production management, and enterprise management. Through three-tier encrypted separation across

BUSINESS

user terminals, data terminals, and platform terminals, the system achieves comprehensive control over enterprise personnel, equipment and facilities, allowing data centers to maximize efficiency and value;

- **Liquid cooling system:** Such liquid cooling temperature control system uses liquid to replace air as the heat dissipation medium and utilizes dynamic control and AI algorithms to monitor device temperature, liquid flow rate and load in real time, automatically adjusting pump speed and valve opening degree to control the liquid flow to achieve a balance between energy consumption and heat dissipation.
- **Indirect Evaporative Cooling System:** This system separates the primary air, which is the return air from the computer room, from the secondary air, which is the mixture of outdoor fresh air and spray water. The secondary air evaporates and indirectly cools the primary air through heat absorption during water evaporation. This helps to reduce electricity costs for mechanical cooling sources and to lower PUEs, according to our operating data;
- **Integrated Cooling Station System:** Adopting an integrated design philosophy, this system incorporates mechanical refrigeration systems, cooling towers, chilled water circulation pumps, spray pumps, water treatment devices, intelligent control systems for cooling sources, and other functions, and can be installed in outdoor areas such as ground level or rooftops. The units directly produce chilled water under pressure, enabling users to simply connect indoor terminals to the product’s inlet and outlet ports for immediate use; and
- **Cabinet Micro-modules:** These modules feature integrated design, safety and reliability, low noise, reduced machine room footprint, energy conservation, time-saving installation, effortless deployment, compatible architecture, rapid and flexible deployment, multiple power supply configurations, and comprehensive monitoring capabilities, representing a new generation of products for integrated medium-sized modular data centers.

According to Frost & Sullivan, China’s data center energy management market is predominantly driven by solutions that combine hardware, installation, and customized system design rather than stand-alone equipment sales, as data center operators increasingly seek turnkey offerings that ensure seamless integration of power and thermal management systems, optimize energy efficiency, and reduce operational risks associated with complex installations. From 2020 to 2025, the equipment segment of China’s data center energy management market increased from RMB6.1 billion to RMB13.2 billion, representing a CAGR of 16.7%. Looking ahead, this segment is projected to reach RMB30.1 billion by 2030. In comparison, the solution segment grew from RMB33.2 billion in 2020 to RMB76.7 billion in 2025 and is expected to reach RMB196.4 billion by 2030.

Our experienced and visionary management team

Our management team and core personnel possess extensive industry experience and professional capabilities, enabling effective implementation of our corporate strategies and sustainable business development. Mr. Chen, our chairman of the Board, has nearly 30 years of industry experience and professional expertise in the electrical equipment industry. Before founding our Company, Mr. Chen worked at Jinling Electrical Appliance Co., Ltd. (金羚電器有限公司) and Midea Group Co., Ltd. (美的集團股份有限公司), one of China’s leading home appliance manufacturing conglomerates. In 2012, he led our Company to enter the data center energy management industry, laying the foundation for our rapid development and guiding us to achieve a leading position in China’s carrier-neutral data center energy management solutions market.

Our senior management team members possess extensive professional knowledge and management experience across numerous large-scale projects. The strengths of our management team not only elevate our internal management standards but also provide strategic vision and solid talent assurance for our long-term development.

BUSINESS

OUR BUSINESS STRATEGIES

We aim to solidify our position as a leading energy management solutions provider in China focusing on the data center sector. We plan to achieve this objective by implementing the following strategies:

Establish our smart manufacturing capabilities and production capacity to support business growth

We recognize that robust manufacturing infrastructure is essential to support our business expansion and deliver our products and solutions at scale. We plan to establish automated production lines to enable us to manufacture for ourselves certain core equipment and components used in connection with the provision of our data center energy management solutions, including prefabricated micro-modules for computing power centers, liquid cooling heat exchange units (CDU) and integrated cooling stations. We are in the process of constructing production facilities with a total anticipated GFA of approximately 24,400 sq.m. and originally housing two production lines in Guangzhou, Guangdong Province, the PRC. We commenced preliminary construction in January 2025 and expect to complete construction by the end of 2026. We plan to procure and incorporate advanced manufacturing equipment and intelligent product inspection systems to enhance our future production efficiency and product quality. We will also establish smart warehousing and logistics infrastructure to optimize our inventory management and streamline our product delivery processes, including implementing automated warehousing systems. Furthermore, we plan to implement manufacturing execution systems, quality management systems, and supply chain collaboration platforms to digitalize our manufacturing operations, enhance quality control throughout the production process, and improve coordination with our suppliers and customers. We plan to conduct trial production and obtain production certifications from the first quarter of 2027 to the first quarter of 2028. We expect these systems to be fully operational by the first quarter of 2028. We believe these investments will enable us to achieve production efficiency, maintain high product quality and significantly strengthen our ability to deliver our products and solutions at scale to meet the growing market demand. For further details, please referred to the section headed “— Our Business Expansion” in this document.

Continue to increase R&D investment and adhere to our technology innovation and product advancement strategy

We will continue to focus on conducting R&D activities and enhancing our R&D capabilities through establishing new R&D centers, upgrading existing R&D facilities and equipment, and recruiting high-caliber technical personnel. We are constructing a new R&D center to be located in our production facilities in Guangzhou, Guangdong Province, the PRC, which is expected to commence operations by the first quarter of 2028. Our planned upgrades to R&D facilities include: (i) acquiring advanced testing and measurement equipment, including enthalpy difference testing equipment, thermal management testing equipment, electrical testing and validation equipment, AI validation and simulation testing equipment and scenario simulation software; and (ii) establishing an R&D laboratory to achieve rapid commercialization of R&D outcomes and accelerate product development cycles, while strengthening intellectual property protection for in-house production. We expect to complete the majority of these upgrades by 2026. We plan to expand our R&D team to over 60 members over the next three years. Our recruitment efforts will focus on professionals with expertise in AI computing and high-performance computing, network architecture design, thermodynamics, fluid mechanics, materials science, liquid cooling technology, large language model training and simulation technology.

Our R&D initiatives will primarily focus on the large-scale commercialization of advanced cooling technologies, including liquid cooling and evaporative cooling solutions, as well as AI-driven energy efficiency optimization management platforms, to help us to continue to reduce the PUE values

BUSINESS

of our solutions and maintain our industry-leading technological position. We plan to engage in the research and development of advanced cooling technologies, including liquid cooling and evaporative cooling solutions, for commercial deployment at scale to continuously reduce PUE values of our solutions.

In addition, we plan to work with leading AI algorithm companies to help us establish a stand-alone intelligent data center operation and maintenance management platform that we can sell to customers. We will also be able to use this platform ourselves to upgrade our operation and maintenance services, which we believe will improve the existing level of intelligent operation and maintenance management.

Explore business model innovation to achieve market expansion and business growth

We will explore the use of a collaboration model with local government industrial funds who are tasked with the development of their respective regions to fund the planned establishment of our regional headquarters and new manufacturing facilities, to achieve nationwide coverage. In connection with this collaboration model, we plan to establish a standardized cooperation process and evaluation system. We will leverage our successful project experience and prioritize regional coverage in geographic areas that are national hubs of data centers under the East Data, West Computing Project (東數西算工程), such as the Beijing-Tianjin-Hebei Area, the Yangtze River Delta, the Greater Bay Area and the Chengdu-Chongqing Area. The East Data, West Computing Project is a national project initiated by the Chinese government in 2022 to optimize the geographic distribution of computing resources by transferring data processing from the developed eastern regions to the resource-rich western regions, thereby reducing energy costs and promoting balanced regional development.

We will seek to expand our customer base across high-value industry sectors by developing customized solution packages tailored to the specific needs of different industries, such as the financial compliance cloud (金融合規雲) and smart manufacturing cloud (智慧製造雲). Building upon our strong foundation of serving existing major downstream customers in the internet sector, we intend to expand our reach to intelligent computing centers, financial institutions, high-end manufacturing enterprises, and government cloud markets, in order to help reduce our concentration in any single sector and diversify our customer base.

We believe diversifying our business can help enhance the stability and long-term sustainability of our operations. In particular, we will actively explore the energy management contracting (“EMC”) model, whereby we invest in and retain ownership of the equipment used in energy management solutions while charging usage fees of these energy management solutions to data center operators or owners of commercial and industrial buildings. We believe transitioning to a long-term cooperation model in which we offer both one-stop customized energy management solutions and EMC services, which continue to provide revenue after project completion, will enhance the stability of our operations.

Advance our international expansion strategy to serve the overseas expansion needs of downstream sectors

We plan to establish a sales headquarters in Hong Kong and explore development opportunities in Southeast Asia, including Singapore and Malaysia, leveraging our technological and cost advantages to serve the data center needs of downstream sectors, including the internet industry, to expand overseas. We intend to adopt a phased sales channel expansion strategy. In the initial phase, we plan to leverage localized distribution networks through carefully selected quality distributors with data center industry resources and technical service capabilities to achieve market penetration and customer outreach. As our market share and customer base grow, we intend to transition to a direct sales model to engage core customers directly and deepen relationships with high-value customer segments, thereby establishing a dual-channel sales system combining distribution-led market development and direct sales-led market

BUSINESS

cultivation. In addition, we intend to establish overseas subsidiaries integrating intelligent manufacturing, warehousing and distribution, and technical services in Southeast Asia, including Singapore and Malaysia. We believe that the establishment of such overseas subsidiaries can reduce cross-border logistics and tariff costs and enhance product delivery responsiveness, and enable us to service overseas data centers and integrated energy industries, thereby enhancing our international brand recognition and driving a second growth curve in overseas markets. To support our international expansion, we plan to build localized sales, engineering delivery and technical support teams across our key overseas markets. We also plan to invest in overseas demonstration projects to showcase our technological capabilities and enhance our international brand recognition in targeted markets.

We intend to identify and selectively acquire high-quality overseas targets, primarily focusing on overseas production facilities and distribution channels, to enhance our service capabilities across our global operations. As of the Latest Practicable Date, we had not yet identified specific acquisition plans or targets and had not entered into any definitive agreements with potential targets.

Optimize operations and supply chain through acquisitions and vertical integration

We will continue to look for ways to expand across the upstream and downstream segments of the industry value chain through acquisitions and vertical integration to meet the evolving and diversified needs of our customers.

With respect to upstream expansion, we plan to conduct strategic acquisitions: specifically focusing on targets that are technologically complementary to us and/or will help us expand in key markets. We will identify and acquire domestic companies with competitive advantages in specific technologies, such as liquid cooling and AI-based operation software or platforms, or specific regional markets to rapidly obtain talent and intellectual property related to core technologies, or to enter new markets. We also plan to advance vertical supply chain integration by establishing a supply chain investment fund to invest in or acquire small-scale equipment manufacturers in China with core technologies, thereby achieving technology penetration into upstream core equipment such as power distribution units and cooling modules. We believe such strategic investments will help enhance our control over critical supply chains and gain cost advantages.

With respect to downstream expansion, by expanding into data center investment and operations, we plan to establish ourselves as a premier comprehensive service provider with full value chain quality control and direct responsiveness to end-customer needs.

Through these potential acquisitions and vertical integration across the upstream and downstream segments of the industry value chain, we believe we will further serve data center owners and/or operators in the capacity as a comprehensive data center infrastructure solution provider. This approach will also help us to strengthen quality control throughout the entire project lifecycle, better serve our customers, and improve our bargaining power and profitability. As of the Latest Practicable Date, we had not yet identified specific acquisition plans or targets and had not entered into any definitive agreements with potential targets.

Explore downstream application scenarios and capitalize on industry trends to develop comprehensive energy solutions for emerging scenarios

In response to the evolving industry trends, we plan to proactively expand into new end markets and verticals. We will leverage our capabilities in areas ranging from microgrid planning to the development of innovative energy solutions that address the requirements of diverse industries, markets, and customers through our MOTSUN Comprehensive Energy Management Platform and will continue to advance our cooperation with local governments and other third parties to implement comprehensive urban energy management solutions, including industrial parks and urban infrastructure development.

BUSINESS

OUR BUSINESS MODEL

Overview

We are a leading energy management solutions provider in China focusing on the data center sector. We primarily focus on providing one-stop, customized energy management solutions covering all stages of energy management projects, including consulting services, solution design, equipment selection and procurement, project integration and implementation, as well as system maintenance. In addition, our broad range of services covers all key aspects of data center energy management solutions, including HVAC, low-voltage intelligent and infrastructure power/environment monitoring, high-reliability power supply and distribution and emergency backup power, all integrated on a unified control and integration layer. During the Track Record Period, we primarily engaged in the provision of energy management solutions and the sales of temperature control products and ICT equipment. The provision of energy management solutions is comprised of data center energy management solutions and commercial and industrial building energy management solutions.

The following table sets forth the revenue breakdown by business line during the Track Record Period:

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Provision of energy management solutions:						
Data center energy management solutions	798,975	93.1	984,958	96.7	1,154,707	97.9
Commercial and industrial building energy management solutions . . .	4,160	0.5	951	0.1	4,954	0.4
Subtotal	803,135	93.6	985,909	96.8	1,159,661	98.3
Sales of temperature control products and ICT equipment . .	55,102	6.4	32,126	3.2	19,384	1.7
Total	858,237	100.0	1,018,035	100.0	1,179,045	100.0

We primarily provide energy management solutions, which include data center energy management solutions and commercial and industrial building energy management solutions. From our inception through 2019, we primarily provided commercial and industrial building energy management solutions. Starting in 2020, we began to switch our focus to providing data center energy management solutions, primarily due to (i) our strategic decision to implement more stringent credit policies and cash collection terms in response to the property market downturn, which resulted in a slower pace of new project acquisitions for the periods indicated the commercial and industrial building energy management solutions business; and (ii) significant growth opportunities in the data center energy management solutions market driven by increasing demand from internet companies that are better positioned to meet out more stringent credit policies and cash collection terms, the national “East Data, West Computing Project” and stricter energy efficiency requirements, supported by favorable government policies promoting energy conservation and emission reduction.

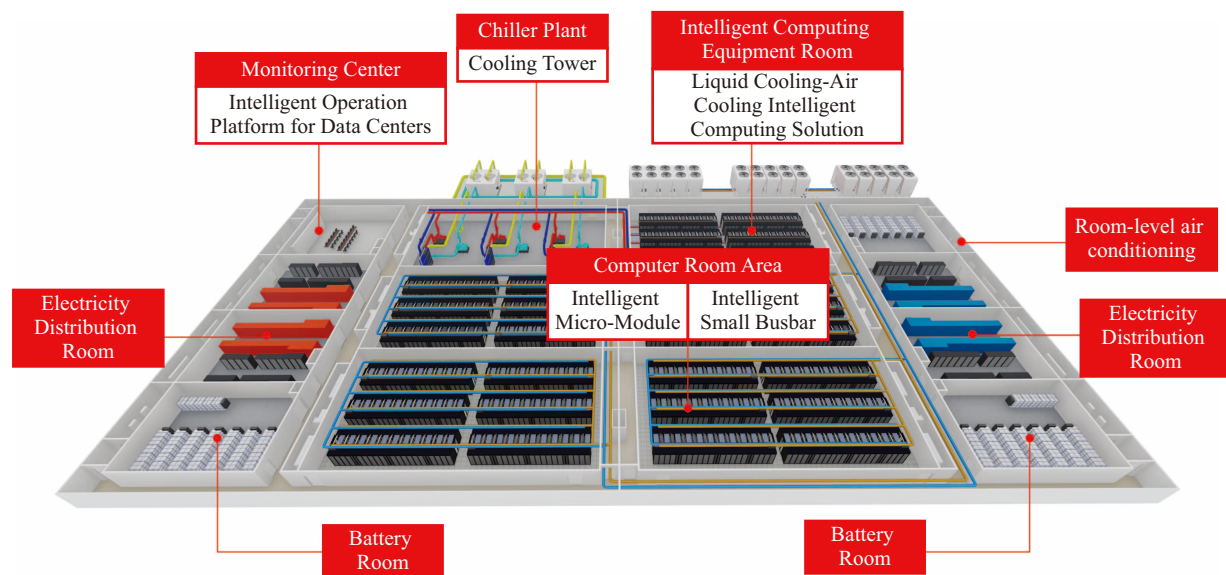
During the Track Record Period, we generated the substantial majority of our revenue from data center energy management solutions, which accounted for approximately 93.1%, 96.7% and 97.9% of our total revenue in 2023, 2024 and 2025, respectively.

BUSINESS

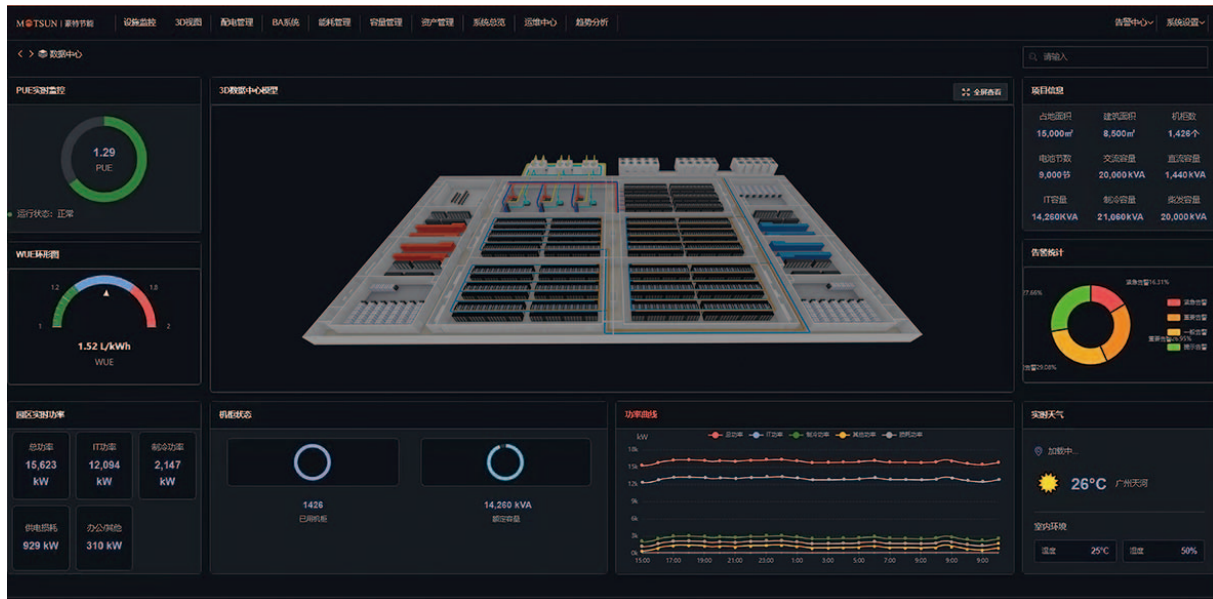
Data Center Energy Management Solutions

Our data center energy management solutions are designed in accordance with China’s national or local government requirements for data center construction and customer demands for overall energy efficiency. Our solutions take into account project-specific factors, such as geographical location, meteorological conditions, and construction scale of the data center, and are planned and designed accordingly. The solutions are subsequently implemented through customized design, component and equipment procurement, and project integration. In certain circumstances, we enter into contracts directly with telecommunications operators and data center operators to provide one-stop data center energy management solutions. During the Track Record Period, some of our customers under such circumstances included top telecommunications operators and leading independent data center operators in China. In other circumstances, we enter into contracts with communications engineering and equipment service providers, who act as the EPC contractors (EPC承包商) for the data center energy management projects for telecommunications operators and data center operators. In such cases, our direct customers are the EPC contractors. In both cases, telecommunications operators and data center operators are the project owners. For the energy management projects we undertake, the end users of the data centers generally include internet platforms, financial institutions and government and public institutions.

