

INDUSTRY OVERVIEW

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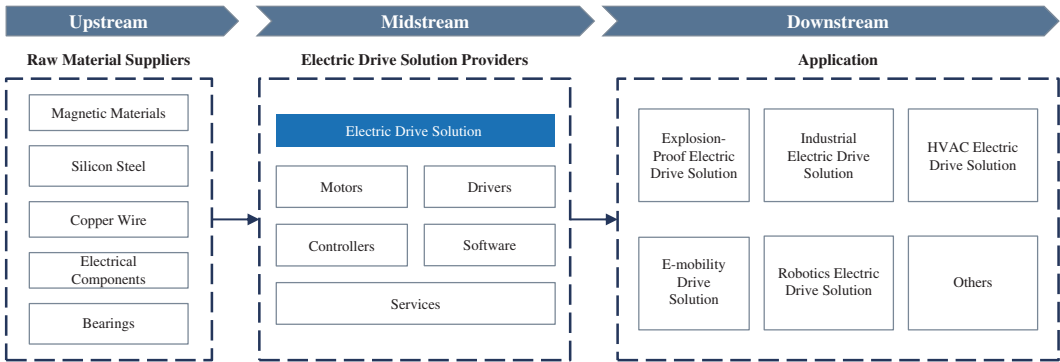
OVERVIEW OF GLOBAL ELECTRIC DRIVE SOLUTION MARKET

Definition of Electric Drive Solutions

The electric drive solution refers to the combination of motor, driver, controller, software and related service. The motor, as the core transmission unit of the solution, converts electrical energy into mechanical energy to realize rotational or linear motion. The driver adjusts and outputs appropriate electrical energy according to signals to control the operating parameters of the motor. The controller generates control logic based on input signals and formulates operational decisions for the solution. The electric drive solution also includes software, which serves as the core for ensuring efficient, safe, and intelligent operation. It handles multiple aspects such as motor control, energy management, and fault diagnosis. Additionally, the electric drive solution encompasses related services that span the entire lifecycle—from demand analysis and customized design to post-sales operation and maintenance.

Electric Drive Solution Industry Chain

The industry chain of the electric drive solution market involves upstream raw material suppliers, midstream electric drive solution providers and downstream applications. The raw materials produced by upstream suppliers provides necessary raw materials and hardware to support the design and manufacture of electric drive solution. Electric drive solution providers, as the midstream participants, mainly develop, design and manufacture electric drive solution based on their expertise and customer needs. This requires a series of complex interdisciplinary knowledge, including electrical engineering, mechanical design, materials science and control theory etc.. In downstream, the electric drive solution is widely used in various aspects of residential life and industrial production.



Source: Frost & Sullivan Report

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Downstream Application and Category of Electric Drive Solutions

As a core power solution in modern industry and daily life, the electric drive solution is widely applied across various industries, providing efficient and clean power support for the operation of equipment in different fields. According to different downstream application, the following diagram illustrates the main types of electric drives solution, their diverse application scenarios, and specific products.

	Functions	Applications	Specific products
Explosion-proof Electric Drive Solution	Use special structural design and material to eliminate ignition sources such as electric sparks and high temperatures, ensure safe operation of equipment in flammable and explosive environments	- Shale oil & gas equipment - Oil, gas, and petrochemical equipment - Coal mining equipment - Others . . .	- Ex d explosion-proof motor - Low inrush current motor - Explosion-proof actuator - Others . . .
Industrial Electric Drive Solution	Provide high-precision and high-load driving force for industrial scenarios such as manufacturing, production lines, and automation equipment	- Precision manufacturing equipment - Water treatment equipment - Air Compressor equipment - Others . . .	- CNC machine spindle drive system - Conveyor belt drive system - Industrial vibrators - Others . . .
HVAC Electric Drive Solution	Drive compressors, fans, and water pumps to achieve the refrigeration, ventilation, and air circulation for specified space	- Residential HVAC - Commercial HVAC - Industrial ventilation - Data Center cooling - Agricultural and livestock ventilation - Others . . .	- Refrigeration Compressor drive system - Wind-powered drive system - HVAC plastic-sealed Motor - Livestock ventilation drive system - Others . . .
E-Mobility Drive Solution	Replace traditional fuel power and provide zero-emission driving force for electric vehicles, aircraft, ships, and other vehicles	- New energy vehicles - Electric aircrafts - Electric ships - Electric two-wheelers - Others . . .	- Electric vehicle drive system - Electric ship drive system - Electric aircraft drive system - Others . . .
Robotics Electric Drive Solution	Realize precise motion control of the robot through servo electric drive system and precision transmission components, and meet the needs for precision operation and flexible movement	- Industrial robots - Service robots - Humanoid robots - Mechanical skeleton - Others . . .	- Exoskeletons and dexterous hands - Embodied intelligence robot components - Hollow-cup motor - Frameless torque motor - Servo motor and controller - Others . . .
Others	Drive moving parts for rotating, oscillating, and linear motion for household appliances, medical equipment and agricultural equipment	- Household appliances - Medical equipment - Agricultural equipment - Others . . .	- Kitchen appliance electric drive components - Endoscope guide motor - Dust and waterproof motor - Others . . .

