

BUSINESS

OVERVIEW

Who We Are

We are a leader in providing electric drive solutions. Specializing in the research and development, manufacturing, sales, and service of electric drive products and solutions, we provide five core segments tailored for diverse applications worldwide: explosion-proof electric drive solutions, industrial electric drive solutions, HVAC electric drive solutions, E-mobility drive solutions, and robotic components and system applications.

With over four decades of deep expertise in the electric drive solution industry and driven by technological innovation and digital empowerment, we have built core capabilities in motor and drive technologies. At the same time, we are making proactive investments in emerging fields such as electric aviation and embodied intelligence. Through an integrated approach to research and development, manufacturing, and branding, we serve customers in over 100 countries and regions with products and solutions. We have achieved milestones set out as below:



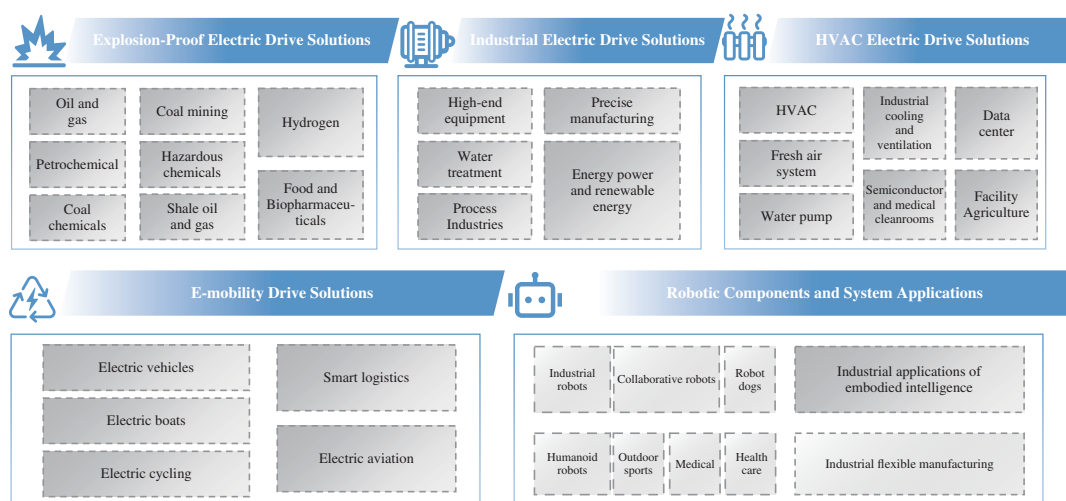
Notes:

- (1) According to Frost & Sullivan, in terms of revenue in 2024.
- (2) According to Frost & Sullivan, in terms of revenue in 2024, we are the world's largest provider of seven major products, including (i) Explosion-proof motors, (ii) medium-to-high voltage explosion-proof motors, (iii) low inrush current motors, (iv) air conditioning plastic-encapsulated electric drive systems, (v) livestock ventilation electric drive systems, (vi) industrial vibrator electric drive systems, and (vii) permanent magnet electric drive systems for air compressors.
- (3) According to the annual reports published by us on the Shanghai Stock Exchange, our revenue grew at a CAGR of 21.9% from 2002 to 2024, while our net profit increased at a CAGR of 16.2% from 2002 to 2024 (such figures have not been audited or reviewed by a certified public accountant).
- (4) For the nine months ended September 30, 2025 or as of September 30, 2025.
- (5) As of September 30, 2025, our products and solutions had been presented across Asia, the Americas, Europe, Oceania, and Africa, spanning more than 100 countries and regions.
- (6) According to Frost & Sullivan, we have established business relationships with the world's top ten HVAC manufacturers, water pump and air compressor manufacturers, and petrochemical enterprises (based on revenue in 2024).
- (7) As of September 30, 2025, we had over 1,400 patents and we had filed over 2,700 patent applications worldwide.

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Our Solutions

Our solution portfolio encompasses five core segments: explosion-proof, industrial, HVAC, E-mobility, and robotic components and system applications.