The charts below set forth an overview of our data center energy management solutions and interface of our Motsun comprehensive energy management platform:



BUSINESS



The following table sets forth a brief introduction of the major components used in our data center energy management solutions:

Component Name	Functions
MOTSUN Comprehensive Energy Management Platform (MOTSUN綜合能源管理平台)	A visual, manageable, and controllable platform covering energy management (real-time monitoring of PUE), energy consumption analysis (real-time power of the park), energy management control, operations and maintenance emergency alarms, property management, production management, and enterprise management.
HVAC system design and integration (暖通系統設計集成)	A cooling system that maintains continuous, reliable operation of data hall equipment by keeping temperature and humidity within specified ranges. Without efficient cooling, the IDC can overheat within minutes, causing equipment shutdowns and service interruptions.
Low-voltage intelligent and infrastructure power environment monitoring systems design and integration (弱電智能化及基礎設施動力環境監控系統設計集成)	A communication and control system that enables intelligent monitoring of the IDC data room by collecting equipment operating data, assessing the real-time status of the energy-saving systems, and consolidating relevant data our MOTSUN Comprehensive Energy Management Platform located at the IDCs’ central control center.
Highly reliable power supply and distribution system design and integration (高可靠供配電系統設計集成)	A power supply and distribution system that delivers stable, redundant and monitored electrical power to all critical data center equipment, including servers and storage, cooling, fire protection, and security/monitoring systems. It ensures sufficient, reliable power and avoids outages, downtime, data loss, file corruption and related economic losses.

BUSINESS

Component Name	Functions
Emergency backup power system design and integration (應急備用電源系統設計集成)	An emergency power system, comprising uninterruptible power supply (“UPS”) units and diesel generator sets, that safeguards data center operations against grid interruptions or failures by providing immediate, reliable backup power to prevent service disruption.

In addition to the above major components, we also offer high and low voltage power distribution, cold storage systems, cabinet system solutions, fire protection systems and security systems in our energy management solutions.

Commercial and Industrial Building Energy Management Solutions

Our commercial and industrial building energy management solutions encompass central HVAC, hot water, water supply and drainage, lighting, power, steam, and waste-heat recovery systems. We cover energy efficiency retrofits, platform development, intelligent MEP operations and maintenance, and outsourcing energy management. In addition, we design microgrids leveraging a cloud-edge-device (雲、邊、端) architecture to integrate wind and solar generation, energy storage, and electric vehicle charging stations under different scenarios that create low-carbon and zero-carbon campuses. Our commercial and industrial building energy management solutions are primarily applied in smart industrial parks, intelligent factories and multi-use commercial complexes, covering a broad range of scenarios across multiple sectors. Through our MOTSUN Comprehensive Energy Management Platform, we enable greener, smarter, and more valuable energy usage. The customers of our commercial and industrial building energy management solutions during the Track Record Period primarily consisted of major petroleum company in China, educational institutions and property developers.

The table below set forth major aspects covered by and components used in our commercial and industrial building energy management solutions:

Aspect/Component	Functions and Applications
Mechanical and electrical engineering and energy efficiency retrofits for commercial and industrial buildings (工商業樓宇機電工程及節能改造)	System integration services and energy-saving renovation services for mechanical and electrical engineering projects such as ventilation and air conditioning engineering, building electrical engineering, intelligent building engineering, building water supply and drainage, and heating engineering for commercial and industrial buildings.
Distributed photovoltaics (分佈式光伏)	A small-scale photovoltaic power generation system built close to the user. The system is deployed directly at the location where electricity is consumed, such as a rooftop, building wall, or open space. Its core feature is the direct conversion of solar energy into electricity for local use, while also allowing for flexible interaction with the power grid.
Electrochemical energy storage systems (電化學儲能系統) . . .	An electrochemical energy storage system is an energy storage device that converts electrical energy into chemical energy through electrochemical reactions. Its core function is to store electrical energy as chemical energy and release it back as electrical energy when needed.

BUSINESS

Aspect/Component	Functions and Applications
Ice (water) thermal storage systems (冰(水)蓄冷系統) . . .	Energy-saving system that stores cold (or heat) during low electricity demand periods and releases the energy during peak electricity periods. Its core goal is to balance grid load, reduce energy costs and support emergency power supply by utilizing the electricity price difference between peak and low electricity demand periods.
Electric vehicle charging stations (電動車充電站). . . .	A refueling station designed specifically for electric vehicles, similar in function to a traditional gas station. It provides safe and efficient charging services for vehicles by centrally deploying charging equipment (such as charging piles), power distribution systems, and management facilities.
Energy management systems for commercial buildings (工商業建築能源管理)	A management system that monitors, analyzes, controls, and optimizes building energy use through systematic and technological means to achieve efficient energy utilization, reduce operating costs, and minimize environmental impact.

Sales of Temperature Control Products and ICT Equipment

In addition to the provision of energy management solutions, we also sell certain temperature control and computing power equipment to customers, including energy-saving air conditioners and hot water equipment, and other ICT equipment. Our products are primarily sold to commercial and industrial building sectors that utilize such products in the buildings that they construct or operate.

OUR OPERATING MODEL

Our energy management projects primarily utilize a one-stop, customized service model. Under this model, we are responsible for all aspects of the energy management project, including consulting, engineering design, procurement of all energy management equipment, materials, components, and related parts, construction of the energy project, and delivery of operational facilities to our customers. For all of the data center energy management projects and a majority of the commercial and industrial building energy management projects we undertake, we are also responsible for post-construction system maintenance. We offer solutions covering a wide range of services, including HVAC system design and integration, low-voltage intelligent and infrastructure power environment monitoring systems design and integration, highly reliable power supply and distribution system design and integration and emergency backup power system design and integration.

Our solutions are custom tailored based on a variety of project-specific requirements and conditions, including project location, applicable energy efficiency standards, and the capital expenditure and operating expenditure objectives of our customers, which drive differentiated project characteristics and technical specifications. For example, during the design stage, we conduct in-depth design and comparative screening of technical specifications for the systems to be utilized based on equipment and system functionality, performance, data center layout, equipment density, local climate, local regulations and policies, electricity pricing, control strategies, and integration compatibility. During the procurement stage, we identify and source customized high-performance, low-power equipment and components, including cabinet equipment, customized liquid cooling, natural cooling, and customized high-efficiency UPS. During the operation of energy management systems by data center operators and telecommunications operators, our unified control and integration layer can control PUE dynamically based on such customers’ actual usage and live load condition of the data centers. During the construction stage, we provide project-specific training to our project management teams, suppliers, and subcontractors on technical specifications, construction technologies, and strategic

BUSINESS

approaches for challenging project areas. During the inspection and acceptance stage, we rigorously inspect all equipment and components, monitor critical quality checkpoints, verify concealed works, and perform extensive testing according to our customers’ specifications. During the maintenance stage, we offer timely after-sales support in response to our customers’ requests throughout the warranty period.

Our comprehensive range of services, covering all stages of a project from design to post-construction maintenance, facilitates seamless process integration, materially reduces customer decision-making and coordination costs, improves execution efficiency, and compresses construction timelines. By embedding our proprietary technologies across the control and integration layers, we strengthen interoperability among equipment and system modules, thereby enhancing performance and ensuring robust compliance with diverse technical requirements across different project scenarios. Moreover, we are able to customize designs and formulate solutions that directly address our customers’ specific needs.

Life Cycle of Our One-stop, Customized Service Model

A typical life cycle of a project under our one-stop, customized service model consists of preparation, tender process/negotiation with customers, design, procurement and construction, inspection and system maintenance.

We usually go through the following stages before reaching the operation status of our energy management projects:

- *Preparation:* In early stages of commercial discussions, we analyze the project information provided by our customers, including their background and current business condition, risk assessment, compatibility between the project budget or bid limit and the pricing strategy of our solutions, the feasibility of the project’s technical requirements and delivery time, and our differentiated advantages over our competitors. We calculate energy usage requirements and identify preliminary optimization levers in cooling and control. During this stage, we conduct initial consultations with customers to align on objectives, anticipated scope, potential implementation models, and indicative timelines.
- *Tender Process/Negotiation with Customers:* Before committing resources to a bid, we assess tender documents and our bidding intention. We conduct on-site surveys to assess construction conditions, conduct technical measurements, check the difficulties and key points of the engineering designs and the implementation process, formulate a preliminary construction organization plan, and understand logistics support conditions. Based on our findings, we confirm the technical specifications required under the tender and develop early cost and pricing predictions. We forecast likely bidding outcomes based on competitive dynamics and evaluation weightings, and engage in structured communications and commercial negotiations with customers to clarify technical requirements and contractual terms. We track bidding results and, where successful, complete the contract finalization and signing process.
- *Design:* After signing a contract, we create an in-depth design activities. Our design proposals including refined project drawings, technical parameter definition, and equipment selection tailored to performance, reliability and lifecycle cost objectives. We develop the system configuration integrated service plans and construction organization schemes based on the requirements and specification of our customers.

BUSINESS

- *Procurement:* Following design confirmation, we select equipment, components and materials suppliers according to our standard supplier selection procedures based on product quality, price, delivery timeliness, payment terms, as well as the supplier’s qualifications, operational status, and credit rating. We track equipment and component deliveries, coordinate logistics and site storage, and administer supplier payments in accordance with contractual milestones.
- *Construction:* Our project site management team generally includes one project manager, one project technical head, and various other personnel such as safety officers, construction engineers and document managers. We instruct our project site management team, suppliers and subcontractors regarding the technical requirements of construction, new technologies and processes to be used in the project, and specific construction plans for key or difficult areas. We manage progress milestones, enforce safety measures and site discipline, and implement quality control procedures such as organizing weekly quality meetings. We control costs through our project management rules and procedures and technical optimization. We coordinate and manage on-site activities and coordinate the various workstreams of different constructing parties. Subcontractors are engaged for installation of the equipment and components, while our technical and supervising personnel are responsible for debugging the energy management systems.
- *Inspection and acceptance:* We inspect incoming equipment and components, check key quality control points, inspect and accept concealed works before they are covered, conduct unit, system and integrated tests, and complete comprehensive acceptance.
- *Maintenance (applicable to projects where we are responsible for maintenance):* We provide after-sales services during the warranty period. For more details, please refer to “— Marketing and Sales — Warranty and Product Replacement/Return Policy” in this section. In addition, we provide ongoing maintenance support, such as regular inspection and maintenance of the system integration. Currently, as such maintenance service is included as part of our warranty, or the costs of such maintenance service are included in our quotations to customers during the preliminary stage, we do not impose any additional charges on our customers, except where we provide repair services for defects and damages not caused by us at our customers’ request, in which circumstances they will bear the costs and pay us a reasonable fees for such service. In the future, we plan to actively explore the EMC model to further diversify and expand our revenue. For details, please refer to “— Our Business Strategies — Explore business model innovation to achieve market expansion and business growth” in this section.

During the Track Record Period, except for Project K, we did not experience any material delays in our projects. Project K was located in Lanzhou, Gansu Province, the PRC. The project was commenced in September 2022 and its total original contract value was RMB244.6 million. In December 2023, we received a suspension notice from the EPC contractor in respect of Project K. As of the Latest Practicable Date, such EPC contractor is currently actively communicating and coordinating with the project owner to facilitate the resumption of the project as soon as practicable.

Case Studies of Our One-stop, Customized Service Model

Digital Smart Industrial Park Project of a Leading Independent Data Center Operator in China

In August 2021, we initiated this project, which was built with a designed PUE of less than 1.31, and covered an area of approximately 23,000 sq.m., with a total planned investment of RMB1.75 billion and 10,000 planned cabinets. We entered into contracts with the EPC contractors for this project. The total original contract value of this project amounted to RMB91.9 million. For this project, the

BUSINESS

customized solution we provided covered optimized integration design, high and low voltage power distribution, a power supply guarantee system that included diesel power generation and power storage systems, an HVAC system, an infrastructure power environment monitoring system, a cold storage system and cabinet system solutions, a fire protection system, a security system, and a monitoring system, all built to custom specifications provided by the customer and all of which were integrated into our MOTSUN Comprehensive Energy Management Platform. We also developed a tailored solution integrating dynamic environmental controls that maintain dual redundant cooling systems with automatic failover capabilities, and a comprehensive data analytics platform that generates energy consumption heat maps to identify and automatically optimize high-consumption areas. The cabinets installed for this project utilized cold channel enclosed technology, which saved approximately 15% to 20% of the energy consumption and increased cabinet density by approximately 50% to 100% compared with ordinary hot and cold channel methods. This project was completed in June 2022.

Next-Generation Cloud Computing and Big Data Industrial Park of a Leading Independent Data Center Operator in China

In July 2021, we initiated our first project in this next-generation cloud computing and big data industrial park. The industrial park was designed to provide computing infrastructure that supports next-generation 5G network communication technologies, industrial internet, digital customization, intelligent manufacturing, and digital healthcare. At maximum capacity, it can support up to 25,000 sets of computing infrastructure. As of the Latest Practicable Date, the total original contract value of all projects in this industrial park amounted to RMB1,899.7 million. We entered into contracts with the EPC contractors or directly with the project owner for projects in the industrial park. We provided an integrated one-stop solution, delivering customized high and low voltage power distribution, diesel generation and energy storage power security, HVAC, infrastructure environmental monitoring, fire protection, security systems and surveillance systems that feature dual 110kV substations with 99.99% power reliability and millisecond-level failover capabilities, intelligent power distribution and liquid cooling technologies achieving PUE below 1.25, and enclosed hot or cold aisle containment design that delivered approximately 15% to 20% energy savings compared to conventional solutions according to our testing data. Our integrated turnkey solutions enabled the project to obtain “Grade A Data Center Certification” from the National Quality Certification Center at the enhanced level (GB50174-2017 Grade A), the highest grade under PRC national standards, following rigorous reviews, on-site testing, post-certification supervision and comprehensive assessment of technical indicators for the data center’s building infrastructure, electrical systems and environmental monitoring systems. As of the Latest Practicable Date, we had completed 43 contracts in relation to the projects in this industrial park.

Cloud Computing Center Project of a Leading Internet Company in China

In July 2024, we initiated this cloud computing center project, which was completed in March 2025. This project met the project owner’s fourth-generation IDC architecture, supporting the flexible deployment of trillions of search data and tens of billions of image or video data. The total construction area of the computing center where this project is located was approximately 27,000 sq.m. and can accommodate more than 120,000 high-performance AI servers. We customized an intelligent infrastructure utilizing a prefabricated, modular architecture to shorten the construction period. We also customized the design to combine liquid cooling with evaporative cooling to reduce the PUE to below 1.25 and to address heat dissipation bottlenecks for high-heat-density computing equipment. The project features an enhanced single-rack cooling capacity of 20kW and supports flexible business deployment, with the capability to support trillion-scale search data, ten billion-scale positioning data, and ten billion-scale image and video data processing. We entered into contracts with the EPC contractors for this project. The total original contract value of this project amounted to RMB199.7 million. For more details of this project, which is Project T, see “— Our Projects — Our Project Portfolio” in this section.

BUSINESS

We provide integrated services that include high and low voltage power distribution, diesel generator and battery energy storage backup power systems, indirect evaporative cooling systems with precision air conditioning and IT cabinet systems, and security and surveillance systems.

Key Terms of System Integration Agreements in Our Data Center Energy Management Solutions

According to Frost & Sullivan, data center energy management projects typically contain several stages, in each of which a separate contract is entered into between the energy management solutions provider, such as our Company, and the project owners or EPC contractor, as the case may be. Such contracts typically include, but not limited to, system integration agreements, equipment procurement contracts, and technical service contracts, among which, the system integration agreement is typically the core agreement. The key terms under our system integration agreements are set out below:

Design and construction schedule: Typically 150 to 210 days.

Our obligations and rights: We are responsible for preparing and submitting the complete design, construction plans and schedules, and other project implementation materials for our customers’ review. We can only change the project design and construction schedule upon our customers’ confirmation. We are responsible for: (i) organizing project execution, ensuring proper site management, implementing the progress plan, and, within the scope agreed by both parties, procuring, supplying, and managing self-procured materials; (ii) properly receiving, distributing, using and storing materials supplied by our customers; and (iii) strictly complying with quality requirements; ensuring safety, environmental compliance, quality record-keeping, and timely completion.

The obligations and rights of our customers: Our customers can supervise the design, quality, construction schedule, safety, acceptance and other aspects of our construction. They are required to respond to our reports and applications within three days. In addition, they must settle payments according to the relevant agreements and provide on-site conditions necessary for project implementation, including construction work fronts and water and power utilities.

Procurement and supplies: Either our customers or we (as the case may be) are responsible for procuring the main equipment, such as diesel generators, UPS, and cabinets, etc., while we are responsible for procuring the rest of the materials, components and equipment used in connection with the projects, such as busbars, cables, air conditioning pipes and other auxiliary materials.

Payment terms: We usually require our customers to make an upfront payment of approximately 20% to 30% of the total contract value upon signing the contract. A progress payment of approximately 40% will be made after the design plan is confirmed or the construction is commenced. The remaining balance will be paid upon completion of our data center energy management solutions and acceptance by our customers.