Source: Frost & Sullivan Report

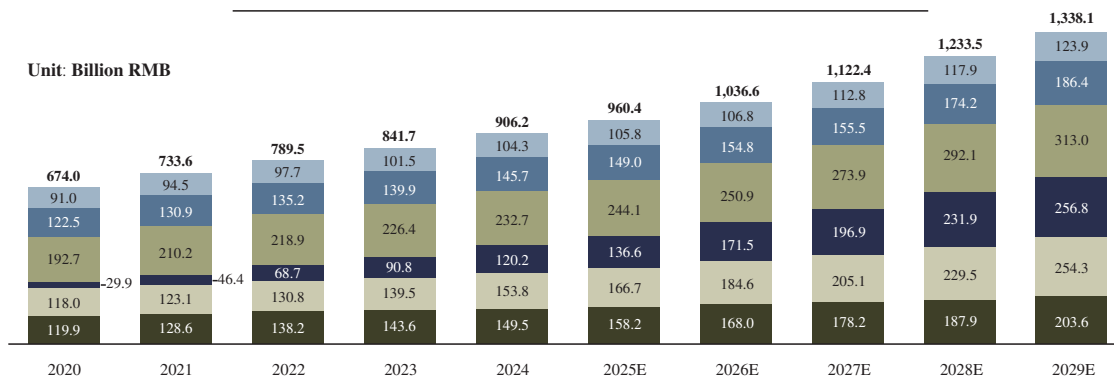
Market Size of Global Electric Drive Solutions by Major Applications

The global electric drive solution market is projected to grow consistently, expanding from RMB674.0 billion in 2020 to RMB1,338.1 billion by 2029, at a CAGR of 7.7% (2020-2024) and 8.1% (2024-2029E). Explosion-proof, industrial and HVAC electric drive solution represent core mature segments of the market, leading in scale and demonstrating steady growth. E-mobility and robotics electric drive solution are experiencing rapid growth. The growing demand for energy efficiency, intelligent motion control and low-emission mobility continues to support the long-term development of the global electric drive solution market.

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Market Size of Global Electric Drive Solutions, by Application (2020-2029E)

	CAGR	2020-2024	2024-2029E
Explosion-Proof Electric Drive Solution		3.4%	3.5%
Industrial Electric Drive Solution		4.4%	5.1%
HVAC Electric Drive Solution		4.8%	6.1%
E-Mobility Drive Solution		41.6%	16.4%
Robotics Electric Drive Solution		6.8%	10.6%
Others		5.7%	6.4%
Total		7.7%	8.1%



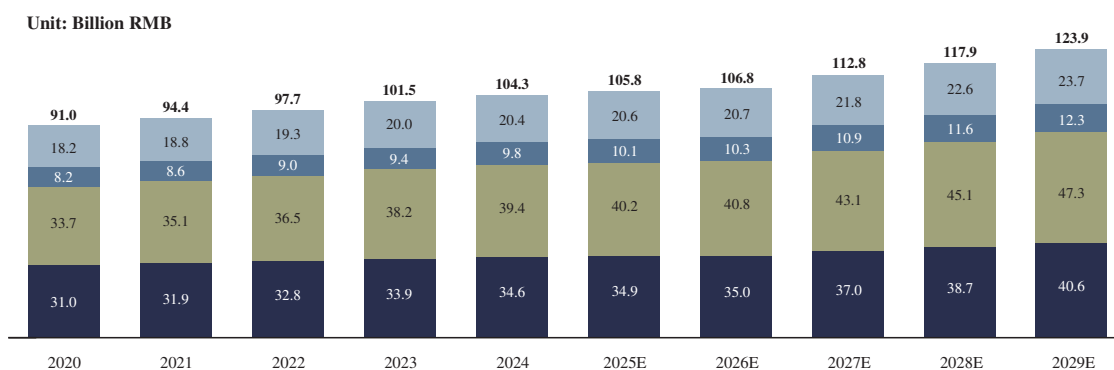
Source: Expert Interview, Frost & Sullivan Report

Explosion-Proof Electric Drive Solutions

The global explosion-proof electric drive solution market is valued at RMB104.3 billion in 2024, and is expected to grow steadily to RMB123.9 billion by 2029 at a 3.5% CAGR. As a relatively mature segment, growth is mainly supported by ongoing safety compliance needs in hazardous industries and the steady replacement of traditional systems with more efficient and low-maintenance electric drive solution.