- Explosion-proof electric drive solutions:** Our explosion-proof electric drive solutions are deeply focused on the energy sector and specialized industrial fields, offering tailored, safe, reliable, and efficient electric drive solutions for key applications in oil and gas, petrochemicals, coal chemicals, coal mining, hazardous chemicals, shale oil and gas, hydrogen energy, food and biopharmaceuticals.

As a leader in providing explosion-proof electric drive solutions, we have built an industry-leading technology solution focused on safety, reliability, and high performance through continuous innovation. We have played a key role in the development of 210 international, national, and industry standards and were among the world’s first to pioneer the IE5 efficiency explosion-proof motor, making “Wolong Explosion-Proof” synonymous with global explosion-proof electric drive technology. According to Frost & Sullivan, in terms of revenue in 2024, we ranked first globally in the explosion-proof electric drive solution; and we are the largest provider of Ex d explosion-proof motors, medium-to-high-voltage explosion-proof motors and low inrush current motors.

- Industrial electric drive solutions:** We have a strong presence in the industrial electric drive solutions sector, with products widely applied across industries such as high-end equipment, process industries, energy and power, renewable energy, water treatment, and precision manufacturing. Our industrial electric drive solutions meet the full range of specifications required for industrial applications.

We continue to lead the industry in energy efficiency upgrades and we were among the first in the world to launch asynchronous and permanent magnet motors that comply with IEC and NEMA high energy efficiency standards. Additionally, we were the first in China to introduce a full range of switched reluctance synchronous motors, obtaining energy efficiency certifications. According to Frost & Sullivan, we ranked fourth globally and first in China in the industrial electric drive solution sector in terms of revenue in 2024.

- HVAC electric drive solutions:** Our HVAC electric drive solutions provide comprehensive electric drive solutions for global residential, commercial air conditioning, and industrial ventilation systems, applied in heating, ventilation and air conditioning, fresh air systems, industrial cooling and ventilation, water pumps, data centers, semiconductor and medical cleanrooms, and facility agriculture, as well as other advantageous and emerging growth areas.

Leveraging smart IoT and artificial intelligence technologies, we deliver intelligent HVAC electric drive solutions. By integrating high-efficiency, low-noise, custom chips with advanced precision control, constant temperature and current, and group control technologies, we deliver accurate, efficient, and comfortable application experiences to

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users. According to Frost & Sullivan, we ranked fifth globally and third in China in the HVAC electric drive solution market in terms of revenue in 2024.

- **E-mobility drive solutions:** Our E-mobility drive solutions focus on green transportation, offering efficient, reliable, and high-performance electric drive solutions for electric vehicles, electric ships, electric cycling, smart logistics, electric aviation, and other related applications. We are actively expanding in the electric aviation sector, developing high-performance electric drive solutions characterized by high power density, lightweight architecture, and superior reliability. We have already established strategic partnership with major industry participants including leading electric aviation companies such as AEROFUGIA and Starair.
- **Robotic components and system applications:** In the area of robotic components, leveraging our strong foundation in research, development and manufacturing of electric drive solutions, we provide industrial and embodied intelligence robots with high-precision, rapid-response and energy-efficient components such as joint modules, dexterous hands, and exoskeletons. We have established business relationships with leading companies such as AgiBot, Siasun, and Lenovo Technologies. In the industrial application of embodied intelligence, we utilize our advanced industrial automation capabilities to develop proprietary vertical domain model of industrial embodied intelligence.

Our Growth Opportunities

With the global wave of technological revolution, advancements in artificial intelligence, and the ongoing shift toward low-carbon transformation, the electric drive solution industry is experiencing rapid development opportunities. According to Frost & Sullivan, the global electric drive solution market is projected to grow from RMB906.2 billion in 2024 to RMB1,338.1 billion by 2029, with a CAGR of 8.1%. Electric aviation and embodied intelligence are witnessing explosive industry growth. According to Frost & Sullivan, within the next ten years, these industries will expand rapidly, opening new opportunities for electric drive solutions. Against the backdrop of a rapidly shifting global industrial landscape, leading companies with technological innovation capabilities and global operational advantages are poised to gain strategic commanding heights in the future competition.