BUSINESS

<i>Insurance:</i>	We are responsible for providing personal accident insurance and other insurance for construction workers.
<i>Delays and penalties:</i>	If we fail to complete and deliver the project to our customers within the time period stipulated in the contract, we will be required to pay liquidated damages at a rate ranging from 0.01% to 0.1% of the total contract price per day, commencing from the date of delay or ten days after such delay (except for force majeure events).
<i>Quality and acceptance:</i>	The quality of our data center energy management solutions must meet the respective national quality standards. We are required to examine and record the quality of all materials, components and construction craftsmanship. For concealed works in projects, we provide our customers the opportunity to examine such parts prior to their being covered. We inform our customers when a project is completed and our customers are required to perform the acceptance process based on respective national standards for quality assessment, typically within 15 to 20 days from the date of receipt of our completion acceptance application.
<i>Warranty, maintenance and product liability:</i>	We typically offer a one to five year of warranty period after acceptance by our customers. We are responsible for all defects and damage caused by us. We also provide repair services for our customers for defects and damage caused by other reasons at our customers’ request, for which service they will bear the costs and pay us a reasonable amount of fees.
Based on our past collaboration with our customers and both parties’ needs, we have entered into framework agreements with some of our customers to help us prepare future business plans and provide one-stop energy solution services to these customers. The salient terms under such framework agreements are set out below.	
<i>Term:</i>	Ranging from two to three years.
<i>Priority granted:</i>	During the cooperation period, we will be given priority in providing one-stop data center energy management solutions to all future projects in the scope specified in the framework agreement, provided that we are in an advantageous position. Typically, our customers will consider factors that include technology, project quality, supply chain and delivery, pricing and overall performance to determine whether we are in an advantageous position.
<i>Scope of cooperation:</i>	Our services typically include engineering design, equipment supply, construction, testing, and delivery of operational facilities to our clients in terms of energy management, energy-saving systems and integration, electromechanical engineering, HVAC engineering, renovation, and basic supporting facilities. The parties will enter into individual project agreements based on actual needs.

BUSINESS

<i>Contract amount:</i>	The framework agreements do not include specific contract amounts.
<i>Pricing:</i>	The framework agreements do not include a pricing mechanism.
<i>Termination:</i>	The framework agreements can be terminated when (i) the parties thereto mutually agree to do so, or (ii) unilaterally by one party if there is a unremedied material breach by the other party with prior written notice.

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

Subcontracting

During the Track Record Period, we engaged more than 10 major subcontractors to carry out certain engineering and construction, security, and cleaning works, allowing us to focus our time and resources on our energy management business. Such construction work mainly represented assembly and installation of energy-related equipment and other works, such as installation of HVAC equipment and power distribution equipment, pipeline installation and connection, project site security and cleaning, among others. We only play a supervisory role on such matter, which we believe allows us to focus on our principal businesses and to better manage our engineering costs. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material delay in projects that were caused by subcontractors, nor did we have any material disputes with our subcontractors that had a significant impact on our business and financial performance, except for the First Litigation. See “— Legal Proceedings and Compliance — Litigation #1” in this section.

Key Terms of Our Subcontracting Agreements

The key arrangements under our subcontracting agreements are set out below.

<i>Term:</i>	The planned start dates and planned completion dates of the construction period are specified. If there is a delay attributable to us or the project owner, the construction period will be extended; if there is a delay caused by the subcontractor, the subcontractor is liable for penalty.
<i>Performance standards:</i>	The performance standards are specified in the subcontracting agreements. The performance of the subcontractor must also meet the property owner’s acceptance standards.
<i>Our rights and obligations:</i>	We are responsible for site safety and payment of labor service fees and taxes. We set management objectives, approve construction plans, supervise the quality, schedule or safety of the project, coordinate with different stakeholders, and adjust subcontractor staffing.

BUSINESS

Rights and obligations of subcontractors:

Subcontractors are responsible for all construction work as listed in the subcontracting agreements. In addition, they are responsible for the salaries and miscellaneous fees for their personnel and construction workers. The subcontractors must deploy qualified workers, comply with the laws, codes, designs and approved schedules, and ensure quality, safety, and environmental compliance while accepting our supervision and instructions. The subcontractors bear responsibility for defects, rework, delays, and accidents caused by them.

Procurement of raw materials:

We are responsible for supplying and transporting the main and auxiliary equipment, components and materials, as well as for temporary power supply. Subcontractors are responsible for safety and labor protection equipment, construction tools, site fencing and temporary storage, temporary water and electricity, and unloading, transporting, installing and protecting all construction materials.

Pricing:

A lump sum price is specified in the subcontracting agreement, which is determined based on the agreement between our Company and our customers. The lump sum price includes, but is not limited to, labor costs, workers’ insurance costs, taxes, urban construction maintenance tax, education surcharge, omissions, overtime pay and other unforeseen factors that may occur.

Payment terms:

We make interim monthly payments based on the project progression. Upon completion of the project and acceptance by the project owner, we will pay the remainder of the fees to our subcontractors.

Termination and renewal:

Our subcontracting agreements can be terminated unilaterally if either party is unable to perform its obligations as stipulated in the subcontracting agreements due to a force majeure event or a material breach by the other party.

No subcontracting or transfer:

Subcontractors should not subcontract or transfer the labor work under the subcontracting agreements to any other party.

Selection of Subcontractors

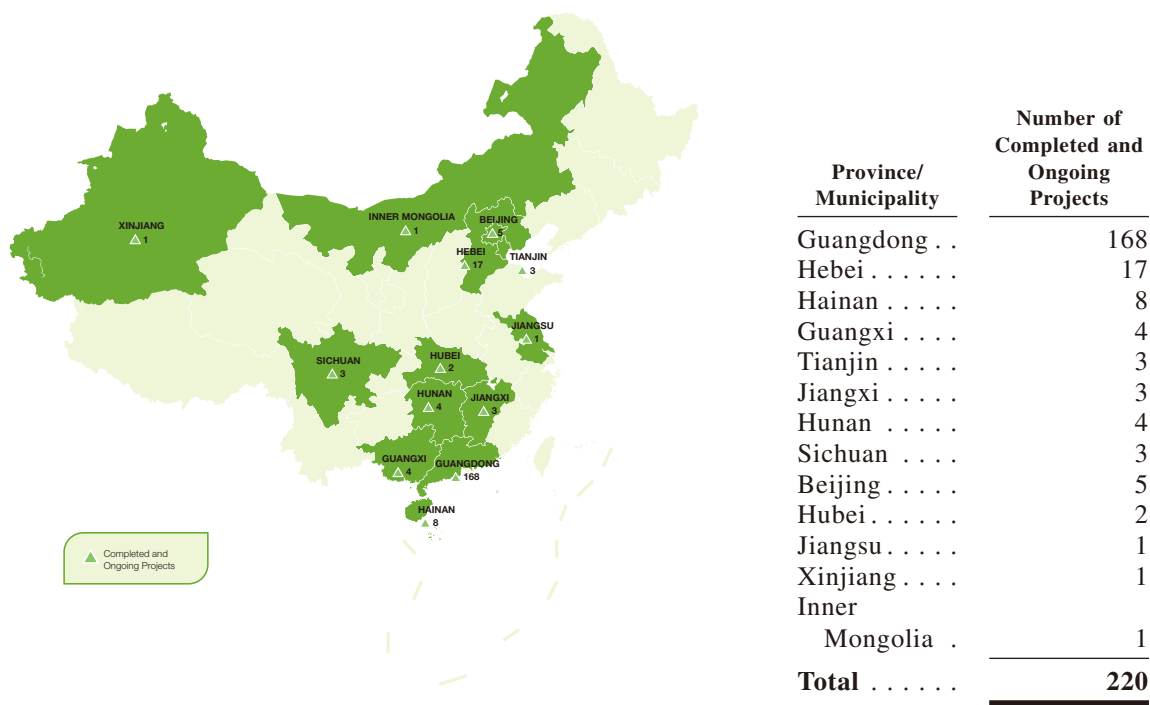
To ensure and maintain the quality of service provided by our subcontractors, we have established internal rules and procedures to monitor our selection of, cooperation with and inspections of the subcontractors, which are the same rules and procedures as selecting suppliers. We have developed our own procurement management procedures and guidelines and engage our subcontractors in accordance with standardized procedures. When selecting subcontractors, we consider factors including the subcontractors’ credibility, supply capability, quality and price. See “— Procurement and Suppliers — Selection of Suppliers”.

BUSINESS

OUR PROJECTS

Our business is primarily conducted on a project-by-project basis. As of the Latest Practicable Date, we had successfully completed more than 200 projects and were actively engaged in the execution of an additional three projects. Our projects were located across more than 13 provinces and municipalities in China.

The following map and table set forth the geographic distribution of our completed and ongoing projects as of the Latest Practicable Date:



BUSINESS

Our Project Portfolio

The table below set forth the movement of our project backlog during the Track Record Period and up to the Latest Practicable Date in terms of total and average original contract value and number of projects:

	For the year ended December 31,									For the period from December 31, 2025 up to the Latest Practicable Date		
	2023			2024			2025					
	Total Original Contract Value	No. of Projects	Average Original Contract Value	Total Original Contract Value	No. of Projects	Average Original Contract Value	Total Original Contract Value	No. of Projects	Average Original Contract Value	Total Original Contract Value	No. of Projects	Average Original Contract Value
	RMB'000		RMB'000	RMB'000		RMB'000	RMB'000		RMB'000	RMB'000		RMB'000
Ongoing projects at the beginning of the period	178,626	6	29,771	395,884	5	79,177	635,962	11	57,815	90,416	2	45,208
Projects initiated during the period	965,208	14	68,943	1,106,846	10	110,685	918,543	7	131,220	632,995	6	105,499
Projects completed during the period	747,950	15	49,863	866,769	4	216,692	1,464,089	16	91,506	570,315	5	114,063
Ongoing projects at the end of the period	395,884	5	79,177	635,962	11	57,815	90,416	2	45,208	153,097	3	51,032

The table below sets out the details of our major ongoing projects as of the Latest Practicable Date:

							Revenue Recognized During the Track Record Period			
No.	Project Name	Identity of Customer	Location	Commencement Date	Expected or Actual Completion Date	Expected or Actual Original Contract Value	For the year ended December 31,			Total Revenue Recognized During the Track Record Period
							2023	2024	2025	
							RMB'000	RMB'000	RMB'000	
1.	Project W . .	Customer H	Hebei, the PRC	January 2026	June 2026	45,313	—	—	—	—
2.	Project X . .	Customer M	Inner Mongolia, the PRC	May 2026	September 2026	106,098	—	—	—	—

In 2023, 2024 and 2025, the number of projects for which we recognized revenue during the year was 20, 16 and 15, respectively. During the same years, the total original contract value of projects for which we recognized revenue was RMB1,143.8 million, RMB1,505.7 million and RMB1,582.0 million, respectively. During the Track Record Period, we recorded one loss-making project, which had a cumulative gross loss of RMB23,122 over the Track Record Period. Such loss arose since we incurred substantial costs for this project in 2025 as a pilot project with one of our repeating customers, which included significant upfront infrastructure costs, with a view to delivering multiple projects with this repeating customer in the future. Our Directors consider that the loss recognized as a result of such loss-making project was de minimis and such loss was insignificant to our operations, financial performance and profitability as a whole.

BUSINESS

The table below sets out details of our major projects, selected primarily based on the top five projects by revenue recognized during each year of the Track Record Period.

For the year ended December 31, 2023

Revenue to be Recognized in																
Revenue Recognized during the Track Record Period																
No.	Project Name	Identity of Customer(s)	Background of Customer(s)	Location	Scope of Work	Commencement Date	Completion Status	Expected/Actual Completion Date	Contract Term	Original Contract Value	For the year ended December 31,				Total Revenue Recognized during the Track Record Period	the Year Ended December 31, 2026
											2023	2024	2025	Period		
1.	Project L . . .	Customer F, Customer E, Customer A, Customer K and Customer L	EPC contractor	Guangdong, PRC	Data center energy management solutions	April 2023	Completed	September 2023	April 2023 to October 2023	RMB'000 293,705	RMB'000 293,705	—	—	RMB'000 293,705	—	
2.	Project M . . .	Guangzhou Lieng Hongyuan Information Technology Co., Ltd. (廣州力聯弘元資訊科技有限公司), Customer E and Customer A	EPC contractor	Hebei, PRC	Data center energy management solutions	November 2023	Completed	December 2023	November 2023 to June 2024	139,195	—	—	—	139,195	—	
3.	Project J . . .	Customer B	EPC contractor	Hebei, PRC	Data center energy management solutions	July 2021	Completed	October 2023	July 2021 to October 2023	274,900 ⁽¹⁾	142,194 ⁽¹⁾	—	—	142,194 ⁽¹⁾	—	
4.	Project N . . .	Customer C, Guangzhou Lieng Hongyuan Information Technology Co., Ltd. and Customer A	EPC contractor	Hebei, PRC	Data center energy management solutions	November 2023	Completed	March 2024	November 2023 to June 2024	125,422	89,560	35,862	—	125,422	—	
5.	Project O . . .	Guangzhou Lieng Hongyuan Information Technology Co., Ltd. and Customer A	EPC contractors	Guangdong, PRC	Data center energy management solutions	December 2023	Completed	June 2024	December 2023 to July 2024	130,367	51,575	78,792	—	130,367	—	

Note:

- (1) Total revenue recognized during the Track Record Period was lower than the original contract value for Project J because the project owner adjusted the project plan, resulting in less actual work required to be completed by us than originally anticipated in the relevant contract for Project J. We therefore settle Project J recognized revenue based on the actual work completed, which is lower than the original contract value.

BUSINESS

For the year ended December 31, 2024

Revenue to be Recognized in																
Revenue Recognized during the Track Record Period																
No.	Project Name	Identity of Customer(s)	Background of Customer(s)	Location	Scope of Work	Commencement Date	Completion Status	Expected/Actual Completion Date	Contract Term	Original contract value	For the year ended December 31,				Total Revenue Recognized during the Track Record Period	the Year Ended December 31,
											2023	2024	2025	Period		
											RMB '000	RMB '000	RMB '000	RMB '000		
1.	Project P	Customer A	EPC contractor	Tianjin, the PRC	Data center energy management solutions	April 2024	Completed	December 2024	April 2024 to November 2024	355,096	—	355,096	—	355,096	—	
2.	Project Q	Customer A and Guangzhou Lieng Hongyuan Information Technology Co., Ltd.	EPC contractor	Hebei, the PRC	Data center energy management solutions	June 2024	Completed	December 2025	June 2024 to December 2025	355,669	—	251,766	102,485	355,669	—	
3.	Project R	Customer A and Guangzhou Lieng Hongyuan Information Technology Co., Ltd.	EPC contractor	Tianjin, the PRC	Data center energy management solutions	September 2024	Completed	December 2025	September 2024 to December 2025	336,328	—	118,697	217,631	336,328	—	
4.	Project S	Customer E, Guangzhou Lieng Hongyuan Information Technology Co., Ltd. and Customer A	EPC contractor	Hebei, the PRC	Data center energy management solutions	December 2023	Completed	June 2024	December 2023 to June 2024	122,607	37,120	85,487	—	122,607	—	
5.	Project O	Guangzhou Lieng Hongyuan Information Technology Co., Ltd. and Customer A	EPC contractor	Guangdong, PRC	Data center energy management solutions	December 2023	Completed	June 2024	December 2023 to July 2024	130,367	51,575	78,792	—	130,367	—	

BUSINESS

For the year ended December 31, 2025

No.	Project Name	Identity of Customer(s)	Background of Customer(s)	Location	Scope of Work	Commencement Date	Completion Status	Expected/Actual Completion Date	Contract Term	Original Contract Value	Revenue Recognized during the Track Record Period					Total Revenue Recognized during the Track Record Period	the Year Ended December 31, 2026
											For the year ended December 31,						
											2023	2024	2025	Period			
											RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
1.	Project E . . . Customer H	Customer H	EPC contractor	Tianjin, the PRC	Data center energy management solutions	April 2025	Completed	September 2025	April 2025 to September 2025	RMB'000	323,152	—	—	323,152	323,152	—	
2.	Project R . . . Customer A, Guangzhou Lieng Hongyuan Information Technology Co., Ltd.	Customer A, Guangzhou Lieng Hongyuan Information Technology Co., Ltd.	EPC contractor	Tianjin, the PRC	Data center energy management solutions	September 2024	Completed	December 2025	September 2024 to December 2025	RMB'000	336,328	—	118,697	217,631	336,328	—	
3.	Project T . . . Customer A, Guangzhou Lieng Hongyuan Information Technology Co., Ltd.	Customer A, Guangzhou Lieng Hongyuan Information Technology Co., Ltd.	EPC contractor	Hebei, the PRC	Data center energy management solutions	July 2024	Completed	March 2025	July 2024 to June 2025	RMB'000	208,082	—	25,394	182,688	208,082	—	
4.	Project A . . . Customer H	Customer H	EPC contractor	Hebei, the PRC	Data center energy management solutions	April 2025	Completed	September 2025	April 2025 to September 2025	RMB'000	142,433	—	—	142,433	142,433	—	
5.	Project B . . . Customer H	Customer H	EPC contractor	Hebei, the PRC	Data center energy management solutions	July 2025	Completed	December 2025	July 2025 to December 2026	RMB'000	124,586	—	—	124,586	124,586	—	

BUSINESS

RESEARCH AND DEVELOPMENT

Through ongoing research and development efforts, we continuously improve our technical capabilities and promote product and technological innovation. We have established our own R&D center in our Company and a dedicated R&D team, and conduct R&D work through a combination of independent R&D and commissioned R&D efforts based on the needs of different research projects. For independent R&D, we conduct the full lifecycle of research and development independently, from feasibility analysis, technical design, prototype creation, structural and assembly testing, validation and intellectual property rights application. For commissioned R&D, we commission targeted R&D projects to qualified universities, research institutes, and enterprises, which execute certain aspects of the R&D work, such as scenario construction, data verification, and functional testing for us. We provide compensation for these activities and will own all of the resulting deliverables and relevant intellectual property, or in certain circumstances, the relevant intellectual property rights will be shared by the parties pursuant to the commissioning agreement.