Market Size of Global Explosion-Proof Electric Drive Solutions, by Region (2020-2029E)

	CAGR	2020-2024	2024-2029E
China		2.9%	3.0%
Asia-Pacific (excl. China)		4.3%	4.6%
America		4.1%	3.7%
Europe, the Middle East and Africa		2.8%	3.3%
Total		3.4%	3.5%



Source: Expert Interview, Frost & Sullivan Report

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- **Market Drivers and Trends of Explosion-Proof Electric Drive Solutions**

- *Rising safety regulations bolster explosion-proof electric drive solution adoption*

Tighter safety regulations across coal mining, oil & gas, and chemical sectors are accelerating the adoption of certified explosion-proof electric drive solution. These systems are critical in preventing ignition in hazardous environments and ensuring uninterrupted operations. For example, influenced by the regulatory shifts, the pharmaceutical industry is also emerging as a high-growth application sector for explosion-proof electric drive solution. Driven by increasing safety requirements and global capacity expansion in biopharmaceuticals, the explosion-proof electric drive market in pharmaceutical manufacturing is expected to grow at a CAGR of 13.8% from 2024 to 2029, underscoring the critical role of advanced safety electric drive solution in supporting the industry’s compliant growth.

- *Digital, intelligent, integrated explosion-proof electric drive solutions*

Explosion-proof electric drive solutions are undergoing progressive digitalization, with integrated capabilities for diagnostics, remote monitoring, and predictive fault detection. These intelligent and networked solutions allow centralized control and predictive maintenance, enhancing safety and efficiency across complex operations.

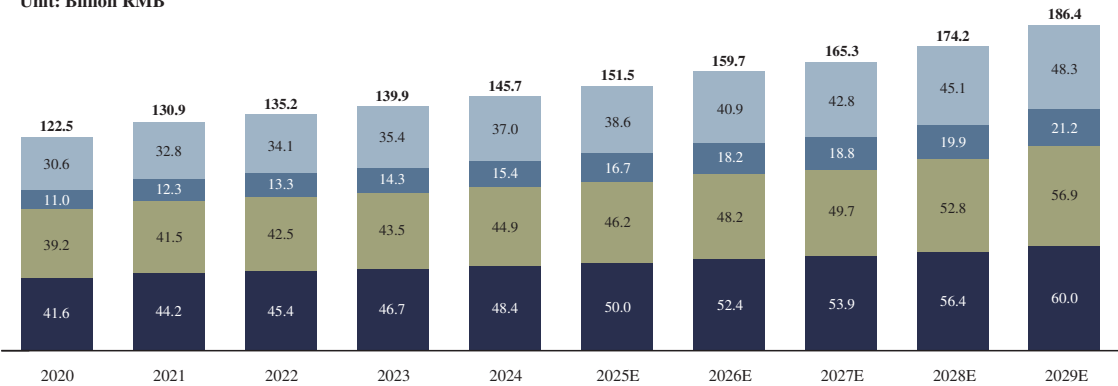
Industrial Electric Drive Solutions

The global industrial electric drive solution market is valued at RMB145.7 billion in 2024, and is expected to grow steadily to RMB186.4 billion by 2029 at a 5.1% CAGR. The growth momentum is primarily driven by ongoing industrial electrification and the demand for cleaner and more efficient solution.

Market Size of Global Industrial Electric Drive Solutions, by Region (2020-2029E)

	CAGR	2020-2024	2024-2029E
China		4.8%	5.5%
Asia-Pacific (excl. China)		8.8%	6.6%
America		3.4%	4.8%
Europe, the Middle East and Africa		3.8%	4.4%
Total		4.4%	5.1%

Unit: Billion RMB



Source: Expert Interview, Frost & Sullivan Report

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- ***Market Drivers and Trends of Industrial Electric Drive Solutions***

- *Accelerating electrification of industrial equipment*

Heavy-load equipment such as pumps, compressors, and cranes, which traditionally relied on diesel engines, pneumatics, or hydraulics, are rapidly converting to electric drive systems. With the cost of motors and variable-frequency drives having dropped by over 30% in the past decade and efficiency gains of 10–15%, manufacturers are achieving finer speed and torque control, cutting energy consumption by up to 20%, and simplifying maintenance regimes. This shift is steadily reinforcing electric drive solution as the preferred solution in modern industrial operations.

- *Electric drive solution evolve for high efficiency, sustainability and precision manufacturing*

In response to global decarbonization targets, manufacturers are adopting next-generation motor and drive platforms designed for minimal energy loss. Additionally, accelerating equipment replacement cycles driven by aging assets and stringent performance requirements are further fueling demand for these advanced solution. Within this trend, precision manufacturing stands out as a major growth engine, with electric drive solution in this segment expected to grow at a CAGR of 12.8% from 2024 to 2029, supported by the need for highly reliable and accurate systems to enable advanced production processes.

- *Renewable energy expansion fuels demand for precision drive*

The global renewable-energy sector added roughly 585 GW of capacity in 2024, a 15.1% year-on-year increase to 4,448 GW, fueling robust demand for electric drives in solar-tracker arrays, wind-turbine pitch solution and grid-interactive storage pumps. Electric drive solutions now function as core components in solar-tracker arrays and turbine-pitch mechanisms, where they enable maximum energy yield under dynamic environmental conditions while supporting grid-interactive functions such as frequency regulation and demand response.