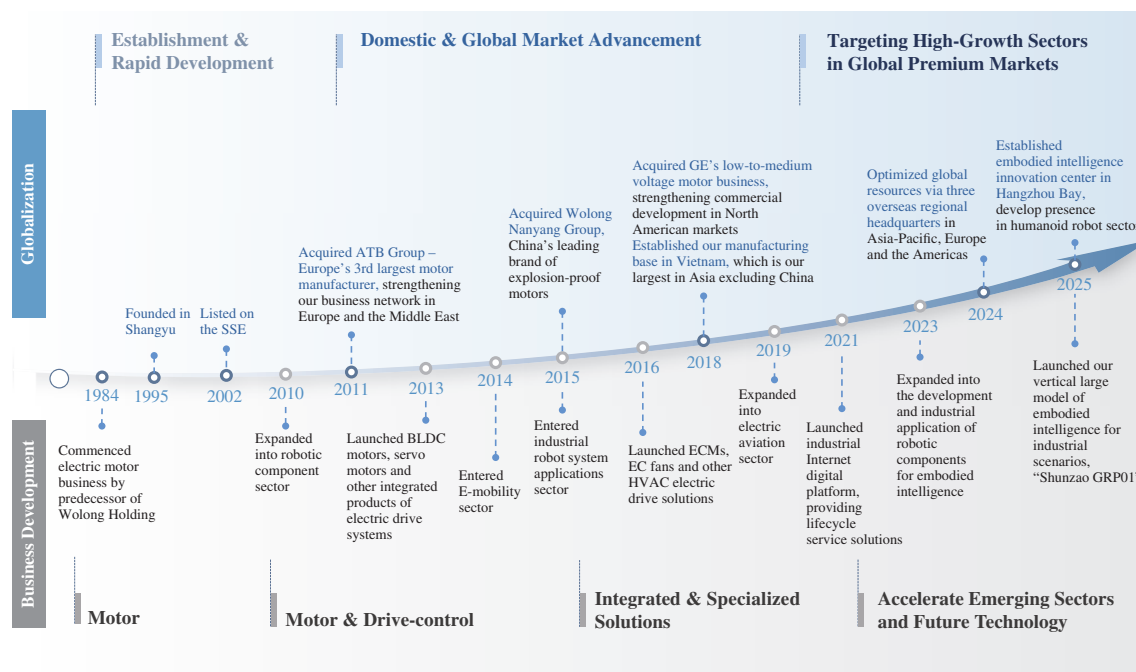
Seizing industry opportunities, we implement a three-pillar development strategy of “technology leadership, deliverables first and global operations” as below:

- **Technology leadership:** We will leverage our Global Research Center’s innovation platform to increase investment in digitalization and intelligence, continuously strengthening our technological leadership. We are also focusing on cutting-edge technologies, rapidly advancing business breakthroughs in electric aviation, embodied intelligence, and other emerging sectors, establishing the next growth trajectory. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, revenue from electric aviation was approximately RMB1.3 million, RMB4.8 million, RMB6.7 million and RMB6.3 million, respectively.
- **Deliverables first:** To serve global premium customers, we continue to drive high-end, customized, and high-value solutions iterations. We have integrated hardware, software, and services, delivering a solution-based model to enhance product and solution competitiveness and market share.
- **Global operations:** Anchored in our globalization strategy, we are expanding our global research and development infrastructure, smart manufacturing facilities, integrated supply chains, and sales service network. We aim to deepen strategic collaborations with key customers and accelerate expansion into strategic markets in North America, Asia-Pacific, and the Middle East, continuously enhancing our global brand influence and operational capabilities.

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Our Journey

The following outlines our development milestones:



Our Financial Performance

Since our listing on the main board of the Shanghai Stock Exchange in 2002, we have consistently created value for our Shareholders through exceptional performance growth. From 2002 to 2024, our revenue and net profit have achieved CAGR of 21.9% and 16.2%, respectively, demonstrating our long-term sustainable value creation capabilities. Since going public, we have distributed a total of approximately RMB2.1 billion in cash dividends.