Our R&D initiatives primarily focus on (i) product R&D that develops new products or improves existing products to be used in our energy management solutions that are highly mature in terms of R&D, have a clear technical roadmap and meet market demand; and (ii) technology R&D, which consists of cutting-edge technology R&D, new technology R&D, and improvement of existing technologies. Our current focused fields of research include:

- *MOTSUN Comprehensive Energy Management Platform*: Such platform collects and analyzes operational data and displays energy consumption, optimal parameters and conditions to deliver analytics for reliable operation and maintenance and unifies control of personnel, equipment, and facilities, and optimizes automated power and cooling operations. In May 2023, we submitted our application for the patent of “data center energy-saving temperature control method, system and medium based on artificial intelligence (基於人工智能的數據中心節能調溫方法、系統和介質)”, which was granted in August 2023. This patented technology captures thermal imaging of the data center server areas, collects performance and operational data from the servers and cooling groups, processes and aggregates this data with cooling efficiency coefficients, and compares it against threshold levels to determine optimal cooling solution adjustments, thereby improving cooling regulation accuracy for data center servers.
- *Intelligent integration technology for liquid cooling system*: We continue to improve our liquid cooling temperature control system that optimizes cold plates and interconnects to enhance reliability and serviceability. Such liquid cooling temperature control system uses liquid to replace air as the heat dissipation medium and utilizes dynamic control and AI algorithms to monitor device temperature, liquid flow rate and load in real time, automatically adjusting pump speed and valve opening degree to control the liquid flow to achieve a balance between energy consumption and heat dissipation.
- *Customized air-liquid hybrid cooling technology*: Such technology achieves precise heat dissipation through a synergistic architecture of air and liquid cooling, where high power-density GPUs utilize cold plate liquid cooling, while medium and low power-density devices utilize variable-frequency air cooling. AI is utilized to adjust cold plate flow in real time based on chip temperature to achieve dynamic control. Fiber optic sensors and solenoid valves provide millisecond-level fuse protection for liquid leaks to achieve better safety protection.
- *Indirect evaporative cooling technology*: Such technology utilizes natural climate cooling to provide cooling for data centers, maximizing the use of natural cooling to reduce PUE and significantly reduces electricity costs compared to traditional refrigeration and air

BUSINESS

conditioning systems. It separates the primary air, which is the return air from the computer room, from the secondary air, which is the mixture of outdoor fresh air and spray water. The secondary air evaporates and indirectly cools the primary air through heat absorption during water evaporation.

We are committed to investing in research and development to enhance our technology capabilities that can further empower our business operations and catalyze innovation throughout our various business lines. In 2023, 2024 and 2025, we incurred research and development expenses of RMB30.4 million, RMB41.5 million and RMB41.4 million, respectively, representing 3.5%, 4.1% and 3.5% of our total revenue in the respective year. For the same year, our research and development expenses attributable to outsourced R&D activities were RMB11.6 million, RMB8.5 million and RMB8.4 million, respectively, representing 38.1%, 20.5% and 20.3%, respectively, of our total research and development expenses.

Going forward, our R&D strategy will primarily focus on end-to-end, AI-driven energy management optimization from chip and server, to rack, room, data center, and grid interfaces. For example, we will leverage our accumulated know-how and advanced research to integrate AI throughout the lifecycle of data center energy management, combining green power adoption (including photovoltaic and energy storage technologies), edge computing, AI-based global orchestration, intelligent cooling and free-air economization, liquid-cooling advancements, and power delivery optimization. We target to deliver higher-efficiency, smarter “green data centers” tailored to our customers’ evolving performance and sustainability objectives.

Our R&D Team

As of December 31, 2025, our in-house R&D team consisted of 18 members, and was led by Mr. Xiong Fangming (熊方明), who had over 20 years of experience in the electronic instruments industry. For details of Mr. Xiong Fangming’s experience, please refer to the section headed “— Directors and Senior Management — Executive Directors” in this document. Our R&D team features a streamlined structure organized according to functional specializations, encompassing hardware configuration R&D, energy-saving technology improvement, patent management, platform system architecture, and R&D project management. Our R&D professionals bring diverse industry expertise drawn from the electronics and information technology, power, HVAC, and operations and maintenance sectors, fostering innovative approaches to energy management challenges.

We generally enter into confidentiality agreements with our R&D personnel, and established data access protocols with designated approval processes to ensure data security. We closely monitor regulatory development in the relevant areas and enhance our security infrastructure through increased investment to ensure robust protection of our intellectual property and data information.

Our Achievements and Our Proprietary Technologies

Since our inception, R&D has been at the center of focus of our business. We have successfully developed several proprietary technologies including: (i) AI-based energy saving temperature control algorithms that optimize data center energy use, reduce cooling costs, boost efficiency, and provide machine learning-driven anomaly alerts for proactive energy management; (ii) central variable cooling control for machine rooms that integrates multi-zone sensor data with central or local intelligent controllers and software logic to achieve dynamic, energy-efficient control; (iii) an intelligent operation and maintenance platform, which is built on cloud technologies and enables end-to-end HVAC management from local to system-wide optimization for high-efficiency operations; and (iv) smart air-conditioning regulation system for cloud data centers which uses analytics and adaptive strategies to forecast loads, balance hot and cold aisles, tune parameters in real time, and coordinate with other energy systems for centralized control.

BUSINESS

Our R&D efforts have received regional and national recognition in China. In July 2024, our Company was recognized as a National Specialized and New Technology “Little Giant” Enterprise (國家專精特新“小巨人”企業) by the Ministry of Industry and Information Technology (工業和信息化部), which is a recognition for top-tier small and medium-sized enterprises in their sectors with strong specialized technology and outstanding innovation capacities and great growth potentials. In November 2024, our Company was further recognized as a 2024 High and New Technology Enterprise by Guangdong Provincial Department of Science and Technology (廣東省科學技術廳), Department of Finance of Guangdong Province (廣東省財政廳) and State Taxation Administration Guangdong Provincial Tax Bureau (國家稅務總局廣東省稅務局). Please refer to the section headed “— Awards and Recognitions” in this section for additional information.

Commissioned Research and Development

We commission certain R&D projects to qualified universities, research institutes, and enterprises, including Guangzhou Institute of Energy Conversion, Chinese Academy of Sciences (中國科學院廣州能源研究所) and Xunmao Software Group Co., Ltd. (訊貓軟件集團有限公司), which are Independent Third Parties and execute certain aspects of the R&D work, such as scenario construction, data verification, and functional testing for us. We believe that by commissioning certain aspects of R&D work, we can optimize internal and external resource allocation, accelerate R&D processes, and verify technology routes. As a result, we are able to achieve technological breakthroughs and product innovations at lower costs, faster speeds, and with less risk.

The salient terms of our typical commissioning agreements are set forth below:

<i>Objective:</i>	The technological objective is specified in the commissioning agreement.
<i>Duration:</i>	Typically two to five years.
<i>Commissioned scope:</i>	The commissioning scope is specified in the commissioning agreement.
<i>Costs and resources:</i>	We provide R&D funds, relevant enterprise technical information and other supporting resources as specified in the agreement.
<i>Intellectual property rights:</i>	We will own technological achievements and intellectual property rights generated by the performance of the commissioning agreement, or both parties will jointly own the relevant technological achievements and intellectual property rights, as the case may be and specified in the agreement.
<i>Confidentiality:</i>	Both parties should protect each other’s business and technical secrets and should not disclose each other’s important technologies and business secrets to third parties without the other party’s permission.
<i>Termination:</i>	Either party may terminate the commissioning agreements by notice if force majeure, technical risks, or material operational changes occur. The commissioned party may terminate the commissioning agreements by notice if research funding is not paid when due.

BUSINESS

MARKETING AND SALES

We believe the advantages of our one-stop, customized energy management solutions, our established track record and the relationships we have built with existing customers, has resulted in our being accepted as a qualified service provider by our customers. Therefore, we are able to rely primarily on invitation bidding to obtain new energy management projects. In addition, we monitor various tender portals to identify relevant open tenders in which we can participate. We also rely on direct commercial negotiations with potential customers or referrals from existing customers to obtain new energy management projects.

In addition, we use various channels to promote brand awareness and reach potential customers, including online advertising; participation in forums, exhibitions and offline publicity events and through our WeChat official account and our official website. As of December 31, 2025, we had a sales and marketing team of eight personnel, focusing on liaising with existing and prospective customers.

Our Bidding Activities

Our Bidding Process

Set forth below are descriptions of key stages of our bidding process:

- *Pre-bidding:* Our bidding team will track the potential projects on the market according to the market plan and pay attention to market trends and various bidding information.
- *Establishment of bidding projects:* After receiving a bidding invitation or bidding prequalification announcement, our bidding specialists are responsible for understanding the details of the bidding project, filling out the new project notice, and submitting it to our energy management center for approval. After approval, the energy management center will forward the new project notice to the finance department, procurement department, human resources and administration department, and engineering department. Our bidding specialists are also responsible for the purchase or registration procedures of the tender documents or prequalification documents for participating in the bidding projects.
- *Review and approval of bidding documents:* Before submission, all bidding documents are reviewed internally by the cost and contract department, energy management department, and legal department. Written records must be taken and preserved for each step of review and approval.
- *Tender document binding and sealing:* Our bidding specialists are responsible for the binding and sealing of the entire set of bidding documents. After bid opening, if there are any issues that need to be clarified, our bidding specialists will forward the issues to be clarified to our relevant personnel after receiving the clarification request. Our bidding specialists organize relevant personnel to prepare the requested clarification document and submit it to the tendering company.

If we are successful in the bidding, we evaluate the terms provided in our customers’ contract. Related departments, including our legal department, cost and contract department and project management department, have the responsibility of conducting contract negotiations with our customers.

According to Frost & Sullivan, data center energy management projects typically contain several stages in each of which a separate contract is entered into between the energy management solutions provider, such as our Company, and the project owners or EPC contractor, as the case may be. Such

BUSINESS

contracts typically include, but are not limited to, system integration agreements, equipment procurement contracts, and technical service contracts. The table below sets forth the number of contracts for which we have submitted a tender, the number of such contracts we have ultimately been awarded and our bidding success rate during the Track Record Period:

	For the year ended December 31,		
	2023	2024	2025
Number of contracts for which we submitted a tender.	58	55	33
— Contracts for data center energy management projects	45	35	21
— Contracts for commercial and industrial building energy management projects. . .	13	20	12
Number of contracts awarded.	51	49	31
— Contracts for data center energy management projects	45	33	20
— Contracts for commercial and industrial building energy management projects. . .	6	16	11
Bidding success rate (%) ⁽¹⁾	87.9	89.1	93.9
— Contracts for data center energy management projects	100.0	94.3	95.2
— Contracts for commercial and industrial building energy management projects. . .	46.2	80.0	91.6

Note:

- (1) The success rate for a financial year is calculated based on the number of contracts awarded for tenders submitted in that financial year (whether awarded in the same financial year or thereafter).

The number of contracts for which we submitted a tender remained relatively stable at 58 and 55 in 2023 and 2024. The number of contracts for which we submitted a tender decreased to 33 in 2025, primarily because the contracts for data center energy management projects had larger original contract value.

Our bidding success rate remained relatively stable at 87.9% and 89.1% for the years ended December 31, 2023 and 2024. Our bidding success rate increased to 93.9% in 2025, mainly attributable to the increased bidding success rate of contracts for commercial and industrial building energy management projects as our past record and good service quality earned recognition from our customer.

Pricing

We formulate our sales pricing strategy with reference to our profit targets based on market conditions, the sustainability of customer partnerships, industry competition, supply and demand dynamics, and our profit projections. Our sales pricing structure primarily comprises the pricing on equipment, systems integration services and technical services. We generally price our solutions by taking into consideration various factors, including, among others: (i) fixed and variable costs; (ii) industry pricing trends and analysis on our competitors’ pricing, as well as our customers’ price sensitivity; (iii) anticipated costs and benefits associated with the advancement and adoption of new technologies and products in the industry; and (iv) region-specific considerations affecting pricing for an individual project.

BUSINESS

Our Major Customers

Our customers primarily consist of telecommunications operators, data center operators and EPC contractors. To the best knowledge of our Directors, during the Track Record Period, all of our five largest customers in each year of the Track Record Period 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.

In 2023, 2024 and 2025, revenue generated from our five largest customers in each year of the Track Record Period amounted to approximately RMB698.2 million, RMB966.1 million and RMB1,154.3 million, respectively, accounting for approximately 81.4%, 94.9% and 97.9%, respectively, of our total revenue for the year. For the same years, revenue generated from our largest customer in each year of the Track Record Period amounted to approximately RMB334.7 million, RMB842.5 million and RMB590.2 million, respectively, accounting for approximately 39.0%, 82.8% and 50.1%, respectively, of our total revenue.

During the Track Record Period, we made significant sales to our five largest customers in terms of revenue contribution for each year in the Track Record Period. Despite our significant sales to our five largest customers for each year in the Track Record Period, our Directors are of the view that such sales are unlikely to have a material adverse effect on us for the following reasons:

- to the best knowledge of the Directors, our five largest customers are mutually reliant on us, primarily because: (i) we were the largest supplier of Customer A, which is our largest customer in 2023 and 2024 and our second largest customer in 2025, during the years ended December 31, 2023, 2024 and 2025. Customer A is listed on the main board of Shanghai Stock Exchange, and is primarily engaged in data center engineering general contracting and engineering technical services. During the Track Record Period, we primarily provided data center energy management solutions services, including equipment procurement, system integration, and system commissioning for Customer A. The solutions we provided were mainly applied in Customer A’s computing power center infrastructure services in their intelligent computing business segment; and (ii) we have entered into framework agreements with some of the project owners, where our five largest customers for each year in the Track Record Period, as the EPC contractors for these projects, are required to prioritize our selection as the provider of data center energy management solutions if we offer similar terms and conditions as those of our competitors, including, among other things, technology, project quality, supply chain and delivery, pricing and overall performance;
- we have established long-term relationships both with our five largest customers for each year in the Track Record Period and with certain major project owners, for which our five largest customers for each year in the Track Record Period acted as the EPC contractors for these projects;
- according to Frost & Sullivan, it is common in the data center energy management industry to have high concentration rate of customers, primarily because the downstream data center market is relatively concentrated and the size of projects undertaken by market players in the industry varies significantly, as project scope and system complexity vary across customers. In particular, large-scale projects typically involve contract values ranging from tens of millions to hundreds of millions of RMB. As such projects may account for a substantial portion of revenue in a given period, it is not uncommon for companies in the data center energy management industry to have a relatively high customer concentration rate;

BUSINESS

- to diversify our customer base, we plan to: (i) continue to increase the number of top telecommunications operator customers that directly cooperate with us through expanding to the upstream and downstream of the industrial chain and explore upstream and downstream markets in industries such as finance and government, as well as overseas regions. In this regard, we have obtained the Grade I General Contracting Qualification for Mechanical and Electrical Engineering (機電一級總承包資質), which will enable us to contract directly with the top telecommunications operators and leading independent data center operators in China. In addition, we plan to advance our international expansion strategy in Hong Kong and Southeast Asia, which is expected to enlarge our customer base. See “— Our Business Strategies — Advance our international expansion strategy to serve the overseas expansion needs of downstream sectors”; (ii) develop energy saving benefit sharing model, SaaS subscription model and other business models to attract small and medium-sized customers. See “— Our Business Strategies — Explore business model innovation to achieve market expansion and business growth”; and (iii) modularize solutions to support large-scale delivery. As a result of our efforts to diversify our customer base, we have developed three new major customers in 2025.

In addition, our Directors believe that we will be able to mitigate our exposure to material adverse change to, or termination of, our relationship with our major customers since we believe that the [REDACTED] will enhance our profile and market recognition, and strengthen our ability to attract new business. The [REDACTED] also demonstrates our financial performance and business sustainability, which we believe are important factors considered by potential customers. The net [REDACTED] from the [REDACTED] will strengthen our working capital, allowing us to expand and diversify our business operations such that we will be able to undertake new projects, expand and diversify our customer base and reduce the risk of customer concentration.

BUSINESS

The following table sets forth the details of our top five customers in each year of the Track Record Period:

For the Year Ended December 31, 2023

Rank	Customer	Year of Establishment	Principal Business	Primary Services Provided	Year of Establishing Business Relationship	Typical Credit Term	Amount of Revenue	As Percentage of Our Total Revenue
						Days	RMB'000	%
1.	Customer A	1998	Data center engineering general contracting and engineering technical services	Provide data center energy management solutions services, including equipment procurement, system integration, and system commissioning	2022	30	334,665	39.0
2.	Customer B	2008	Telecommunications engineering construction, engineering technical services	Provide data center energy management solutions services, including equipment procurement, system integration, and system commissioning	2020	60	111,556	13.0
3.	Guangzhou Liteng Hongyuan Information Technology Co., Ltd.	2015	Telecommunications network operations and maintenance, information system integration, cybersecurity services	Provide data center energy management solutions services, including equipment procurement and system commissioning	2022	60	108,006	12.6
4.	Customer E	2020	Information system integration services, software development	Provide data center energy management solutions services, including equipment procurement and system commissioning	2023	60	80,065	9.3
5.	Customer F	2005	Sales of communication equipment, electrical machinery and equipment, computer hardware and software, and information technology consulting services	Provide data center energy management solutions services, including equipment procurement	2023	60	63,884	7.5
Total							698,176	81.4

BUSINESS

For the Year Ended December 31, 2024

Rank	Customer	Year of Establishment	Principal Business	Primary Services Provided	Year of Establishing Business Relationship	Typical Credit Term	Amount of Revenue	As Percentage of Our Total Revenue
						Days	RMB'000	%
1.	Customer A	1998	Data center engineering general contracting and engineering technical services	Provide data center energy management solutions services, including equipment procurement, system integration, and system commissioning	2022	30	842,530	82.8
2.	Guangzhou Liteng Hongyuan Information Technology Co., Ltd.	2015	Telecommunications network operations and maintenance, information system integration, cybersecurity services	Provide data center energy management solutions services, including equipment procurement and system commissioning	2022	60	74,490	7.3
3.	Customer E	2020	Information system integration services, software development	Provide data center energy management solutions services, including equipment procurement and system commissioning	2023	60	20,569	2.0
4.	Customer G	2004	IDC services, other internet services, system integration	Provide data center energy management solutions services, including equipment procurement, system integration, and system commissioning	2023	30	15,046	1.5
5.	Customer C	1999	Mobile communications and related value-added services	Provide data center energy management solutions services, including system integration and system commissioning	2022	40	13,506	1.3
Total							966,141	94.9

BUSINESS

For the Year Ended December 31, 2025

Rank	Customer	Year of Establishment	Principal Business	Primary Services Provided	Year of Establishing Business Relationship	Typical Credit Term	Amount of Revenue	As Percentage of Our Total Revenue
						Days	RMB'000	%
1.	Customer H	2017	Data center engineering general contracting and engineering technical services	Provide data center energy management solutions services, including equipment procurement, system integration, and system commissioning	2025	60	590,170	50.1
2.	Customer A	1998	Data center engineering general contracting and engineering technical services	Provide data center energy management solutions services, including equipment procurement, system integration, and system commissioning	2022	30	327,590	27.8
3.	Guangzhou Liteng Hongyuan Information Technology Co., Ltd	2015	Telecommunications network operations and maintenance, information system integration, cybersecurity services	Provide data center energy management solutions services, including equipment procurement and system commissioning	2022	60	178,205	15.1
4.	Customer G	2004	IDC services, other internet services, system integration	Provide data center energy management solutions services, including equipment procurement, system integration, and system commissioning	2023	30	42,879	3.6
5.	Customer J	2000	Building construction, data center engineering general contracting	Provide data center and commercial and industrial buildings energy management solutions services, including equipment procurement, system integration, and system commissioning	2024	30	15,494	1.3
Total							1,154,338	97.9

BUSINESS

The table below sets forth the number of customers, average revenue per customer and number of repeating customers during the Track Record Period in respect of the provision of data center energy management solutions:

	For the year ended December 31,		
	2023	2024	2025
Number of customers:			
— Data center energy management solutions .	13	15	14
Average revenue per customer:			
— Data center energy management solutions (RMB'000)	61,460	65,664	82,479
Number of repeating customers:			
— Data center energy management solutions .	6	6	7

Customer Service

We believe that the quality and timeliness of customer service are key competitive factors, as they are significant elements in overall customer satisfaction. If any issues occur with the energy management solutions we offer, our customers can contact the corresponding person in our project department by phone, WeChat, or email.