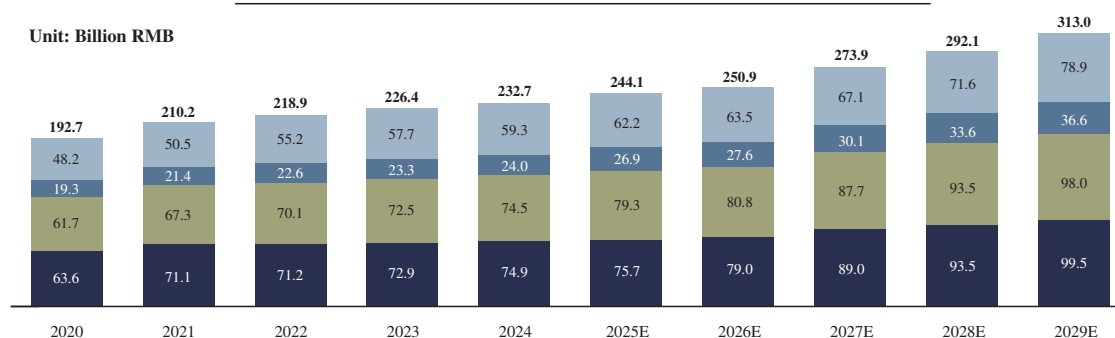
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HVAC Electric Drive Solutions

The global HVAC electric drive solution market is valued at RMB232.7 billion in 2024, and is expected to grow to RMB313.0 billion by 2029 at a 6.1% CAGR. The primary growth drivers include the implementation of energy efficiency regulations in the building sector across various countries, urbanization and industrialization in developing nations and regions, the development of semiconductor manufacturing industry, as well as the rapid expansion of the data center industry.

Market Size of HVAC Electric Drive Solutions, by Region (2020-2029E)

	CAGR	2020-2024	2024-2029E
China		5.4%	5.3%
Asia-Pacific (excl. China)		5.6%	8.8%
America		4.8%	5.6%
Europe, the Middle East and Africa		4.2%	4.8%
Total		4.8%	6.1%



Source: Expert Interview, Frost & Sullivan Report

• Market Drivers and Trends of HVAC Electric Drive Solutions

- *Stringent global energy efficiency standards are driving increased adoption of high-efficiency motors*

To achieve the carbon neutrality goals set by the European Green Deal, the European Union has further tightened energy efficiency requirements for HVAC equipment, household appliances, and other related sectors. Meanwhile, the Chinese government has introduced a household appliance (including household air conditioners) trade-in policy, encouraging consumers to purchase energy-efficient household appliances. These regulations will accelerate the phasing out of low-efficiency motors (IE1/IE2) while boosting the penetration rate of high-efficiency motors such as permanent magnet synchronous motors (PMSMs), brushless DC motors (BLDCs) and electronically commutated motors (ECMs).

- *The industrialization and urbanization in developing countries are driving the demand for HVAC electric drive solutions*

The restructuring of global supply chains is driving manufacturing relocation to Southeast Asia, where the automotive manufacturing and consumer electronics OEM industries are flourishing. Concurrently, India's industrialization and urbanization are advancing at an accelerated pace, with rapid growth in electronics, automotive manufacturing, textiles, and new energy industries. Africa's urbanization rate stood at just 43% in 2023 but is projected to reach 50% by 2030. Major infrastructure projects such as Egypt's New Administrative Capital CBD and Nigeria's Lekki Free Trade Zone are currently under construction. These combined factors are driving growing demand for HVAC electric drive solution in these emerging markets.

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- *Data center boom and semiconductor wafer fab expansion drives growing demand for HVAC electric drive solutions*

The global CAGR of newly installed capacity in AI data centers from 2024 to 2029 is projected to reach 40.4%. The stable operation of data centers relies on strict environmental control, including temperature, humidity, and cleanliness. As data centers develop toward higher density and larger scale, the HVAC electric drive solution market in data center industry is expected to grow at a CAGR of 42.3% from 2024 to 2029.