STRENGTHS

Recognized Leadership in Electric Drive Solutions

As a leader in electric drive solutions provider in China, we deploy innovation-driven technologies across over 100 countries and regions worldwide. For the year ended December 31, 2024, our revenue reached RMB16.2 billion, with a CAGR of 21.9% since our listing on the Shanghai Stock Exchange, consistently outpacing the industry.

According to Frost & Sullivan, we are one of the largest, most comprehensive, and widest-reaching electric drive solution providers globally, maintaining a dominant position in the global electric drive solution industry. According to Frost & Sullivan, in terms of revenue in 2024, we ranked first in the global explosion-proof electric drive solution market, fourth in the global industrial electric drive solution market, and fifth in the global HVAC electric drive solution market. As advised by Frost & Sullivan, we are the world's largest provider of seven major electric drive products in terms of revenue in 2024, including (i) explosion-proof motors, (ii) medium-to-high voltage explosion-proof motors, (iii) low inrush current motors, (iv) air conditioning plastic-encapsulated electric drive systems, (v) livestock ventilation electric drive systems, (vi) industrial vibrator electric drive systems, and (vii) permanent magnet electric drive systems for air compressors.

As the demand for efficient electric drive solutions continues to rise amid global energy transitions and industrial automation, we are poised to benefit from the burgeoning markets of electric aviation and embodied intelligence, driving future growth through our strong technological foundation and industry leadership.

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Strategic Global Expansion Driving Strong Overseas Growth

As a pioneer in global electric drive solutions, we continuously deepen our international presence through strategic collaboration, technology integration, and regional specialization. To navigate the complexities of international markets, we adhere to a “global localization” approach, strengthening our position through overseas strategic partnerships and localized operations, which enhance our global influence. For the years ended December 31, 2022, 2023, 2024, and the nine months ended September 30, 2024 and 2025, our overseas revenue reached RMB5.5 billion, RMB5.6 billion, RMB5.7 billion, RMB4.3 billion and RMB4.8 billion, respectively.

We have established a comprehensive global research and development, manufacturing, and sales service solutions, supported by strong operational capabilities.

- **Global research and development system:** We have set up five major research and development centers in China, the United States, Germany, Japan, and India, focusing on cutting-edge technology trends and regional market demands. By integrating global resources, we create technological synergies to enhance innovation. Our extensive global research and development network, along with regional research and development centers, ensure that our technological development reflects market needs.
- **Global manufacturing system:** As of September 30, 2025, we operated 45 factories around the world, including 14 overseas factories in Germany, Poland, Italy, Vietnam, Mexico and other countries and regions. We have established a global manufacturing system of “regional markets, regional manufacturing, and regional services” and respond quickly to customer needs and ensure efficient delivery.
- **Global sales and service network:** We have built a global sales and service network spanning over 100 countries and regions, with three overseas regional headquarters in the Asia-Pacific, Europe, and the Americas. As of September 30, 2025, we employed more than 4,000 overseas staff, accounting for over 25% of our total workforce, ensuring seamless delivery and service to our international customers.

Strong Research and Development Capabilities, Building an Industry-Leading Technology System

We are committed to research and development investment, enhancing our technological and talent reserves to lead industry advancements and build a technology-driven enterprise. For the years ended December 31, 2022, 2023, 2024, and the nine months ended September 30, 2024 and 2025, our research and development expenditure (including capitalized amounts) amounted to RMB818.6 million, RMB857.8 million, RMB872.2 million, RMB682.0 million and RMB692.8 million, respectively. As of September 30, 2025, we had over 1,800 research and development staff globally, accounting for over 10% of our total workforce, including 10 top international experts led by IEEE Fellow and more than 200 members with master’s and doctoral degrees. We also operate academician workstations and postdoctoral research stations, providing a strong foundation for technological innovation.