We adhere to the after-sales service terms set out in our agreements with our customers, including guaranteed response time, on-site arrival time, and troubleshooting milestones. We also collaborate with our upstream suppliers to provide customers with after-sales support.

Warranty and Product Replacement/Return Policy

We typically provide a warranty period ranging from one to five years, primarily based on customer requests and our past dealings with them. During the warranty period, we implement a “Three Guarantees (repair, replace or return)” policy with respect to the materials, components and equipment used in our energy management solutions. Defects arising from equipment configuration or manufacturing defects in equipment or components will be remedied by us through free repair or replacement to ensure timely restoration of normal operation of the energy management solutions, with all associated repair costs borne by us. If quality issues occur during the warranty period and defective parts cannot be repaired, we will replace them free of charge and thereafter offer lifetime paid maintenance. During the Track Record Period, we did not experience any material product returns, product replacements or maintenance from our customers.

THIRD-PARTY PAYMENT

Background

During the Track Record Period, a total of five customers (the “**Relevant Customers**”) settled their payments with certain of our Group’s entities through the accounts of third parties designated by these Relevant Customers (the “**Third-party Payment Arrangements**”). In 2023, 2024 and 2025, the aggregate amount of payment from designated third parties to our Group was RMB7.2 million, RMB28.6 million and RMB366.8 million, respectively, which accounted for approximately 0.8%, 2.8% and 31.1%, respectively, of our total revenue for the same years.

During the Track Record Period, the third parties designated by the Relevant Customers (the “**Third-party Payors**”) to make payments to us primarily consisted of downstream customers and shareholders of the Relevant Customers. To the best of our knowledge, our Directors confirm that none of the Third-party Payors during the Track Record Period is a connected person of our Group.

BUSINESS

Reasons for Accepting Third-party Payment Arrangements

The Relevant Customers utilized Third-party Payment Arrangements to settle their payments with us primarily because: (i) certain Relevant Customers were requested by their downstream customers, who were the project owners, to settle the payment directly between the project owners and us, as the Relevant Customers experienced operational uncertainties that could potentially affect payment arrangements, and thus the parties decided to utilize Third-party Payment Arrangements to mitigate project delivery risks; and (ii) certain Relevant Customers entrusted their major shareholders to settle the payments on their behalf, as a funding arrangement within the Relevant Customers’ group.

Cessation and Legality of Third-party Payment Arrangements

For each of the arrangement under the Third-party Payment Arrangements, except for two in which the Third-party Payor was the major shareholder of the Relevant Customers, three trilateral agreements on payment were entered into among our Company, the Relevant Customers and the Third-Party Payors (together with one trilateral agreement on payment entered into among our Company, a customer and a third party designated by such customer which did not incur any payment during the Track Record Period, the “**Trilateral Agreements on Payment**”). Pursuant to the Trilateral Agreements on Payment, the Relevant Customers designated the Third-Party Payors to make payments to us and the relevant payment obligations were discharged. In 2023, 2024 and 2025, nil, RMB28.6 million and RMB366.8 million, respectively, were paid by the Third-Party Payors under the Trilateral Agreements on Payment. For the same years, RMB7.2 million, nil and nil, respectively, were settled by the major shareholders of the Relevant Customers where no Trilateral Agreement on Payment was entered into. As of the Latest Practicable Date, 92.9% of total amount under the Trilateral Agreements on Payment had been settled. We expect to settle the remaining balances and cease the Third-Party Payment Arrangements before [REDACTED], which have been agreed to in writing by the Relevant Customers. We expect that there will be no new Third-party Payment Arrangements. In consideration of the above, and on the basis that (i) settlement under the Third-party Payment Arrangements was supported by genuine transactions; (ii) the Third-party Payment Arrangements in China are not explicitly prohibited by the Civil Code of the PRC (《中華人民共和國民法典》) or other pertinent PRC laws or regulations; (iii) all Third-party Payors are independent third parties who are institutions that are neither institution directly or indirectly controlled by shareholders, directors or senior managers of any members of our Group, nor any person that has any other business or personal relationship either directly or indirectly with our Group; (iv) the sources of payments by the Third-party Payors are affiliated with neither any members of our Group nor their connected persons; (v) during the Track Record Period up to the Latest Practicable Date, we are neither aware of any money laundering, corruption, financial crimes, tax evasion, disputes, litigation or other form of legal proceedings in connection with or arisen from any payments made under the Third-party Payment Arrangements, nor aware of any claims, disputes or litigation by any Relevant Customers, the Third-party Payors or their liquidators for the return of any payment made under the Third-party Payment Arrangements; (vi) the Relevant Customers have agreed in writing not to raise any claims, disputes or litigation for the return of any payment made under the Third-party Payment Arrangements; and (vii) our Group had not been subject to any administrative penalties, litigations, investigation or any other forms of disputes, whether actual or pending, related to the Third-party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date, our PRC Legal Advisors advised us, and our Directors believe that: (i) the Third Party Payment Arrangements during the Track Record Period did not contravene the mandatory provisions of the relevant applicable PRC laws and regulations currently in effect; and (ii) the risks of our Group to be obligated to return the payments under the Third-party Payment Arrangements to the Relevant Customers and/or the Third-party Payors which would have a material adverse impact on our business and operations are low. See “Risk Factors — We are subject to various risks relating to third-party payments”.

BUSINESS

We believe the cessation of the Third-party Payment Arrangements will not result in any material adverse impact on our operations and financial performances, primarily because (i) the Third-party Payment Arrangements were non-recurring and very limited in scope and the vast majority of our customers settle payment with us directly; and (ii) our internal control measures stipulated below were effective in identifying and ceasing of third-party payment.

Internal Control Measures

As of the Latest Practicable Date, we adopted internal control measures to mitigate related risks and prevent future occurrences of the Third-party Payment Arrangements, including but not limited to the following:

- we have revised our financial management system to establish that third-party payments are prohibited in principle;
- where special circumstances require third-party payments, we conduct risk assessments and require execution of supplementary third-party payment agency agreements with the relevant parties to regulate the third-party payment processes;
- our financial management system clearly defines the scope of permissible third-party payers and establishes the filing procedures for third-party payers within the permitted scope; and
- based on the permitted scope of third-party payors, we require amendments to sales agreements or execution of supplementary third-party payment agency agreements.

PROCUREMENT AND SUPPLIERS

Our procurement pace is primarily based on the progress of our projects. We purchase materials and equipment as needed. The procurement items primarily include (i) equipment such as chillers, freezing pumps, cooling pumps, water storage tanks and water treatment equipment; (ii) raw materials such as air pipes, water pipes, copper pipes and valves; and (iii) labor services. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any shortages in raw materials or material fluctuations in prices of raw materials or equipment.

Procurement Process

We primarily employ three procurement methods: centralized planned procurement, long-term procurement, and procurement on demand. Centralized planned procurement primarily targets high-value, high-volume materials, such as precision air conditioners, chillers, pumps and cooling towers. This method typically involves tendering processes to evaluate quality and price before determining suppliers; long-term procurement is primarily used for frequently used materials with high usage volumes, such as cables, gateways, valves, and pipes. Our supply chain center negotiates long-term supply prices with qualified vendors and purchases materials as needed; Procurement on demand is primarily used for miscellaneous items used in engineering projects and administrative office supplies.

Selection of Suppliers

Our suppliers mainly consist of equipment providers and distributors, installation service providers, cable suppliers and data center integration service providers. We have established standard procedures for selecting suppliers. Such procedures involve selecting no fewer than three potential suppliers for any materials or components to be supplied to be short-listed for focused comparison on

BUSINESS

their credibility and supply capabilities. Upon completion of the comparison, the results will be submitted to the general manager for approval. Following approval, a supplier contract will be executed with the selected supplier.

To ensure consistent quality and control procurement costs, we have established a list of qualified suppliers. We evaluate suppliers based on factors, such as product quality, price, delivery timeliness, payment terms, as well as the supplier’s qualifications, operational status, and credit rating. The list of qualified suppliers is adjusted and updated based on evaluation results. During the Track Record Period, we have established long-term stable cooperative relationships with suppliers of equipment and materials such as chillers, pumps, valves, and modular air conditioners.

Summary of Salient Terms with Major Suppliers

Below are salient terms of our procurement agreements with our suppliers:

<i>Scope of supply</i>	The scope of supply, including the names, specifications, models, quantities, unit prices, configurations and brands of the goods we procure are specified in the contracts.
<i>Payment</i>	We typically settle payments with our suppliers in installments, usually: (i) after we sign supply agreements; (ii) after we receive the goods; (iii) after the suppliers install the equipment or components; and (iv) after we accept the goods.
<i>Delivery arrangement</i>	Delivery is typically: (i) self-pick up by us; (ii) the suppliers arrange the shipment, and we designate the carrier with the freight and insurance borne by us; (iii) suppliers deliver the goods to the locations specified by us, and the freight and risk responsibilities are borne by the suppliers. Delivery dates are typically within 30 to 45 days after signing the agreement.
<i>Inspection and acceptance</i>	The standards for acceptance of the goods are based on the user manual or instruction manual provided by the suppliers. We will inspect the goods after installation and commissioning by the suppliers. Acceptance is deemed upon signature confirmation by both parties. If any equipment is found to be missing, defective, damaged, or non-compliant with the agreements, a detailed acceptance objection record should be signed by both parties.
<i>Warranty</i>	The warranty periods are typically one to five years after we sign the final acceptance reports. The suppliers must respond and replace the faulty parts promptly if any equipment failure occurs. The suppliers also provide free training in terms of usage of software and hardware and system maintenance to our supporting staff.

Major Suppliers

In 2023, 2024 and 2025, purchases from our five largest suppliers amounted to approximately RMB518.7 million, RMB875.3 million and RMB547.3 million, respectively, accounting for approximately 56.7%, 74.4% and 48.5%, respectively, of our total purchases for the same years. For the

BUSINESS

same years, purchases from our largest supplier amounted to approximately RMB258.2 million, RMB509.0 million and RMB316.7 million, respectively, accounting for approximately 28.2%, 43.3% and 28.0%, respectively, of our total purchases.

During the Track Record Period, all of our five largest suppliers in each year of the Track Record Period were Independent Third Parties, and 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 suppliers during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period, we made significant purchases from Supplier A, our largest supplier for each year of the Track Record Period. Supplier A is a data center equipment vendor. Despite our significant purchases from Supplier A, our Directors are of the view that such purchases are unlikely to have a material adverse effect on us for the following reasons:

- we have long-established relationship with Supplier A since 2021;
- according to Frost & Sullivan, it is common in the data center energy management solutions industry to have relatively high concentration of suppliers, primarily because the supply of core equipment such as liquid cooling equipment and diesel generators is relatively concentrated;
- to diversify our supplier base, we plan to: (i) establish in-house smart manufacturing capabilities and production capacity for certain core equipment and components used in our data center energy management solutions. For details of our plan, please refer to “— Our Business Expansion” in this section; (ii) actively negotiate cooperation with potential suppliers; and (iii) selectively pursue supply chain integration, strategic acquisitions and/or equity investments. For details, please refer to “— Our Business Strategies — Optimize operations and supply chain through acquisitions and vertical integration across the value chain” in this section.

The following table sets forth the details of our top five suppliers in each year of the Track Record Period:

For the Year Ended December 31, 2023

Rank	Supplier	Principal Business	Primary Services/ Products Provided	Year of Establishing Business Relationship	Typical Credit Term	Transaction Amount	As Percentage of Our Total Purchases
					Days	RMB'000	%
1.	Supplier A	Equipment distributor	Supply of diesel generators, power distribution equipment, air conditioning, etc.	2021	90	258,204	28.2
2.	Supplier E	Installation service provider	Equipment installation	2022	10	108,125	11.8
3.	Jiangsu Tianmu Construction Group Co., Ltd. (江蘇天 目建設集團有限公司) . .	Installation service provider	Equipment installation	2021	15	71,731	7.8
4.	Supplier B	Equipment distributor	Supply of cabinets, transformers, air conditioners, power distribution cabinets, etc.	2022	90	47,434	5.2

BUSINESS

Rank	Supplier	Principal Business	Primary Services/ Products Provided	Year of Establishing Business Relationship	Typical Credit Term	Transaction Amount	As Percentage of Our Total Purchases
					Days	RMB'000	%
5.	Changsha Hengfei Cable Co., Ltd. (長沙恒飛電纜有限公司)	Cable supplier	Cable supply	2022	60	33,176	3.7
Total						518,670	56.7

For the Year Ended December 31, 2024

Rank	Supplier	Principal Business	Primary Services/ Products Provided	Year of Establishing Business Relationship	Typical Credit Term	Transaction Amount	As Percentage of Our Total Purchases
					Days	RMB'000	%
1.	Supplier A	Equipment distributor	Supply of diesel generators, power distribution equipment, air conditioning, etc.	2021	90	508,968	43.3
2.	Nanyang Cable (Tianjin) Co., Ltd.	Cable manufacturing and sales	Cable supply	2021	30	139,430	11.8
3.	Jiangsu Tianmu Construction Group Co., Ltd.	Installation service provider	Equipment installation	2021	15	84,637	7.2
4.	Beijing Yuansen Building Decoration Engineering Co., Ltd. (北京遠森建築裝飾工程有限公司) . . .	General contracting and specialized subcontracting for decoration, renovation, and mechanical & electrical equipment installation	Data center system integration services	2021	15	76,221	6.5
5.	Supplier B	Search engine services, online marketing and promotion, machinery and equipment sales	Primary equipment supply for data centers, including cabinets, transformers, air conditioners, power distribution cabinets, etc.	2022	90	66,033	5.6
Total						875,289	74.4

For the Year Ended December 31, 2025

Rank	Supplier	Principal Business	Primary Services/ Products Provided	Year of Establishing Business Relationship	Typical Credit Term	Transaction Amount	As Percentage of Our Total Purchases
					Days	RMB'000	%
1.	Supplier A	Equipment distributor	Supply of diesel generators, power distribution equipment, air conditioning, etc.	2021	90	316,695	28.0

BUSINESS

Rank	Supplier	Principal Business	Primary Services/ Products Provided	Year of Establishing Business Relationship	Typical Credit Term	Transaction Amount	As Percentage of Our Total Purchases
					Days	RMB'000	%
2.	Supplier H	Equipment distributor	Air conditioning equipment supply	2022	90	67,230	6.0
3.	Shuangdeng Group Co., Ltd (雙登集團股份有限公司) .	Electrical equipment and materials manufacturer	Cable supply	2023	30	59,093	5.2
4.	Beijing Yuansen Building Decoration Engineering Co., Ltd	General contracting and specialized subcontracting for decoration, renovation, and mechanical & electrical equipment installation	Data center system integration services	2021	15	55,501	4.9
5.	Nanyang Cable (Tianjin) Co., Ltd	Cable manufacturing and sales	Cable supply	2021	30	48,756	4.4
Total						<u>547,275</u>	<u>48.5</u>

OUR BUSINESS EXPANSION

Reasons for Expansion

To support our business growth and capitalize on expanding market opportunities in China’s data center energy management solutions sector, we plan to establish in-house smart manufacturing capabilities and production capacity for certain core equipment and components used in our data center energy management solutions. This expansion is designed to, among other things, increase supply chain stability, improve product quality, enhance profitability, facilitate conversion of R&D results into proprietary products, and safeguard our core technology security through in-house production. We have identified the following strategic imperatives necessitating in-house manufacturing capabilities:

Securing Stable Supply Chain: According to Frost & Sullivan, the carrier-neutral solutions segment is expected to reach RMB106.2 billion by 2030. This accelerating demand may cause supply constraints for certain specialized equipment, such as prefabricated micro-modules for computing power center, liquid cooling heat exchange units (CDU), integrated cooling stations. In-house production will reduce dependency on third-party manufacturers, mitigate supply disruptions, and ensure timely delivery of such equipment and components.

Improving Product Quality: In-house manufacturing enables direct control over the production process, which is particularly important for equipment requiring precise specifications and seamless integration with our MOTSUN Comprehensive Energy Management Platform. We will be able to better control product specifications, enhance interoperability, and maintain consistent quality standards.

Enhancing Profitability: In-house production will reduce procurement costs and improve our profitability by eliminating third-party manufacturer markups and optimizing production efficiency through automation.

BUSINESS

Converting R&D Result and Safeguarding Core Technology: In-house manufacturing will enable rapid translation of R&D outcomes into commercialized products and accelerate product development cycles. In-house production will enhance intellectual property protection, prevent technology leakage, and maintain our technological leadership.

Details of Expansion

Timeline and Implementation

We have begun to implement our expansion plan since 2023 in three phases, which are expected to be completed by 2028.