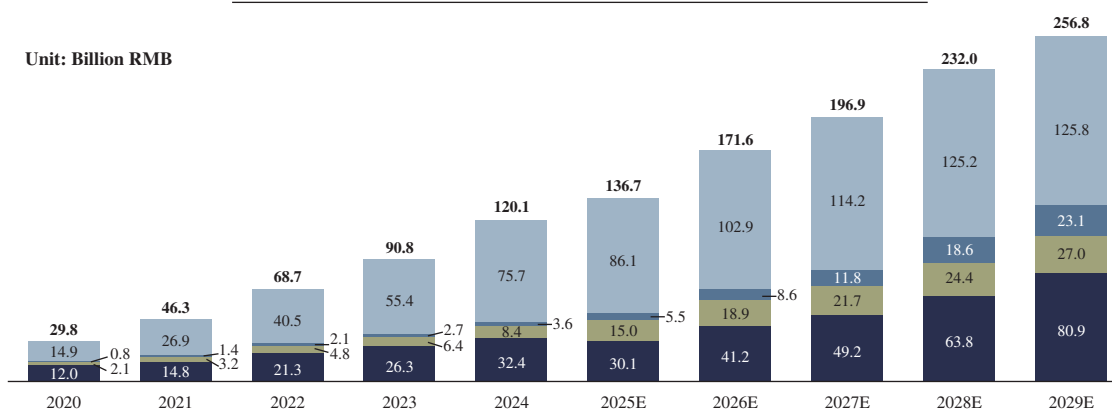
Foundries worldwide are investing in new production lines to expand wafer capacity, 52 new wafer fabs will be constructed globally between 2025 and 2030. Semiconductor cleanrooms are ultra-low-contamination environments for chip manufacturing, ventilation systems play a critical role in maintaining cleanroom conditions by regulating temperature, humidity, and air filtration. As wafer fab capacity expands, the HVAC electric drive solution market in semiconductor manufacturing industry is expected to grow at a CAGR of 14.7% from 2024 to 2029.

E-Mobility Drive Solutions

The global E-mobility drive solution market is valued at RMB120.1 billion in 2024, and is expected to grow steadily to RMB256.8 billion by 2029 at a 16.4% CAGR. The growth momentum is primarily driven by ongoing advancement of transportation electrification and the demand for more efficient drive solution.

Market Size of E-mobility Drive Solutions, by Region (2020-2029E)

	CAGR	2020-2024	2024-2029E
China		50.1%	10.7%
Asia-Pacific (excl. China)		44.1%	45.0%
America		41.6%	26.2%
Europe, the Middle East and Africa		28.2%	20.0%
Total		41.6%	16.4%



Source: Expert Interview, Frost & Sullivan Report

• Market Drivers and Trends of E-Mobility Drive Solutions

- *The electrification and intelligence of vehicle increase the usage and value of electric drive solutions*

From 2020 to 2024, global new energy vehicle (NEV) sales increased from 3.2 million to 19.0 million, and global new energy vehicle penetration increased from 4.1% to 20.6%. The electrification and intellectualization of NEVs are still advancing. The electric drive solution of new energy vehicles is one of the most core sub-solution of the entire vehicle, which determines the core performance of the vehicle. In line with the growing popularity of new energy vehicle, the market size of drive solution is expected to continue to grow.

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Electric motorcycles offer users eco-conscious and intelligent user experiences, future models may incorporate advanced functionalities such as autonomous riding, adaptive cruise control, and remote operation—features poised to attract eco-conscious younger consumers and expand market share. E-bikes provide people with a green, efficient, and convenient mode of transportation. With the growing global awareness of environmental protection, the E-bike industry is poised to enter a golden era of development. The expansion of electric motorcycle and E-bike markets will generate substantial demand for associated electric drive solution.

– *The commercialization of electric aviation is accelerating*

Electric aircrafts serve as the core platform of electric aviation. Electric aircrafts refer to flying vehicles that use electricity as the primary power source for their propulsion systems. Based on their configurations, they can be classified into electric vertical take-off and landing (eVTOL) aircraft, electric fixed-wing aircraft and electric hybrid-wing aircraft. They can be applied in scenarios such as urban air transportation, sightseeing tourism, short-distance passenger transport, and logistics transportation.

As the core power unit of electric aircrafts, the drive solution plays a vital role in the take-off, landing, hovering, and cruising of the electric aircraft. It provides the necessary thrust for the aircraft to ensure the safety and stability of the flight. For example, during the take-off and landing phases, the motor needs to provide strong power and precision control to enable the aircraft to take off quickly and land steadily. When hovering, the motor should accurately control the output power to maintain the stable position of the aircraft.

The global electric aviation industry is advancing at a remarkable pace. In 2023, over 150 new electric aircraft models were initiated, and the world’s first commercially operational eVTOL was introduced; by 2024, the global fleet of commercial eVTOLs exceeded 250 units. Currently, a small number of electric fixed-wing aircraft have entered mass production globally, though these remain predominantly small training aircrafts and light sport planes. As more electric aircrafts currently under development worldwide obtain airworthiness certifications, mass production will drive rapid growth in the market scale. The global electric aviation drive solution market is expected to expanded significantly, rising at a CAGR of 110.1% from 2024 to 2029, and further expand to RMB25.3 billion in 2035 at a CAGR of 30.1%.

The low-altitude economy refers to a range of economic activities conducted within low-altitude airspace, encompassing various sectors such as aircraft manufacturing, infrastructure, service support, and low-altitude applications, forming a vast industrial ecosystem. In 2024, the global market size of the low-altitude economy has already reached 1.6 trillion RMB.