We have established a three-tier research and development system comprising the “Research Center — Business Units — Factories,” enabling full-chain collaboration from frontier technology exploration, customized development, to industrialization. The Global Research Center focuses on future technological breakthroughs, the business unit research and development centers conduct customer-driven customized development and the factories ensure the conversion of technological research into production processes. As a national high-tech enterprise and a model for technological innovation, we have established several national-level research platforms, including a recognized corporate technology center and a national new material production application demonstration platform. We have obtained more than 1,400 authorized patents and won the Queen’s Award of the United Kingdom more than once. Our technological achievements have also received numerous provincial and ministerial-level science and technology awards. Through deep industry-academia collaborations with prestigious universities such as Northeastern University, we accelerate the integration of technological innovation with industry development.

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Based on a robust research and development system and continuous growth in research and development investment, we have achieved significant breakthroughs in key areas:

- **Electric drive technology:** With a century-long brand history, we have built a solid technological foundation in electric drive solutions, developing core capabilities in high-performance and high-efficiency motor design and simulation, intelligent variable frequency drive system design, and high-precision motor control algorithms. We have established a comprehensive technology platform integrating both hardware and software development. We continue to increase investments in proprietary chip design and software technology development, driving the digitalization and intelligence upgrades of electric drive technology.
- **Integrated solutions:** With deep insight into customer needs, our technology and solution portfolio extend downstream to load modules and upstream to converters and control systems. We provide customized and specialized solutions that integrate hardware, software, and services.
- **Expansion into emerging industries:** Leveraging our deep expertise in electric drive technology, supported by a vertically integrated technological architecture, a global research and development network, and our quick response to frontier technologies, we continuously expand our solution portfolio and deepen our technological capabilities into emerging industries such as electric aviation and embodied intelligence.

In the field of electric aviation, we were among the first to master core technologies for high-power density, high-reliability aviation electric drive solutions. We have become a key supplier of power systems for eVTOLs globally. Through establishing a joint venture with AEROFUGIA, we are advancing manned aviation electric drive system flight verification, establishing our leadership in the aviation electric drive solution sector. In the field of embodied intelligence, in robotic components, we focus on joint modules, dexterous hands, and exoskeleton products, integrating motor, control, and reducer designs. We are expanding into humanoid robots, collaborative robots, and special-purpose robots markets. In industrial applications, we have developed proprietary vertical domain model of industrial embodied intelligence and are driving the commercial application of industrial embodied intelligence globally.

Industry Leading Brands and Broad Premium Customers Base

We have developed a dual-driven brand strategy of “independent innovation + international expansion,” creating a comprehensive brand matrix covering all product and solution categories. We not only own leading domestic brands such as Wolong and Nanyang Explosion-Proof, but have also expanded internationally by acquiring renowned European industrial brands with over a century of history, including Brook Crompton, Schorch, Morley, and Laurence Scott.

Leveraging the strengths of our international brands and leading solution technologies, we have deeply engaged with top global customers. We have established a multi-level customer service network worldwide, providing in-depth support to global high-end customers. To better serve the downstream value chain, we have created a Global Key Accounts (“GKA”) management mechanism, forming a “triangle team” of sales, technical, and delivery support personnel as our core operational unit.

With over decades of global expansion, we have built strong, stable relationships with blue-chip clients and earned a reputable brand image. In the industrial and energy sectors, we have established long-term partnerships with global leaders such as Baker Hughes, Ingersoll Rand, and KOBELCO, and have consistently served world-leading companies. In the HVAC sector, we have established stable partnerships with internationally renowned brands such as Haier, GREE, Hisense HITACHI, Johnson Controls, Carrier, Daikin, XYLEM, Grundfos, and Emerson. In the new energy transportation sector, we have formed a joint venture with a renowned company in Germany to provide core electric drive solution components for premium automakers, and have built strategic partnerships with top-tier automotive manufacturers such as King Long.

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We are committed to long-term partnerships and in-depth services for our customers. As of September 30, 2025, the average partnership duration with our top five customers for the year ended December 31, 2024 exceeded 21 years. These long-standing collaborations enable us to deeply engage in the entire product lifecycle, from technology advancement to market expansion, strengthening our industry influence and client recognition. This further enhances customer recognition and loyalty.