- *Phase 1: Site Selection and Preparation (the third quarter of 2023 to the first quarter of 2025):* During this phase, we secured land use right in Guangzhou, Guangdong Province, the PRC; (ii) obtained construction permits and certificates from local authorities; and (iii) conducted equipment procurement planning and supplier evaluation.
- *Phase 2: Construction and Installation (the first quarter of 2025 to the fourth quarter of 2026):* During this phase, we will (i) engage design firms for production facility planning; (ii) complete construction of production facilities with two production lines and a total anticipated GFA of approximately 24,400 sq.m.; (iii) procure and install advanced manufacturing equipment, including automated assembly lines for cooling equipment, precision testing instruments for thermal management systems, and intelligent quality control systems; (iv) implement a manufacturing execution system, a quality management system, an automated warehousing system and a supply chain collaboration platforms to digitalize manufacturing operations; and (v) recruit and train production personnel, quality control specialists, and facility management staff.
- *Phase 3: Trial Production and Operation (the first quarter of 2027 to the first quarter of 2028):* During this phase, we will (i) conduct trial production to validate processes and test equipment performance; (ii) obtain production certifications including National Industrial Products Manufacture Certificate (全國工業產品生產許可證) and relevant product certifications; (iii) gradually ramp up production volume to design capacity of approximately 10,000 units and (iv) integrate facilities into existing operations and supply chain management systems.

We will use approximately 30.0% of the net [REDACTED] from the [REDACTED] to establish our smart manufacturing capabilities and production capacity. Please refer to the section headed “Future Plans and Use of [REDACTED]” in this document for further details.

Products for In-House Production

We plan to produce in-house the following products:

- *Prefabricated Micro-modules for Computing Power Center;*
- *Liquid Cooling Heat Exchange Units (CDU); and*
- *Integrated Cooling Stations.*

BUSINESS

We selected these products for self-production primarily because they (i) create supply chain dependencies affecting the delivery timelines of our energy management solutions; (ii) incorporate proprietary technologies requiring customization; (iii) represent a large portion of our procurement costs; (iv) are standard components that can achieve economies of scale in production; and (v) require better control over specifications and quality.

Anticipated Production Capacity and Utilization

Our new production facilities are designed with an estimated annual production capacity of approximately 1,000 units of prefabricated micro-modules for computing power center and approximately 9,000 units of other products.

We plan to ramp up production gradually following commencement of commercial operations, targeting approximately 40.0% capacity utilization in the first year, 60.0% in the second year, and 80.0% to full capacity utilization by the third year.

Our capacity utilization projections are mainly supported by:

- *Strong Industry Growth:* According to Frost & Sullivan, the carrier-neutral segment of China data center energy management solution industry will grow from RMB32.7 billion in 2025 to RMB106.2 billion by 2030, driven by PUE constraints, carbon neutrality objectives, liquid cooling adoption, and capacity expansion.
- *Established Market Position:* According to Frost & Sullivan, in terms of revenue in 2025, we were the ninth largest data center energy management solutions provider and the fifth largest carrier-neutral data center energy management solutions provider in China with a market share of 1.5% and 3.5%, respectively.
- *Project Pipeline:* As of the Latest Practicable Date, we were executing three projects with a total original contract value of RMB153.1 million and negotiating several additional projects within four computing power clusters with an expected total original contract value of approximately RMB3.5 billion.
- *Strategic Initiatives:* Our strategies to expand into new industry sectors, explore the EMC model, advance international expansion, and develop emerging application scenarios will generate substantial additional demand for our energy management solutions.

In the event that actual demand falls short of projections, we have identified contingency measures including selectively accepting contract manufacturing opportunities, accelerating marketing efforts in underpenetrated markets, and adjusting production schedules to align with actual demand patterns.

Anticipated Total Investment and Financial Analysis

We estimate investing approximately RMB216.1 million for our business expansion, funded through a combination of the net [REDACTED] of the [REDACTED], our internal funds and/or funds to be obtained from other financing activities. Such investment includes: (i) construction expenses of approximately RMB138.1 million; (ii) equipment procurement expenses of approximately RMB72.5 million; (iii) working capital for production approximately RMB5.0 million; and (iv) contingency expenses of approximately RMB0.5 million.

BUSINESS

This information presented above is based on current plans and management expectations as of the Latest Practicable Date, which are subject to various risks and uncertainties. Actual results may differ significantly. All information is for reference and illustration purposes only.

RECENT ACQUISITIONS

In the second half of 2025, we completed two strategic acquisitions to expand our business capabilities and geographical presence, details of which are set out below.

Acquisition of Jiangsu Ninghuai

On August 6, 2025, we entered into an equity transfer agreement with Super Telecom Co., Ltd. (“**Super Telecom**”), pursuant to which we agreed to acquire 95% of the equity interest in Jiangsu Ninghuai from Super Telecom for a total consideration of RMB10.95 million (the “**First Acquisition**”).

Jiangsu Ninghuai is a company established in the PRC principally engaged in the provision of digital engineering project services, which aligns with our data center construction business.

The First Acquisition serves two primary strategic objectives for us. First, it enables us to expand our business presence in East China and establish an engineering demonstration project in the region. Second, Jiangsu Ninghuai had already acquired land, secured energy consumption quotas from the Jiangsu Provincial Development and Reform Commission (江蘇發展改革委員會), and commenced construction of the relevant facilities. By leveraging these existing approvals and ongoing construction, we are able to significantly reduce project preparation time and costs, thereby accelerating the development of our demonstration project in East China.

The consideration of RMB10.95 million was equal to the original amount invested by Super Telecom and was determined through arm’s length commercial negotiations. Notwithstanding that Super Telecom had incurred capital expenditure of approximately RMB41.3 million for a construction project of Jiangsu Ninghuai by the end of 2024 and identified such project as a key growth initiative, Jiangsu Ninghuai’s financial statements as of June 30, 2025 showed negative shareholders’ equity of approximately RMB1.2 million. Under the equity transfer agreement and related arrangements in the First Acquisition, the parties clearly defined their respective rights and obligations regarding fund offsetting, repayment, and settlement of creditor’s rights and liabilities. Our Group assumed responsibility for restarting and revitalizing Jiangsu Ninghuai’s construction project, enabling Super Telecom to exit its investment while our Group accelerates the implementation of its strategic development plan in East China.

The First Acquisition was completed on August 6, 2025, being the date on which the registration of the equity transfer with the relevant authorities was completed. Upon completion, Jiangsu Ninghuai became a subsidiary of our Company.

Acquisition of New Energy Engineering

On August 14, 2025, we entered into an equity transfer agreement with Guangzhou Heyou Construction Consulting Co., Ltd. (廣州禾佑建築諮詢有限公司) (“**Guangzhou Heyou**”), pursuant to which we agreed to acquire 100% of the equity interest in New Energy Engineering from Guangzhou Heyou for nil consideration (the “**Second Acquisition**”).

BUSINESS

New Energy Engineering is a company established in the PRC holding the Class I Qualification for General Contracting of Mechanical and Electrical Engineering Projects (機電工程施工總承包一級資質) together with a safety license. These qualifications are essential prerequisites for undertaking large-scale mechanical and electrical engineering projects, which directly support the construction of our data center energy management solutions.

Our Group identified the strategic need to obtain the Class I Qualification for General Contracting of Mechanical and Electrical Engineering Projects to strengthen our project implementation capacity and expand the scope of projects we are qualified to undertake. The Second Acquisition, where the target company, Guangzhou Heyou, which already possesses this qualification and the mandatory accompanying safety license, enables us to immediately enhance our qualification profile and accelerate our ability to bid for and execute larger-scale projects.

The nil consideration was agreed after arm’s length negotiations, taking into account multiple factors including: (i) the registered capital of New Energy Engineering had not yet been paid up; (ii) New Energy Engineering had not commenced any substantive operations since its establishment; and (iii) the acquisition formed part of a consultancy service package engaged by us for obtaining the requisite qualification, for which we paid an aggregate consultancy fee of approximately RMB3.0 million to an external agent. As part of this service arrangement, the agent facilitated the Second Acquisition as the most efficient means of obtaining the required qualification.

The acquisition was completed on August 14, 2025, being the date on which the registration of the equity transfer with the relevant authorities was completed. Upon completion, New Energy Engineering became a subsidiary of our Company.

Our Directors are of the view that both acquisitions were conducted in the ordinary and usual course of business, on normal commercial terms, and are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

QUALITY CONTROL

We place significant emphasis on quality control with regard to the construction and management of our projects. We believe that quality control is essential in establishing and strengthening the reputation of our brand. To ensure the quality of our projects as well as compliance with relevant laws and regulations, we have established a system of quality control policies and procedures to govern each aspect of the development process:

- During the design stage, we are committed to ensuring that our project design complies with all relevant laws, regulations and standards. We adjust our design, as needed, based on actual conditions during construction and commissioning. For the design of our major projects, the design manager will organize a systematic review of the design proposal to evaluate the design’s ability to meet customer quality, safety, environmental, and cost reduction requirements, identify design issues, and propose any necessary rectification measures. Reviewers include representatives from our different departments, such as the energy management center, the procurement department and the R&D center.
- During the procurement stage, we undergo quality inspection and quantity acceptance to ensure transparency in the procurement process and ensure that the purchased goods meet our procurement requirements in terms of quantity and quality.

BUSINESS

- During the construction stage, we set the quality target before commencement and appoint a quality manager for each project. Before large-scale construction of each sub-project begins, a prototype will be prepared and inspected by engineers and quality inspectors. We organize weekly quality meetings for each project.
- During the inspection and acceptance stage, the project’s engineering, technical and quality control personnel conduct quality acceptance before they submit the request to the supervisory engineers for initiating the acceptance process with our customers. The standards and procedures for inspection are specified in our agreements and other technical documents with our customers.

We consider any quality problem that causes economic losses of more than RMB10,000 as a quality incident. If a quality incident occurs, the project manager and the project chief engineer conduct an investigation immediately in cooperation with our quality department to ensure that there is no residual quality issue. The quality issues arising from construction will be resolved by the relevant construction units, design units or subcontractors. Any quality issues relating to materials purchased by us will be addressed by our suppliers, and we will notify our customers immediately in relation to quality issues arising from materials provided by our customers. All quality correction plans for quality incidents must be reviewed and approved by our customers, the design units, and our general engineer. During the Track Record Period, we did not receive any material claims or complaints from our customers in respect of the quality of our energy management solutions.

INVENTORY

During the Track Record Period, our inventories included construction materials and consumables for energy management projects and finished goods, which consisted of temperature control equipment and HVAC and power distribution equipment. As of the Latest Practicable Date, we stored inventories in our self-operated warehouse leased from Independent Third Parties and temporary warehouses at project sites. We strive to maintain optimal inventory levels to meet our sales plans. As of December 31, 2023, 2024 and 2025, our inventories amounted to RMB21.6 million, RMB159.7 million and RMB21.8 million, respectively. In 2023, 2024 and 2025, our average inventory turnover days were 14 days, 39 days and 32 days, respectively.

Our finance department performs inventory counts on a monthly basis. We maintain standardized warehouse procedures for goods receipt, storage classification, dispatch control and regular inventory reconciliation to ensure inventory accuracy. Please refer to the section headed “Financial Information — Description of Certain Key Items from Our Consolidated Statement of Financial Position — Current Assets and Current Liabilities — Inventories” in this document for details regarding the analyses of our inventory balances and inventory turnover days during the Track Record Period.

COMPETITION

In 2025, there were more than 3,000 market players in the China data center energy management solution industry. The data center energy management solution market in China is relatively fragmented with top 10 players occupying 58.1% of the market in 2025 in terms of revenue. We were the ninth largest data center energy management solution company in China in terms of revenue in 2025, with a market share of 1.5%. In terms of the energy management solutions industry for carrier-neutral data centers, in 2025, there were more than 1,000 players. Similar to the data center energy management solution market, the carrier-neutral data center energy management solution market in China is also relatively fragmented with top five players occupying 44.6% of the market in 2025 in terms of revenue. We were the fifth largest carrier-neutral data center energy management solution company in China in terms of revenue in 2025, with a market share of 3.5%.

BUSINESS

AWARDS AND RECOGNITIONS

During the Track Record Period, we have received recognition for the quality and popularity of our solutions. Some of the significant awards and recognition we have received include:

Award year	Award/Acknowledgment	Awarding institution/authority	Entity
2025.	2025 Guangdong Provincial Engineering Technology Research Center (2025年度廣東省工程技術研究中心)	Department of Science and Technology of Guangdong Province (廣東省科學技術廳)	Our Company
2018–2025 . .	Joint Vice President of Guangdong Energy Conservation Association (廣東省節能協會聯合副會長單位)	Guangdong Energy Conservation Association (廣東省節能協會)	Our Company
2024.	National Specialized and New Technology “Little Giant” Enterprise (國家專精特新“小巨人”企業)	Ministry of Industry and Information Technology (工業和信息化部)	Our Company
2024.	High and New Technology Enterprise in 2024 (2024年高新技術企業)	Guangdong Provincial Department of Science and Technology (廣東省科學技術廳), Department of Finance of Guangdong Province (廣東省財政廳) and State Taxation Administration Guangdong Provincial Tax Bureau (國家稅務總局廣東省稅務局)	Our Company
2024.	Guangzhou Top 100 List of Companies with High New Productivity (廣州新質生產力高企百強榜)	Guangzhou Industrial Development Research Institute (廣州產業發展研究院) and Guangzhou Technology Finance Group (廣州科技金融集團)	Our Company
2022–2023 . .	Leading Enterprise in Energy Saving Technologies for Data Centers Buildings (建築專用數據中心節能技術領先企業)	China Energy Conservation Association Energy Saving Service Industry Committee (中國節能協會節能服務委員會)	Our Company

BUSINESS

INTELLECTUAL PROPERTY

Our intellectual property rights are key to our success and competitiveness. We protect our intellectual property with various patents, trademarks, domain names and software copyright. As of the Latest Practicable Date, we owned 12 registered trademarks, 18 domestic computer software copyrights and 1 filed domain name in China. As of the same date, we had 94 valid patents, including 22 invention patents and 72 utility model patents in China. We were also in the process of application for five invention patents in China. For details of our intellectual property rights, please see “Appendix VI — Statutory and General Information”.

We rely, in some circumstances, on trade secrets and/or confidential information to protect certain aspects of the technologies we utilize. We seek to protect our proprietary technologies and processes, in part, by entering into confidentiality arrangements with all of our Directors, senior management and other key personnel.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material infringement of our intellectual properties or any material disputes or claims against us in relation to the infringement of the intellectual properties of third parties arising from our business. Please see the section headed “Risk Factors — Risks Relating to Our Business and Industry — We may be unable to protect our intellectual properties, 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.

INFORMATION TECHNOLOGY

Our information technology systems are critical to our operations, supporting our key operation processes including project consultation, project management, procurement, finance, human resources, customer service, sales and marketing, and bidding. From time to time, we procure or develop new or upgrade existing information technology systems based on our business needs. We ensure the integrity and security of operational data through strict network security protocols and access control mechanisms. During the Track Record Period, we did not suffer any major information technology system failures or related losses.

The information technology systems we utilize for our business operations primarily include, among others, (i) an enterprise resource planning system whose major modules include a financial management module, a supply chain management module and a business and financial operations integration module; (ii) an office automation system with a human resources management module, which enables our online approval mechanism and provides a transparent environment for data-sharing function among all entities of our Group; (iii) a project management platform, which covers most of the major stages of our energy management solutions projects from project approval, revenue recognition, contract management, raw materials, components and equipment management and suppliers information; and (iv) a financial management system, which streamlines and manages different aspects of our financial accounts and financial statements, as well as different aspects of our sales, supply chain and inventories.

We intend to continue to improve our information technology systems, particularly the integration of business and financial operations, digitalization of financial management and supply chain operations, as well as the intelligent transformation of decision-making process.

BUSINESS

DATA PRIVACY AND SECURITY

In the course of our business operations, we collect, store and use basic information of our enterprise customers, as well as certain data relating to the operation of their facilities (such as data centre specifications, energy consumption indicators and other operation-related data), for the purpose of providing product solutions that meet customer needs and furnishing facility maintenance and support services. In addition, we collect business contact information, including the names and contact details of the business contacts of our enterprise customers, suppliers and business partners, solely for business communication, contract execution and financial settlement. We do not engage in any business involving individual end-users and do not collect any personal data of individual users.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material security incidents or data leakage events and had not been subject to any litigation, penalty, investigation, complaint or report in connection with data privacy or data security.

We have adopted internal policies such as the Personal Information Protection Policy, which stipulate internal control requirements in respect of data deletion and destruction. Data collected by us that have exceeded their retention period will be deleted or anonymized. We have also established a comprehensive data security management system through policies such as the Cybersecurity Strategy Framework and the Data Security Management Regulations, under which managerial and technical measures are implemented to ensure network and data security, prevent data leakage, alteration and misuse, and maintain the stability of our business operations.

According to our PRC legal advisor on data compliance, we have adopted organizational and technical measures appropriate to our business activities in connection with cybersecurity, data security and personal information protection, and have complied with the data compliance obligations prescribed under the applicable PRC laws and administrative regulations in respect of our business operations in the PRC. Our PRC legal advisor on data compliance have advised us and our Directors consider that our Group has, in all material respects, complied with PRC laws and regulatory requirements governing cybersecurity, data security and personal information protection and that the current status of our cybersecurity, data security and personal information protection will not have any material adverse impact on its business operations or its proposed [REDACTED].

EMPLOYEES

As of December 31, 2025, we had a total of 92 employees. As of the same date, all of our employees were located in mainland China. The table below sets forth a breakdown of our employees by function as of December 31, 2025.

Function	Number of Employees	% of Total
Technology	43	46.7
R&D	18	19.6
Management	5	5.4
Administration	9	9.8
Finance	9	9.8
Sales and marketing	8	8.7
Total	92	100.0

We believe that our success depends in part on our ability to attract, recruit and retain quality employees. We aim to establish a collaborative work environment that encourages them to develop their career with us. In addition, we have an effective training system that includes onboarding training for

BUSINESS

new employees and ongoing job-specific training aimed at accelerating learning progress and enhancing the knowledge and skills of our employees. This training covers a wide range of topics, including, among others, our Group’s history and vision, corporate culture and philosophy, codes of conduct and etiquette, our solutions and projects, organizational structure and department functions, job responsibilities and work content, professional knowledge and skills, management processes and procedures, human resources, company policies and benefits, communication mechanisms, integrity and confidentiality requirements, occupational health and safety as well as mandatory training required by applicable laws and regulations.

We regularly review our capabilities and adjust our workforce to ensure we have the right mix of expertise to meet the demand for the products we sell. We offer employees competitive salaries and performance-based cash bonuses. We believe that our reputation, work environment, training system and remuneration package are advantageous and attract qualified candidates. During the Track Record Period, we adopted internet recruitment, social recruitment, campus recruitment and internal referral by existing employees, among other recruitment approaches. When considering and selecting qualified employment candidates, we take into consideration their education background, work experience, relevant expertise and specific skills, as well as the demand for and the objectives of the vacant positions.