Robotics Electric Drive Solutions

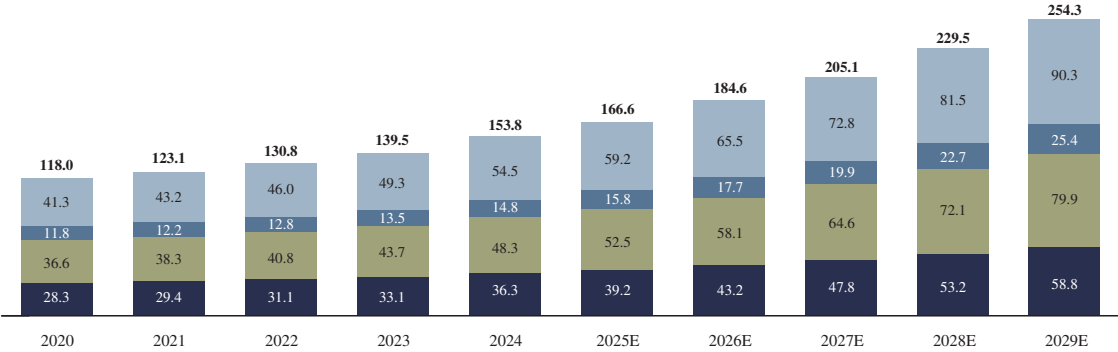
The global robotics electric drive solution market is valued at RMB153.8 billion in 2024, and is expected an accelerated growth to RMB254.3 billion by 2029 at a 10.6% CAGR. The growth momentum is primarily driven by the rapid expansion of automation across manufacturing, logistics, and service industries, alongside the uptake of emerging applications like embodied intelligence.

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Market Size of Global Robotics Electric Drive Solutions, by Region (2020-2029E)

CAGR	2020-2024	2024-2029E
China	7.1%	10.6%
Asia-Pacific (excl. China)	5.8%	11.5%
America	7.2%	10.6%
Europe, the Middle East and Africa	6.4%	10.1%
Total	6.8%	10.6%

Unit: Billion RMB



Source: Expert Interview, Frost & Sullivan Report

- **Market Drivers and Trends of Robotics Electric Drive Solutions**

- *Accelerated adoption of Embodied Intelligence*

An emerging sector—embodied intelligence, has gained traction in recent years and now represent the primary growth driver for the robotics electric drive solution. Embodied intelligence refers to intelligent robotic systems equipped with physical bodies that interact with the real world through sensing, movement, and decision-making. These systems are often designed with human- or animal-like morphologies—such as humanoid robots, quadrupeds, and mobile manipulators—and are capable of operating in complex and unstructured environments to perform generalized tasks.

The global embodied intelligence market is experiencing great expansion, with projections indicating it will reach RMB155.1 billion at a CAGR of 43.8% between 2024 and 2029. By 2035, the market is expected to grow further to RMB1,037.7 billion, achieving a CAGR of 37.3%. Its applications are extensive and continually expanding, covering areas such as industrial automation, medical rehabilitation, logistics, and consumer robotics. Given this diversity, the embodied intelligence market holds immense potential for substantial long-term growth.

The global electric drive solution market for embodied intelligence is expected to expanded significantly, reaching RMB28.7 billion at a CAGR of 43.8% from 2024 to 2029, and further to RMB187.1 billion in 2035 at a CAGR of 36.7%. This strong growth is driven by the maturation of compact and high-performance drive modules and the widening application of embodied intelligent platforms, where high-precision and real-time motion control is essential for unlocking functional versatility and ensuring human-robot collaboration.

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COMPETITIVE LANDSCAPE OF GLOBAL ELECTRIC DRIVE SOLUTION MARKET

Competitive Landscape Overview

The global electric drive solution market is relatively fragmented, with a diverse mix of suppliers across motors, drives, controllers, and integrated solutions. The market dynamic varies by segment and application but generally remain competitive. Leading companies are primarily concentrated in Europe, the United States, China, and Japan, where robust manufacturing ecosystems, strong R&D capabilities, and supportive policies foster both high-end innovation and large-scale production.

Driven by supply-chain security imperatives and rapid technological innovation, Chinese electric-drive solution makers are shedding their “low-cost, low-end” image and climbing the value chain. Through investments in precision machining, advanced materials, and rigorous certification standards, they are increasingly able to compete with foreign incumbents in high-end applications, strengthening local brands, and expanding market share in premium segments.

Ranking in Global Explosion-Proof Electric Drive Solution Market

Global explosion-proof electric drive solution market size in 2024 reached RMB104.3 billion. Our Company ranked 1st in the market, with a market share of 4.5%. The following table presents the ranking of companies in global explosion-proof electric drive solution market, as measured by revenue of explosion-proof electric drive solution in 2024.