Excellent Manufacturing and Operation, Achieving Quality and Efficiency Advantages

As a premium provider of global electric drive solutions, we have built exceptional operational management capabilities across multiple countries and regions, focusing on intelligent manufacturing, supply chain resilience, cross-regional collaboration, and end-to-end quality control.

- **Intelligent manufacturing:** Leveraging advanced manufacturing capabilities and a global production network, we achieve seamless coordination between domestic and international manufacturing to efficiently serve global markets. We place a strong emphasis on the digitalization and informatization of our manufacturing processes, including optimizing production resources through AI-based scheduling systems and digital twin technologies. Furthermore, by integrating core systems such as PLM, CRM, ERP, MES, and SRM, we ensure a fully data-driven closed-loop management system from customer demand to product delivery. Several of our industry-leading manufacturing bases have been selected as smart manufacturing demonstration factories in China, setting the industry benchmark for intelligent manufacturing.
- **Resilient supply chain management:** We have established a “global + regional” supply network, balancing global efficiency with regional resilience through an intelligent procurement platform and dynamic inventory management system. By utilizing digital technologies to monitor supply chain status in real time, we have built a three-tier emergency response mechanism to ensure the stable and secure supply of raw materials and effectively manage global supply chain risks.
- **International collaborative operations:** During our global expansion, we have implemented an “brand integration + technology empowerment” operational model. We have formed cross-cultural management teams that deeply integrate the technological advantages and market channels of overseas subsidiaries, aligning their research and development capabilities, manufacturing processes, and global supply chain systems with our overall strategy. This approach allows us to enhance the value of each overseas brand within the Wolong system by building a unified operational management platform.
- **End-to-end quality control:** We have developed a modern quality management system based on “design — implementation — digital empowerment.” At the headquarters level, we set a unified quality standards framework, while each manufacturing unit formulates detailed management rules tailored to its business characteristics. By incorporating a digital quality traceability system, we manage the entire product lifecycle from raw material procurement to product delivery and post-service, aiming to create an industry benchmark for zero defects and high-quality standards.

Advanced Values and Management Philosophy

We uphold responsibility and cultural confidence, guided by Wolong’s core values of “Integrity, Harmony, Innovation” and a shared mission, vision, and aspiration among all Wolong employees, striving to make the world a better place. We are committed to long-termism and a global perspective, integrating and adopting advanced management concepts into our global expansion, and establishing a more robust corporate governance structure. This provides critical support for maintaining our industry-leading competitive edge and ensuring sustainable and rapid future growth.

Over the course of our development, Mr. JC Chen, our founder, has led us to become a leader in the electric drive solution industry, combining exceptional entrepreneurial spirit, keen business insight, and extensive experience accumulated within the industry. We have built a management team with global operational capabilities. Our core management team members possess decades of industry experience and an international forward-looking vision, forming a collaborative advantage in areas such as technology development, international market expansion, and supply

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chain management. The decision-making and efficient execution capabilities of our management team enable us to accurately seize opportunities in global operations and emerging industries amid complex and changing market environments.

STRATEGIES

Target Global No. 1 in Electric Drive Solutions

We aim to strengthen technological innovation across all fronts, expand the boundaries of industrial applications, enhance global manufacturing and supply chain resilience, and establish a comprehensive global operational system to solidify our leadership in the industry.

We are dedicated to providing long-term service to premium global customers, pursuing a strategy of deepening our penetration in key accounts while expanding into emerging markets. Our goal is to build trust and loyalty with customers through a “joint research and development, rapid service, and ecosystem collaborations” model, enhancing market share. We intend to continue enhancing our capabilities across the entire value chain of research and development, manufacturing, sales and services, striving to achieve global leadership in the electric drive industry in terms of scale, technological prowess, and operational efficiency, and to guide the development of the industry.

Strengthen Our Global Strategy to Capture Overseas Growth Opportunities

Globalization is at the core of our strategy. With a global network of three overseas regional headquarters, five research and development centers, and 45 factories, we will continue to focus our resources on strategic markets, high-growth industries, and key customers to drive exponential growth in our international business.