As required by the Chinese laws and regulations, we participate in various employee social security plans for our employees that are administered by local governments, including housing, pension, medical insurance, maternity insurance and unemployment insurance. Bonuses are generally discretionary and based in part on employee performance and in part on the overall performance of our business.

We believe we maintain a cordial and fruitful working relationship with our employees, and we have not experienced any material labor disputes during the Track Record Period.

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:

No.	Entity	Name of the license	Main Products / Licensing Scope	Issue date	Expiry date
1	Company	High and New Technology Enterprise Certificate (高新技術企業證書)	High and New Technology Enterprise	November 28, 2024	November 28, 2027
2	Company	Specialized and New Technology “Little Giant” Enterprise (專精特新“小巨人”企業)	Specialized and New Technology “Little Giant” Enterprise	July 1, 2024	June 30, 2027
3	Company	Construction Enterprise Qualification Certificate (建築業企業資質證書)	Mechanical and Electrical Engineering General Contracting (Level 2), Power Engineering General Contracting (Level 2) and Construction Engineering General Contracting (Level 2)	May 7, 2026	December 21, 2028
4	Company	Construction Enterprise Qualification Certificate (建築業企業資質證書)	Building Decoration and Renovation Engineering Specialized Contracting (Level 2), Building Curtain Wall Engineering Specialized Contracting (Level 2), Electronic and Intelligent Engineering Specialized Contracting (Level 2) and Environmental Engineering Specialized Contracting (Level 2)	May 7, 2026	December 18, 2028

BUSINESS

No.	Entity	Name of the license	Main Products / Licensing Scope	Issue date	Expiry date
5	Company	Safety Production Permit (安全生產許可證)	Construction	February 26, 2026	February 25, 2029
6	Guangdong Haote Intelligent Computing New Energy Engineering Co., Ltd. (廣東豪特智算新能源工程 有限公司).	Construction Enterprise Qualification Certificate (建築業企業資質證書)	Construction Labor Services (Unlimited Levels)	October 17, 2025	October 17, 2030
7	Guangdong Haote Intelligent Computing New Energy Engineering Co., Ltd. . .	Safety Production Permit (安全生產許可證)	Construction	October 30, 2025	June 25, 2028
8	Guangdong Haote Intelligent Computing New Energy Engineering Co., Ltd. . .	Construction Enterprise Qualification Certificate (建築業企業資質證書)	Mechanical and Electrical Engineering General Contracting (Level 1)	April 29, 2026	February 12, 2031

As advised by our PRC Legal Advisors and confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, certificates and permits from relevant authorities that are material to our operations in the PRC as of the Latest Practicable Date.

We are required to renew such licenses, permits, approvals and certificates from time to time. As advised by our PRC Legal Advisors, we do not expect any material legal obstacles in such renewal once the relevant documents are submitted as required by the relevant government authorities. For details of the PRC laws and regulations that are applicable to our Group’s business operations, see the section headed “Regulatory Overview” in this document.

PROPERTIES

As of the Latest Practicable Date, we owned the land use rights for two parcels of land in the PRC with a total GSA of 35,819.37 sq.m., and owned two buildings in the PRC with a total GFA of 83.06 sq.m. In addition, as of the same date, we leased three buildings in China with a total GFA of 3,612.20 sq.m. The properties we owned or leased are primarily used for industrial, commercial and office purposes.

As of December 31, 2025, no single property interest that forms part of non-property activities has a carrying amount of 15%, and no single property interest that forms part of property activities has a carrying amount of 1%, of our total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all our Group’s interests in land or buildings.

BUSINESS

Owned Properties

Land

As of the Latest Practicable Date, we obtained land use rights certificates for two parcels of land with an aggregate GSA of approximately 35,819.37 sq.m. in Guangdong Province and Jiangsu Province. These parcels of land are generally used for industrial purposes.

Buildings

As of the Latest Practicable Date, we obtained building ownership certificates for two buildings or units with an aggregate GFA of approximately 83.06 sq.m. in the PRC. These buildings are located in Guangdong Province and are primarily used as business, finance and information purposes.

Leased Properties

As at the Latest Practicable Date, we leased three buildings in China with a total GFA of approximately 3,612.20 sq.m. The lease agreements for these properties generally have a term of one to ten years. These leased properties are primarily used for office, industrial and commercial purposes. As confirmed by our PRC Legal Advisors, the lessors are the owner of the leased properties, and the lease agreements are legally valid and binding on both parties. The parties have completed the registration and filing procedures for the lease agreements in accordance with the relevant laws and administrative regulations.

Construction-in-Progress

As of the Latest Practicable Date, we had construction-in-progress with respect to three facilities, including (i) our new headquarters, a R&D center and an intelligent manufacturing center located in Guangzhou, Guangdong Province; (ii) a new communication equipment production facility, a R&D base and a green digital economy computing center located in Huai'an, Jiangsu Province; and (iii) an ancillary buried diesel storage tank construction project located in Huai'an, Jiangsu Province. As of the same date, we had obtained the relevant construction land planning permit (建設用地規劃許可證), construction project planning permit (建設工程規劃許可證) and construction project construction permit (建設工程施工許可證) for all of these constructions-in-progress.

INSURANCE

Our projects are covered by applicable insurance policies. Where we do not act as the EPC contractors in certain of our projects, we do not maintain project-specific group accident insurance ourselves because, in line with industry practice, the EPC contractors for such projects are typically responsible for maintaining engineering insurance in relation to such projects. We are also required by PRC social insurance laws and regulations to make contributions for social insurance funds for our employees. During the Track Record Period, we did not make adequate contributions to the social insurance and housing provident funds with respect to certain of our employees as required by the relevant PRC laws and regulations. For details, please refer to “— Legal Proceedings and Compliance — Social Insurance and Housing Provident Funds” in this section.

During the Track Record Period and up to the Latest Practicable Date, we did not submit any material insurance claims, nor did we experience any material difficulties in renewing our insurance policies. Our Directors believe that our insurance coverage is adequate and is in line with industry practice. However, the risks related to our business and operations may not be fully covered by

BUSINESS

insurance. See “Risk Factors — Risks relating to our business and industry — we may not have adequate insurance coverage for losses and liabilities arising from various operational risks and hazards that we are subject to.”

LEGAL PROCEEDINGS AND COMPLIANCE

Overview

From time to time, we may become involved in legal proceedings in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, other than the litigation cases disclosed below in this section, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition, and results of operations.

During the Track Record Period and up to the Latest Practicable Date, except for certain historical immaterial and non-systemic non-compliance incidents or defects disclosed below in this section, we had not been and were not involved in any material incidents of non-compliance. Our Directors are of the view that, and the Joint Sponsors concur that, as confirmed by our PRC Legal Advisors, 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, and the Litigations will not have a material adverse impact on our business, financial condition, and results of operations. As of the Latest Practicable Date, we have fully settled the amounts payable by us under the relevant judgments of the Litigations.

Litigation #1

As of the Latest Practicable Date, we were involved as a defendant in a litigation matter (the “**First Litigation**”) concerning a dispute over a contract dated October 10, 2019 (the “**First Disputed Contract**”). Pursuant to the First Disputed Contract, the plaintiff of the First Litigation (“**Plaintiff A**”), as a subcontractor, provided air conditioning and ventilation system installation works for a commercial building energy management project (the “**Project**”) for which we acted as a contractor, subject to the terms and conditions set out in the First Disputed Contract. The project owner was not named as a defendant in the First Litigation.

Background

The Project was suspended in 2021 due to financial difficulty of the project owner. On January 5, 2024, Plaintiff A filed a lawsuit with the Danzhou People’s Court of Hainan Province (海南省儋州市人民法院) (the “**Danzhou Court**”), alleging that as of the date of filing the lawsuit, we owed Plaintiff A a total outstanding contract sum of RMB8,364,915.2. In turn, we filed a claim against the project owner on overdue but unpaid bills in the Project and received a judgment in favor of payment to us in September 2024. In October 2024, the Danzhou Court accepted our filing for the lawsuit against the project owner claiming unpaid construction payment for our work conducted in the Project. The lawsuit was subsequently withdrawn as the parties had differing views on the valuation of the completed work. We filed a further claim against the project owner with respect to the Project in November 2025. As of the Latest Practicable Date, the project owner has entered into bankruptcy reorganization proceedings, and we have submitted a claim to the relevant bankruptcy administrator for the outstanding construction payment owed by the project owner to us.

BUSINESS

Plaintiff A’s Claims

In the First Litigation, Plaintiff A claimed (i) the payment of RMB8,364,915.2 from us as outstanding contract sum; (ii) overdue interest calculated on the principal amount of RMB8,364,915.2 at 1.5 times the one-year loan prime rate from the date of filing the lawsuit until the date of actual full payment; and (iii) court acceptance fees, property preservation fees, and other litigation costs to be borne by us.

The Judgment

After the first-instance judgment rendered by the Danzhou Court, against which we filed an appeal with the Hainan Second Intermediate People’s Court, on April 27, 2026, we received the judgment on the appeal dated April 27, 2026, which decided that: (i) the first-instance judgment was upheld and our Company remained liable to pay the Plaintiff A the construction fees of RMB6,454,177.98 together with overdue interest (calculated based on the one-year loan prime rate published by the National Interbank Funding Center); and (ii) our claims on the appeal were dismissed. The case acceptance fee for the appeal, RMB59,354. should be borne by us (the “**Judgment on the Appeal**”). We fully settled the amount payable under the Judgment on the Appeal on May 18, 2026.

Litigation #2

As of the Latest Practicable Date, we were also involved in a litigation matter (the “**Second Litigation**” and together with the First Litigation, the “**Litigations**”) concerning a dispute over a total of eight product sales contracts entered into between our Company and plaintiff to the Second Litigation (“**Plaintiff B**”) beginning in November 30, 2022 (collectively, the “**Second Disputed Contract**”). Pursuant to the Second Disputed Contract, we agreed to procure from Plaintiff B, and Plaintiff B agreed to sell to us, certain PDU equipment used in connection with our energy management solutions in the aggregate contract value of RMB8,039,776.90. We agreed to pay Plaintiff B in accordance with an installment payment plan, subject to the terms and conditions set out in the Second Disputed Contract. As of the Latest Practicable Date, we had paid a total of RMB5,345,444.80 to Plaintiff B.

Background

On July 18, 2024, Plaintiff B filed a lawsuit with Panyu District People’s Court of Guangzhou (the “**Panyu Court**”), alleging that we had breached the Second Disputed Contract by withholding the remaining payment of RMB2,694,332.10, and that Plaintiff B had fulfilled its obligations under the Second Disputed Contract.

In the Second Litigation, Plaintiff B alleged that since November 30, 2022, it had provided PDU equipment to our Company, and according to the terms set out in the Second Disputed Contract, we were required to make payments to Plaintiff B according to an installment payment schedule set out in the Second Disputed Contract. Plaintiff B further alleged that after having delivered to us the PDU equipment with an aggregate value of RMB8,039,776.90, we had only paid RMB5,345,444.80, and did not make any payment for the remaining amount of RMB2,694,332.10 (including RMB1,673,266 that became due and payable at the time of the filing of the lawsuit), despite repeated requests for payment by Plaintiff B. Accordingly, Plaintiff B had sufficient reason to believe that the remaining outstanding payments constituted anticipatory default by us and were therefore unpayable.

BUSINESS

Plaintiff B’s Claims

In the Second Litigation, plaintiff B claimed (i) the payment of RMB2,694,332.10 as the remaining unpaid contract sum; and (ii) overdue interest in the amount of RMB26,943.30, calculated on the principal amount of RMB2,694,332.10 at 0.05% per day for 20 days that such amount remained unpaid at the time of the filing of this lawsuit, for an aggregate outstanding amount of RMB2,721,275.40.

The Judgment

On October 25, 2025, we received judgment rendered by the Panyu Court dated October 22, 2025, which decided that: (i) our Company should pay the Plaintiff B RMB2,595,331.6 for goods and liquidated damages; and (ii) the remaining claims raised by Plaintiff B are dismissed. Part of the case acceptance fee, RMB 27,248.2. should be borne by us (the “**Second Judgment**”). We fully settled the amount payable under the Second Judgment on January 12, 2026.

The Directors are of the view that, in light of the above facts, and that (i) the aggregate amount involved in the Litigations of RMB11.1 million was relatively small, accounting for only 1.9% of our net assets as of December 31, 2025; (ii) the matters subject to the Litigations do not relate to our core business line, and any potential outcome will not affect our core competitiveness or principal revenue source; and (iii) Plaintiff A, as a labor subcontractor for central air-conditioning engineering with limited technical expertise, and Plaintiff B, as a supplier for power distribution units, are highly replaceable, the Litigations will not have a material adverse effect on our business, financial condition, and results of operations. Based on the above, our PRC Legal Advisor is of the view that, the Litigations will not have a material adverse effect on our business. Based on our management’s best estimates, we have made provision for the Litigations in our financial statements for the Track Record Period.

Social Insurance and Housing Provident Funds

We are required by PRC social insurance and housing provident fund laws and regulations to make contributions for mandatory social insurance and housing provident funds for our employees. During the Track Record Period, we did not make adequate contributions to the social insurance and housing provident funds with respect to certain of our employees as required by the relevant PRC laws and regulations, primarily due to the requests by some of our full-time employees to make contributions to social insurance and housing provident funds for them based on the salary amounts stipulated on their employment contracts instead of their actual salaries, as they did not want to bear the full amount of their portion of the relevant contributions. See also “Risk Factors — Failure to make adequate contributions to various employee benefits plans according to the procedures under the relevant PRC laws and regulations may subject us to penalties or other consequences” in this document. Based on the estimation of our Directors, the total unpaid amount of the social insurance and housing provident funds calculated based on the minimum contribution base of social insurance and housing provident funds is RMB0.7 million, RMB0.7 million and RMB0.4 million, respectively, in 2023, 2024 and 2025.

As advised by our PRC Legal Advisors, if the PRC government is of the view that our contributions to employees’ social insurance do not comply with the requirements under the relevant PRC laws and regulations, we may be ordered to pay the shortfall amount and may be required to pay a late payment fee of up to 0.05% of the shortfall amount for each day of delay within a prescribed time limit, and if we fail to pay up the shortfall amount and the late payment fee within the newly prescribed time limit, we may be imposed fines in an aggregate amount ranging from one to three times of the shortfall amount. Notwithstanding the above-mentioned shortfall amount, the Ministry of Human Resources and Social Security (“**MOHRSS**”) issued the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilization the Levy of Social Insurance Payment (《關

BUSINESS

於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) on September 21, 2018, which promotes the reduction in the amount of social insurance contributions by companies to avoid overburdening enterprises, and prohibits local authorities from self-organizing collection and clearance of all past arrears of enterprises.

Our PRC Legal Advisor has also advised us that, in the event that we fail to pay the housing provident fund in full, the housing provident fund management center may order us to pay the shortfall amount within a prescribed time limit. If we fail to do so upon the expiration of the abovementioned time limit, further application may be made to the People’s Court for compulsory enforcement. In view of above and based on the estimation of our Directors, the amount of maximum potential penalty due to the Group’s total unpaid amount of the social insurance and housing provident funds calculated based on the minimum contribution base of social insurance and housing provident funds during the Track Record Period is approximately RMB5.4 million.

As of the Latest Practicable Date, (i) we were not subject to any administrative actions, fines or penalties due to shortfalls of social insurance and housing provident fund contributions; (ii) we had not received any notification from the relevant PRC authorities requiring us to pay for or otherwise make up the shortfalls or any late payment fees with respect to social insurance contributions or housing provident fund contributions; and (iii) we were not aware of any employee complaints filed against us nor were we involved in any material labor disputes with our employees with respect to social insurance or housing provident fund contributions that would result in an investigation against us. If we were to receive notifications from the relevant government authorities, we would pay any underpaid contribution and the related late payment fees within the prescribed period. In addition, we will keep abreast of latest developments in PRC laws and regulations in relation to social insurance and housing provident fund. We will consult our legal counsel on a regular basis to keep us abreast of relevant regulatory developments.

According to Article 19 of the Supreme People’s Court’s Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (Fa Shi [2025] No. 12) (“**the Interpretation**”), which took effect on September 1, 2025, any agreement between an employer and employee, or any undertaking by an employee to the employer, that social insurance contributions are not required to be made shall be deemed invalid by the People’s Courts. Where an employer fails to make social insurance contributions in accordance with the law, and an employee requests termination of the labor contract pursuant to Article 38(3) of the Labor Contract Law of the PRC and payment of economic compensation by the employer, the People’s Courts shall support such request in accordance with the law. Where the circumstances described in the preceding paragraph exist and the employer subsequently makes supplementary social insurance contributions in accordance with the law, if the employer requests the employee to return the social insurance compensation already paid, the People’s Courts shall support such request in accordance with the law. During the Track Record Period, we made social insurance and housing provident fund contributions for all employees based on fixed contribution bases. There were no agreements between our Group and our employees, nor any undertakings by employees to our Group, that social insurance contributions were not required to be made. As of the Latest Practicable Date, our Group has not violated the aforementioned provisions. Our Directors and our PRC Legal Advisors are of the view that the Interpretation will not have any material adverse impact on our business, financial performance and position, or operations and compliance with relevant laws and regulations.

BUSINESS

We have taken the following rectification and internal control measures to ensure compliance with the social insurance and housing provident fund contribution requirements under the relevant laws and regulations to the extent practicable:

- we have revised our human resources management system to clearly stipulate that we shall process social insurance and housing provident fund registration for all formal employees and make full payments;
- we conducted interviews with the local authorities responsible for social insurance and housing provident fund in October, 2025 and obtained oral confirmation of compliance with relevant social insurance and housing provident fund contribution requirements; and
- we will progressively make full payments of social insurance and housing provident fund contributions according to the contribution bases required by laws and regulations.

Going forward, we will continue to implement the above measures to ensure that we are in compliance with the social insurance and housing provident fund contributions requirements under relevant laws and regulations. We undertake to fully comply with the relevant laws and regulations as soon as practicable, subject to the cooperation of each of our employees to make full contributions of social insurance and housing provident funds going forward. We are in the process of refining and confirming the detailed rectification protocol and undertake to fully comply with the relevant laws and regulations as soon as practicable, subject to the cooperation of each of our employees to make full contributions of social insurance and housing provident funds going forward. If the relevant authorities order us to fully contribute the social insurance and/or housing provident funds, we would make full contributions and rectification measures as soon as possible within the specified period. In addition, we will proactively communicate with relevant local authorities to keep up to date with the applicable laws and regulations concerning social insurance and housing provident funds. We will also communicate such updates with our employees to allow them to better understand the relevant laws and regulations, increasing their understanding of the regulatory requirements so as to enhance our compliance with the applicable laws and regulations.