<u>Ranking</u>	<u>Company</u>	<u>Headquarter</u>	<u>2024 Revenue</u> <i>(Billion RMB)</i>	<u>Market Share</u>
1	Our Company	China	4.7	4.5%
2	Company A ¹	Germany	4.5	4.3%
3	Company B ²	Brazil	4.2	4.1%
4	Company C ³	Switzerland	3.7	3.5%
5	Company D ⁴	United States	3.3	3.1%
Others			83.9	80.5%
Total			104.3	100.0%

Source: Expert Interview, Frost & Sullivan Report

- 1 Company A is a private group established in 2019, headquartered in Germany, engaging in the provision of custom-built electric motors, generators, electric drive systems, and related engineering solution for industrial applications.
- 2 Company B is a group established in 1961 and listed on the B3 Stock Exchange in Brazil, headquartered in Brazil, engaging in the provision of electric motors, automation systems, power generation and distribution equipment, industrial coatings, and electric drive systems.
- 3 Company C is a group established in 1988 and listed on the SIX Swiss Exchange, headquartered in Switzerland, engaging in the provision of electrification products, robotics and automation solution, industrial digital technologies, and electric drive systems.
- 4 Company D is a group formed by the merger of two well-known companies in 2021 and listed on the New York Stock Exchange, headquartered in the US, engaging in the provision of electric drive systems, mechanical transmission components, automation systems, intelligent operation and maintenance systems.

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Our company also lead the market in 3 segments as measured by revenue of applicable products in 2024:

- Our company ranked 1st in terms of the revenue of ex d explosion-proof motors with a market share of 9.5% in 2024. Ex d explosion-proof motors are engineered to contain internal explosions within the equipment enclosure, thereby preventing the ignition of flammable gases or vapors in the surrounding environment.
- Our company ranked 1st in terms of the revenue of medium-to-high voltage explosion-proof motors with a market share of 10.2% in 2024.
- Our company ranked 1st in terms of the revenue of low inrush current motors (starting current $\leq 2.7x$ rated current) with a market share of 12.9% in 2024.

Ranking in Global Industrial Electric Drive Solution Market

Global industrial electric drive solution market size in 2024 reached RMB145.7 billion. Our Company ranked 4th in the market, with a market share of 2.8%. The following table presents the ranking of companies in global industrial electric drive solution market, as measured by revenue of industrial electric drive solution in 2024.

Ranking	Company	Headquarters	2024 Revenue (Billion RMB)	Market Share
1	Company C	Switzerland	11.1	7.6%
2	Company B	Brazil	9.9	6.8%
3	Company A	Germany	6.2	4.2%
4	Our Company	China	4.1	2.8%
5	Company E ⁵	Japan	2.9	2.0%
Others			114.5	78.6%
Total			<u>145.7</u>	<u>100.0%</u>

Source: Expert Interview, Frost & Sullivan Report

Our company also lead the market in 2 segments as measured by revenue of applicable products in 2024:

- Our company ranked 1st in terms of the revenue of industrial vibrator electric drive systems with a market share of 20.8% in 2024. Industrial vibrator systems are designed to enhance material flow, prevent clogging, and improve efficiency in bulk material handling systems such as hoppers, silos, conveyors, and feeders.
- Our company ranked 1st in terms of the revenue of permanent magnet electric drive systems for air compressors with a market share of 10.7% in 2024. Permanent magnet electric drive systems for air compressors are designed to deliver high energy efficiency, reduce operating noise, and improve reliability through precise speed control.

⁵ Company E is a group established in 1973 and listed on the Tokyo Stock Exchange, headquartered in Japan, engaging in the provision of precision motors, drive systems and electronic components. The business spans multiple fields including automotive, home appliances, industrial automation, energy, and IT equipment.

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Ranking in Global HVAC Electric Drive Solution Market

Global HVAC electric drive solution market size in 2024 reached RMB232.7 billion. Our Company ranked 5th in the market, with a market share of 2.0%. The following table presents the ranking of companies in global HVAC electric drive solution market, as measured by revenue of HVAC electric drive solution in 2024.

Ranking	Company	Headquarter	2024 Revenue (Billion RMB)	Market Share
1	Company E	Japan	11.5	5.0%
2	Company F ⁶	China	6.7	2.9%
2	Company D	United States	6.2	2.7%
4	Company G ⁷	China	6.0	2.6%
5	Our Company	China	4.6	2.0%
Others			197.0	84.9%
Total			232.7	100.0%

Source: Expert Interview, Frost & Sullivan Report

Our company also lead the market in 2 segments as measure by revenue of applicable products in 2024:

- Our company ranked 1st in terms of the revenue of air conditioning plastic-encapsulated electric drive systems with a market share of 6.0% in 2024.
- Our company ranked 1st in terms of the revenue of livestock ventilation electric drive systems with a market share of 6.7% in 2024.

Competitive Landscape of E-Mobility Drive Solutions

The E-mobility drive solution market comprises multiple distinct segments, including new energy vehicles, electric aviation, electric boats, electric motorcycles, and E-bikes. Different segments exhibit significant variations in product characteristics, supply-demand dynamics, and key market players.