- Focusing on strategic markets: We aim to leverage the influence of our overseas bases to strengthen our sales and service networks in key regions such as North America, Asia-Pacific, and the Middle East. By adopting a regional specialization approach, we plan to achieve rapid growth in priority overseas markets.
- Focusing on high-growth industries: We will continue to deepen our presence in high-growth sectors such as data centers, semiconductors, biopharmaceuticals, high-end equipment, renewable energy, shale oil and gas, and smart logistics. Leveraging our global research and development resources, we will optimize solution portfolio in these industries, driving rapid growth and establishing leadership in each of these segments.
- Focusing on key customers: We are committed to strengthening our deep collaborations with global GKAs, expanding our key account manager team, and reinforcing joint research and development innovation, we aim to foster scalable global growth.

Expand into Emerging Industries, Accelerating the Commercialization of Electric Aviation and Embodied Intelligence

We aim to seize market development opportunities and accelerate the research, development, and commercialization of electric aviation and embodied intelligence, positioning ourselves to capture the expanding markets of electric aviation and embodied intelligence.

In the electric aviation sector, we are strategically focused on the development of core frontier technologies and airworthiness certification, providing specialized solutions to support the global transformation to electric aviation. By fostering collaborative innovation among industry, academia, research, and applications, we will accelerate the commercialization of technological achievements. Through deep business relationships with core players in the supply chain, such as AEROFUGIA and Starair, we aim to rapidly establish market channels and capitalize on our first-mover advantage to seize emerging market opportunities.

In the field of embodied intelligence robotic components, our strategic goal is to become the leading global tier-1 supplier. We will fully leverage the platform’s versatility and modular capabilities, extending our reach into key areas such as frameless torque motors, hollow cup motors, controllers, joint modules, and dexterous hands. This will form the foundation for a comprehensive core component solution system for next-generation robots. In embodied

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intelligence industrial applications, we will leverage our manufacturing industry advantages to continuously iterate and train vertical domain model of embodied intelligence, achieving industry-first applications in flexible manufacturing.

Sustain Investment in Technology and Advance Innovation to Lead the Future of Electric Drive Solutions

As a leader in providing electric drive solutions, we have demonstrated comprehensive and in-depth capabilities in both technological development and solution portfolio. We continue to make breakthroughs across multiple technological dimensions, including high-efficiency, intelligence, new materials structures and digitalization and simulation.

We intend to continue driving industry advancement through the following technological focus areas.

- **High efficiency:** We remain focused on advancing high-efficiency electric drive products and solutions across asynchronous, permanent magnet, synchronous reluctance motor platforms and converters, while also exploring next-generation products such as axial flux motors to provide diversified high-efficiency solutions.
- **Intelligence:** We are actively developing technologies in mechatronic integration, predictive maintenance, and advanced control algorithms. At the same time, we are exploring the industrial application of embodied intelligence in flexible manufacturing to enhance the intelligence level of our products and solutions.
- **New materials and structures:** We continue to push boundaries in core and magnetic materials, winding technologies, thermal management, carbon fiber applications, silicon carbide (“SiC”) technologies, and magnetic and air-bearing technologies, strengthening the foundational and platform technologies that power Wolong’s leadership in the electric drive solution industry.
- **Digitalization and simulation:** We are increasing investments in digital research capabilities such as computer-aided design, multiphysics simulation analysis, bench validation and expert systems, as well as artificial intelligence and digital twin technologies, to deliver more precise and efficient solutions for our customers.

Advance the Digitalization and Intelligence of Global Manufacturing Bases

We are committed to investing in the digitalization and intelligent upgrades of our global manufacturing bases, aiming to build modern factories with global competitiveness and solidify our world-class high-end manufacturing capabilities.

Building on our 45 factories worldwide, including 14 factories in Germany, Poland, Italy, Vietnam, Mexico, and other countries and regions, we will continue to expand our global production capacity, deeply integrating regional manufacturing with global collaboration. This operational model enables us to better meet the needs of overseas market customers and establish a solid production foundation for sustainable growth in our global business.