Considering the relevant laws, regulations and regulatory policies, as well as the facts stated above, our PRC Legal Advisors are of the view that as of the Latest Practicable Date in the absence of employee reports or complaints, the likelihood that we would be required by relevant authorities to pay the shortfall for social insurance and housing provident fund contributions on a mass scale and further being subject to material administrative penalties due to our failure to provide full social insurance and housing provident fund contributions within the stipulated period for our employees is remote. Therefore, our Directors believe that such non-compliance would not have any material adverse effect on our business or results of operation. As a result, we did not make any provisions in connection with such non-compliances during the Track Record Period and up to the Latest Practicable Date.

Based on the foregoing, our Directors are of the view that the above-mentioned remedies and internal control measures our Group implemented are adequate and effective.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

We are committed to fully integrating Environmental, Social and Governance (ESG) principles into our strategic decision-making and daily operations, systematically managing the management of ESG-related matters, strictly complying with the relevant laws, regulations and supervisory requirements, and promoting the deep integration of corporate social responsibility and sustainable development. We firmly believe that sound ESG practices not only demonstrate our commitment to sustainable development but also create long-term value for the Company, our stakeholders and society at large.

BUSINESS

Environmental Matters

Environmental Management

We regard environmental management as a key factor in our business operations and sustainable development, strictly adhering to relevant laws and regulations such as the Environmental Protection Law of the People’s Republic of China, the Energy Conservation Law of the People’s Republic of China, and the Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste. We standardize our environmental protection practices according to relevant laws and regulations to ensure compliance and promote sustainable operations. During the Track Record Period and up to the Latest Practicable Date, we have not incurred any material fines or penalties for violations of the environmental laws of the People’s Republic of China.

To continuously advance green operations and sustainable development, we have set clear phased environmental management targets, and will further refine our emission reduction pathways and resource recycling indicators based on actual operational energy consumption data, waste treatment efficiency, and upgrades in industry environmental protection standards.

Resource Use

We are committed to promoting green operations and closely monitor key resource consumption indicators across the company, including fossil fuel use, electricity consumption, and water usage. To strengthen resource management, we launched a targeted energy and water conservation initiative themed “Every Drop of Water, Every Kilowatt-Hour Counts,” disseminating energy-saving tips through digital platforms and displaying reminder posters in office areas. These efforts aim to promote green office practices, including scientifically adjusting cooling systems based on ambient temperature and minimizing unnecessary equipment start-ups and shut-downs. We have set a target to reduce water intensity by 5% by 2026 compared to the 2024 baseline. To achieve this, we continue to advance process optimization and improve the use of water-saving fixtures and equipment to reduce overall water consumption. Energy management is a key focus in our operations and has been systematically integrated into daily business activities to enhance office operational efficiency. Going forward, we will progressively improve our standardized energy management mechanism in line with business development and continue to explore opportunities for energy-saving optimization, supporting sustainable office operations.

The following table sets out our resource usage during the Track Record Period:

Indicator	Unit	2023	2024	2025
Purchased electricity.	kWh	42,033	51,210	54,674
Gasoline	Liter	30,038	23,796	13,496
Diesel	Liter	379,872	316,241	1,062
Total energy consumption.	tons of standard coal equivalent	497.6	414.9	22.8
Total Water Withdrawal	cubic meters	291	257	252

Note:

1. In 2024 and 2025, both gasoline and diesel consumption declined, driven by the large-scale adoption of electric vehicles, the promotion of low-carbon commuting, and the phased reduction of diesel generator operations in data centers.

BUSINESS

Climate Change Response

We are fully aware of the adverse impacts of global climate change on economic and social development. Risks arising from climate change, such as extreme weather events, resource shortages, and policy adjustments, may pose certain challenges to our supply chain and the stability of our business operations. However, we also fully recognize the opportunities presented by climate change response—such as green technology innovation, low-carbon transition, growing demand for sustainable products, and the development of emerging markets—which will drive new exploration and breakthroughs in our business models, technological upgrades, and market expansion. We are committed to integrating professional energy-saving technology capabilities into our product and service system. This is not only a forward-looking layout to help address risks related to global climate change, but also a key measure to ensure the sustainable development of our Company. By actively identifying and responding to risks and seizing opportunities, we are committed to enhancing corporate resilience and creating long-term sustainable development value for society and the environment.

We have set a greenhouse gas (GHG) emissions target: to reduce GHG emission intensity (including Scope 1 and Scope 2 emissions, measured in tonnes of CO₂e per RMB million of revenue) by 5% by 2030.

To achieve the above objectives, we will implement systematic measures in the following key areas: (i) conducting energy-saving education and publicity to foster a culture of conservation and raise employee awareness; (ii) phasing out traditional energy-consuming equipment across the company and replacing them with energy-efficient lighting fixtures and other equipment that meet national standards; (iii) giving priority to energy-saving and environmentally friendly equipment in procurement decisions; and (iv) making maximum use of natural lighting and ventilation to reduce the use of non-renewable energy.

During the Track Record Period, GHG emissions primarily originated from Scope 1 direct emissions from the use of company vehicles, Scope 2 indirect emissions associated with purchased electricity consumption, and Scope 3 other indirect emissions from employee business travel. The table below sets forth our GHG emission performance during the Track Record Period.

Indicator	Unit	2023	2024	2025
Total GHG emissions	tCO ₂ e	1,089.83	918.37	73.06
GHG emission density . . .	tCO ₂ e/ RMB million revenue	1.27	0.90	0.06
Scope 1	tCO ₂ e	1,059.91	879.61	33.44
Scope 2	tCO ₂ e	23.29	28.37	29.01
Scope 3	tCO ₂ e	6.63	10.39	10.61

Note:

1. In 2024 and 2025, the continued implementation of energy-saving measures led to reduced consumption of gasoline, diesel, and other fuels, resulting in lower Scope 1 greenhouse gas emissions.

Emissions Management

We attach importance to waste emission and disposal management, strictly complying with local laws and regulations and the site management systems of project owners. We implement detailed classification of generated recyclable waste and cooperate with reliable recyclers to maximize the waste recovery and reuse rate. For hazardous waste that may be generated during construction processes, we prioritize source reduction through the use of environmentally friendly materials, implement strict classification, labeling, and dedicated personnel registration management, and arrange for unified transportation to client-designated hazardous or flammable/explosive material handling areas for

BUSINESS

compliant disposal. For process wastewater and domestic sewage generated during construction, after compliance treatment, they will be discharged in compliance with national or local discharge standards. We ensure 100% compliant waste disposal.

The table below details our waste emissions during the Track Record Period.

Indicator	Unit	2023	2024	2025
Total non-hazardous waste	kg	387.5	755.0	392.5
Waste gas emissions	kg	423.73	389.30	93.67
Wastewater discharge	m ³	291	257	252

Notes:

1. Non-hazardous waste consists primarily of office waste paper. In 2024, due to the advancement of capital market activities and other initiatives, the volume of waste generated from office activities, such as paper and packaging, increased, leading to a wider year-on-year increase in non-hazardous waste generation. In 2025, the promotion of paperless office practices continued, effectively reducing waste paper generated from office activities. Local laws and regulations have been strictly followed to ensure compliant disposal of such waste.
2. Waste gas emissions primarily consist of nitrogen oxides and particulate matter from vehicle fuel combustion.
3. Wastewater primarily consists of domestic sewage.

Social Matters

Labor Management

We strictly comply with labor policies at the national level and in all our operating locations. We have formulated and continuously optimized internal management systems, including the Haote Attendance and Leave Management Measures and the Human Resource Management System, and are committed to fostering an inclusive, fair, safe, and healthy working environment.

- **Recruitment:** We prohibit discrimination based on gender, age, race, religion, or other social attributes or personal characteristics, ensuring equal employment opportunities for candidates. We strictly verify identities and ages to eliminate child labor or forced labor, ensuring legal and compliant employment practices.
- **Career Development:** We have established a fair and transparent promotion mechanism with clear qualification standards for each position, reviewed by a cross-departmental evaluation committee. We adhere to equal pay for equal work, regularly review and promptly correct pay disparities, and implement incentives through methods such as public recognition.
- **Capacity Building:** We conduct training for new employees, leadership development programs, and professional skills training to support employee growth.
- **Protecting Employee Rights:** We have established internal reporting channels to initiate investigations into violations, ensuring confidential and impartial procedures, and strictly prohibit any form of retaliation against good-faith whistleblowers.
- **Occupational Health and Safety:** We fully contribute to employment injury insurance for all employees as required by law and additionally maintained project-specific group accident insurance, creating a dual protection mechanism. We provide an Employee Assistance Program to support physical and mental well-being. We regularly assess and upgrade personal protective equipment, providing gear that meets the latest international standards to ensure operational safety. We implement safety training covering all employees at different

BUSINESS

levels, ensuring 100% pass rates in mandatory safety induction training and assessments. We continuously invest in technical engineering upgrades, modernizing old equipment and high-risk processes, and introducing smart site systems to enhance risk early warning and control capabilities.

The table below details our employee profile during the Track Record Period:

Indicator	Unit	2023	2024	2025
Number of employees	Person	103	87	92
<i>By gender:</i>				
Male employees.	%	56	53	51
Female employees	%	44	47	49
<i>By age:</i>				
Employees aged 29 and below . .	%	44	32	19
Employees aged 30–49	%	45	51	65
Employees aged 50 and above . .	%	11	17	16
<i>By Level</i>				
Management employees	%	6	7	7
Non-management employees. . .	%	94	93	93

Product Responsibility

We adhere to the quality management philosophy of “Full Coverage of Quality Assurance, Full Lifecycle Service,” establishing quality and information security management mechanisms covering the entire project lifecycle. We have obtained the Quality Management System Certification Certificate for Engineering Construction Enterprises, complying with ISO 9001:2015 and GB/T 50430-2017 requirements. Through the formulation and implementation of the Project Management System, we implement the “Zero Accidents, Zero Complaints” quality objective, applying full closed-loop management to project design, construction, acceptance, and follow-up, ensuring controllable delivery quality and traceable processes.

Product R&D and Innovation

Our R&D strategy combines “Technology Drive and Scenario Deep Cultivation,” focusing on the large-scale commercialization of advanced cooling technologies and an AI-driven energy efficiency optimization management platforms to provide green and efficient energy solutions for data centers. Centered on core technologies such as indirect evaporative cooling and smart energy management platforms, we continuously advance technological breakthroughs and product commercialization, forming a competitive energy-saving technology system. Simultaneously, we actively participate in the formulation of industry green standards to promote industrial low-carbon development. Furthermore, we emphasize both innovation and protection, conducting systematic domestic and international patent layouts for technologies related to green data centers, and building a multi-dimensional intellectual property protection system through patents and trademarks. We conduct compliance assessments before R&D project initiation and product launch to mitigate infringement risks and ensure legal technology sources, and regularly conduct IP training to enhance compliance awareness.

Responsible Supply Chain Management

Supplier management is the foundation and guarantee of our effective operation. We require partners to strictly comply with environmental, labor, and other relevant laws and regulations, and standardize supplier management processes by formulating internal policies such as the Procurement Management System. In supplier evaluations, we consider environmental qualifications, labor rights, product responsibility, and business ethics, prioritizing suppliers holding ISO 14001 certification,

BUSINESS

possessing valid pollution discharge permits, and having no record of major violations. During cooperation, we monitor their carbon footprint and encourage them to develop emission reduction plans and targets.

Social Responsibility

We are committed to fulfilling our corporate social responsibility and actively participate in public welfare endeavors such as medical aid, rural education, poverty alleviation, and disaster relief, contributing to the broader community. During the Track Record Period, we donated to the Guangzhou Shuzhi Zhenxing Gongfu Foundation to support the digital and intelligent upgrade of rural education and healthcare; and donated to the Guangzhou Panyu Charity Association, earmarking funds for various charitable activities including disaster relief, poverty alleviation, student aid, and medical assistance.

Governance Matters

ESG Governance

The Board of Directors, as the highest decision-making body, bears the core responsibility for ESG governance and drives the comprehensive integration of the concept of sustainable development into business operations and strategic decisions. By establishing a systematic internal management mechanism, we continuously identify and assess significant ESG risks and opportunities, formulate corresponding management strategies and action plans, and ensure ESG factors are integrated into all aspects of the Company’s development. Our Board members have diverse professional backgrounds in corporate governance, climate risk management, and compliance, providing strategic guidance to integrate ESG principles into our company operations and strategy. For more information on our Board members’ expertise, see “Directors and Senior Management” in this [REDACTED] document.

We attach great importance to the overall governance of ESG matters. To effectively manage ESG-related activities, we intend to establish a three-tier ESG management framework consisting of the Board of Directors, senior management, and an ESG working group. The Board of Directors bears primary responsibility for ESG governance, including the approval of ESG strategies, objectives, and policies; the oversight of ESG risk management and internal controls; and the regular review of progress toward ESG targets. Senior management is responsible for overseeing the implementation of ESG initiatives and for reporting directly to the Board on ESG-related matters. The ESG working group is responsible for executing ESG initiatives and routine management tasks.

ESG Risk Management

We recognize that our business may be affected by environmental and social risks. Therefore, we conduct materiality assessments to identify these risks and their potential impacts, and to gain a more comprehensive understanding of various ESG issues. By taking into account national policies, industry characteristics, and international frameworks, we have identified the ESG issues that are material to our business and have prioritized their disclosure to address stakeholder concerns. To implement effective risk management, we continuously assess and monitor ESG risks that could affect our business, strategy, and financial performance, and evaluate the short-, medium-, and long-term impacts of such risks in order of priority. For example, we identify and manage climate-related risks and opportunities, the details of which are set out in the section “Climate Change Response”. Our Directors consider, and as confirmed by our PRC Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, our business and operations did not, in all material respects, violate the applicable laws and regulations of the PRC relating to environmental protection, anti-fraud, anti-bribery and anti-corruption, and occupational health and safety. We will continue to improve the monitoring mechanisms for ESG-related risks and strengthen our compliance and risk management capabilities to ensure stable operations and long-term sustainable development.

BUSINESS

Business Ethics and Compliance

We consistently adhere to the principle of integrity in operations, strictly comply with the relevant laws and regulations in the jurisdictions where we operate, and formulate systems related to anti-fraud, anti-corruption and anti-commercial bribery to eradicate any form of corruption and unfair competition. We implement an internal audit system and have dedicated personnel responsible for conducting internal audits of the Company’s financial and operational activities. Concurrently, the Company has established a confidential whistleblowing mechanism to encourage employees to report violations, with all reports being assessed and investigated. We explicitly prohibit any form of retaliatory action and protect the legitimate rights and interests of whistleblowers. For confirmed violations, we will pursue accountability in accordance with our regulations, and cases suspected of breaking the law will be transferred to the judicial authorities.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

During the process of preparing for the [REDACTED], we have 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 Group’s entity-level and procedure-level internal controls of various processes, including sales, accounts receivable and collection management, procurement and payment management, inventory and logistics management, human resources and payroll management, project and cost management, management of fixed assets and intangible assets, cash and treasury management, insurance management, financial reporting and disclosure controls, taxation management, management of contracts and common seal, research and development management, management of patents and other intellectual property and general controls of IT system (including protection of data and privacy). The Internal Control Consultant performed procedures in September and October 2025 and follow-up procedures in October 2025 on our Company’s system of internal control. Upon its review, the Internal Control Consultant did not identify any material deficiencies in the design aspect of our Company’s internal control system.

We have adopted various measures and procedures regarding each aspect of our operations, such as protection of intellectual property, environmental protection and occupational health and safety. We provide periodic training on these measures and procedures to our employees as part of our employee training program. We also regularly monitor the implementation of those measures and procedures through our internal control personnel for each stage of the production process. The Directors (who are responsible for overseeing our corporate governance) with assistance from our legal advisors, will periodically review our compliance status with all relevant laws and regulations after the [REDACTED].

Internal control policies, measures and procedures we have implemented or plan to implement include: (i) establishing an Audit Committee, which shall (a) make recommendations to the Directors on the appointment and removal of external auditors; (b) review our financial statements and oversee our financial reporting and internal audit; and (c) oversee our risk management and internal control procedures. See “Directors and Senior Management — Board Committees — Audit Committee” for the qualifications and experience of the committee members; (ii) engaging [Quam Capital Limited] as our compliance advisor to provide advice to us until the end of the first fiscal year after the [REDACTED] regarding matters relating to the Listing Rules; (iii) engaging a PRC law firm to advise us on PRC laws and regulations after the [REDACTED]. We will continue to arrange various trainings to be provided by external legal advisors from time to time when necessary and/or any appropriate accredited institution to update the Directors, senior management and relevant employees on the latest PRC laws and regulations; (iv) adopting various policies to help ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions and information disclosure; (v) performing anti-corruption and anti-bribery compliance management on our senior

BUSINESS

management and employees to enhance their knowledge and compliance with applicable laws and regulations, and include relevant policies against noncompliance in employee handbooks; (vi) organizing training sessions for Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong; (vii) establishing a set of emergency procedures in the event of major quality-related issues; and (viii) providing enhanced training programs on quality assurance and product safety procedures.

Risk Management

We recognize that risk management is critical to the success of our business operation. Key operational risks faced by us include but are not limited to changes in the general market conditions and the regulatory environment of China data center energy management solutions industry, our ability to offer quality services, our ability to manage our anticipated growth and to execute on our growth strategies, and our ability to compete with our competitors. See the section headed “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 currency risk, interest rate risk and other price risk), credit risk and liquidity risk. See Note 35 to the Accountants’ Report set out in Appendix I to this document for a discussion of these market risks.

In order to meet these challenges, our Audit Committee, comprising three Directors, namely Ms. Wong Yee Man, Ms. Liu Xiang Yun and Mr. Dong Fenqiang and chaired by Ms. Wong Yee Man, 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, such as financial reporting management policies, budget management policies, liability policies, financial statements preparation policies and finance department and staff management policies. We have various procedures and IT systems to implement our accounting policies, and our finance department reviews our management accounts accordingly. We also 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.

We also have set a number of standard operation procedures for human resource management in China, including the employee management system, training manuals, and human resource planning policies. These measures aim to mitigate our risks in insufficient recruitment, staff attrition, non-compliance with labor regulations, employee information management and others.

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.