Competitive Landscape of Global Robotics Electric Drive Solutions

The market for robotics electric drive solution market is moderately concentrated at the industrial level, while remaining more fragmented across service segments. In industrial robotics, the market is shaped by a small group of suppliers that dominate shipments, with most high-precision motors and drives sourced from mature automation ecosystems in Asia, Europe, and North America. Service robotics involve a broader variety of use cases, leading to a more diverse and less consolidated supplier base.

ENTRY BARRIERS OF GLOBAL ELECTRIC DRIVE SOLUTION MARKET

Technical Barriers

Manufacturers need to have the ability to design high-performance electric drive solution, and products need to adapt to various complex working conditions and meet the special needs of different industries.

⁶ Company F is a group established in 1994 and listed on the Shenzhen Stock Exchange, headquartered in China, engaging in the provision of HVAC motors, household appliance motors, vehicle air conditioning motors, and industrial and agricultural intelligent equipment.

⁷ Company G is a private group established in 1992, headquartered in China, engaging in the provision of HVAC motors, household appliance motors. The company specializes in eco-friendly, high-efficiency, compact, intelligent and low-noise motor technologies.

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Market Access Barriers

The customer verification period is relatively long, and there are special certification standards in some special industries such as petrochemical, oil & gas extraction and mining industries.

Patent Barriers

Leading companies have core technology patents, and new entrants need to pay high patent licensing fees.

Customer Barriers

Customers attach importance to the reliability of products, the stability of the supply chain and the technological innovation ability of the supplier. Major customers usually establish long-term cooperation with existing suppliers, and new entrants face difficulties in acquiring new customers.

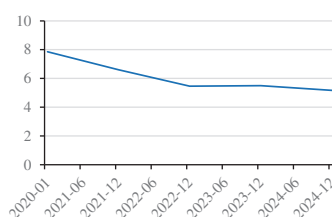
Production Quality Management Barriers

Manufacturers need to have the ability to comprehensively manage production process, quality inspection, supply chain, and production cost in order to improve market competitiveness.

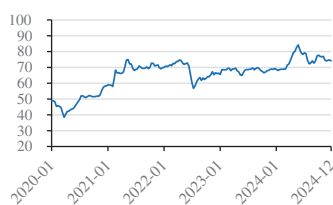
- **Price Trends of Major Raw Materials**

Affected by the increase in supply and the decline in raw material prices, China’s non-oriented silicon steel prices declined from 2020 to 2022, and remain relatively stable after 2022. Electrolytic copper is the main raw material of copper wire, and its price fluctuates greatly. From 2020 to 2021, affected by the easing policies of various countries, the price of electrolytic copper rose. In 2022, affected by the Federal Reserve’s interest rate hike, the price of electrolytic copper fell. From 2023 to 2024, the price of electrolytic copper rebounded due to the impact of the reduction of copper production in South America. NdFeB (Neodymium Iron Boron) is the main permanent magnet material used in motors. Affected by the changes in rare earth prices, the price of sintered NdFeB in China fluctuated greatly from 2020 to 2024, showing a trend of first rising and then declining.

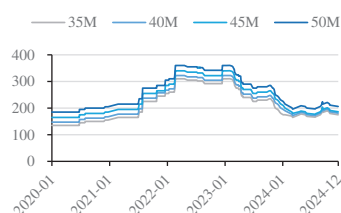
Non-oriented silicon steel No. 800 market price, Shanghai, Thousand RMB/ton, 2020-2024



Electrolytic copper market price, China, Thousand RMB/ton, 2020-2024



Sintered NdFeB market price, China, RMB/kg, 2020-2024



Source: Mysteel, Frost & Sullivan Report

- **Price Trends of Final Products**

The price of electric drive solutions is simultaneously influenced by raw material costs and specific application scenarios. With extensive applications and a wide range of models and types, notable price variations exist among different electric drive solutions. Overall, the prices of various electric drive solutions have remained stable over the past five years.

INDUSTRY OVERVIEW

SOURCES OF INFORMATION AND RESEARCH METHODOLOGY

We engaged Frost & Sullivan for preparing an independent industry report in respect of the [REDACTED]. The information from Frost & Sullivan disclosed in this document is extracted from the Frost & Sullivan Report, a report commissioned by us for a fee of RMB280,000, and is disclosed with the consent of Frost & Sullivan. The Frost & Sullivan Report has been prepared by Frost & Sullivan independently without any influence from us or other interested parties. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York. Its services include, among others, industry consulting, market strategic consulting and corporate training. Frost & Sullivan conducted (i) primary research, which involved discussing the status of the industry with certain leading industry participants, and interviews with industry experts on a best-effort basis to collect information in aiding in-depth analysis; and (ii) secondary research, which involved reviewing government statistics, industry association publication, company reports, independent research reports and data based on its own research database.