We will continue to promote the construction of intelligent factories, comprehensively enhancing the levels of automation, digitalization, intelligence, and flexibility in production. By introducing advanced manufacturing systems and intelligent equipment, we will optimize production processes to improve quality and efficiency. At the same time, we will deepen the digital transformation of the entire production-to-testing process, using technologies such as industrial internet and digital twin to create world-class intelligent factories, setting the industry standard for smart manufacturing.

Drive Long-Term Sustainable Development Strategy

We integrate sustainability into the core of our corporate strategy, driving global energy-saving and environmentally friendly product transformations, establishing a clean and low-carbon energy system, and enhancing ESG value creation.

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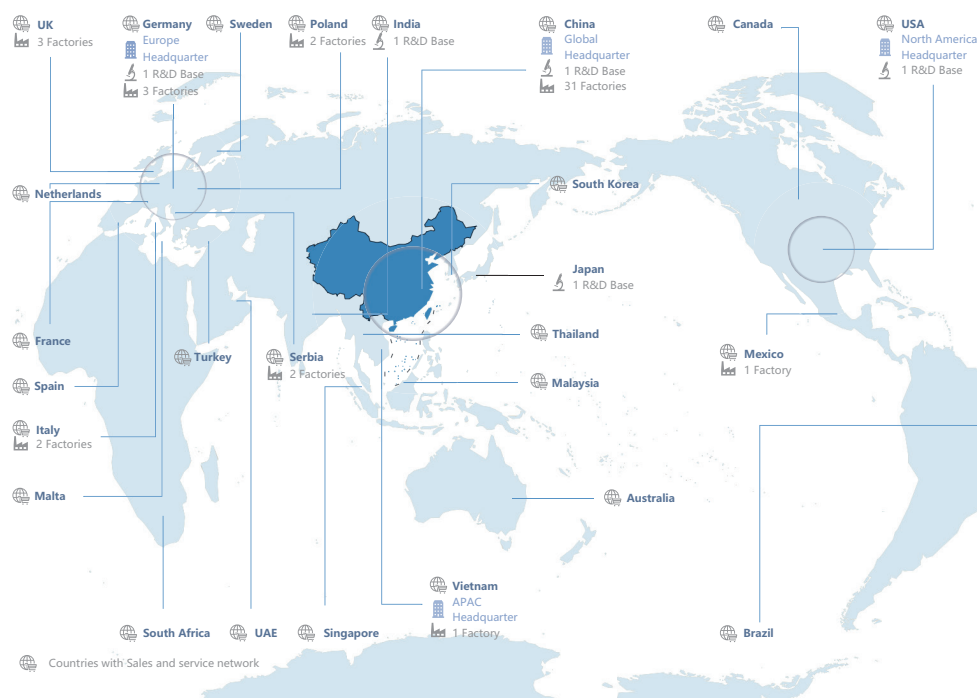
We are building a systematic sustainability strategy, focusing on the following areas.

- **Low-carbon and clean energy:** We are advancing clean production and the utilization of renewable energy, increasing investment in energy-saving, emission reduction, and low-carbon technologies. We are also focusing on green projects such as zero-carbon factories and participating in international green certifications.
- **Social responsibility and employee welfare:** We are improving our employee development system, ensuring labor rights, and promoting the construction of a green supply chain.
- **Risk management and corporate governance:** We continue to improve our risk management and internal control systems, ensuring a comprehensive management approach to risk prevention, response, and monitoring.

OUR BUSINESS MODEL

We are a leader in providing electric drive solutions, specializing in the research and development, manufacturing, sales, and service of electric drive products and solutions across diverse, high-growth downstream sectors. We offer a comprehensive solution portfolio for customers in diverse and high-growth downstream sectors, addressing their specific needs for equipment operation and motion control across the customer lifecycle. Our long-standing expertise in motor and drive technology with focus on the integration of our solutions, has positioned us as a leader in the industry. According to Frost & Sullivan, in 2024, we ranked: (i) first in the global explosion-proof electric drive solution market in terms of revenue, with a market share of approximately 4.5%; (ii) fourth in the global industrial electric drive solution market in terms of revenue, with a market share of approximately 2.8%; and (iii) fifth in the global HVAC electric drive solution market in terms of revenue, with a market share of approximately 2.0%.

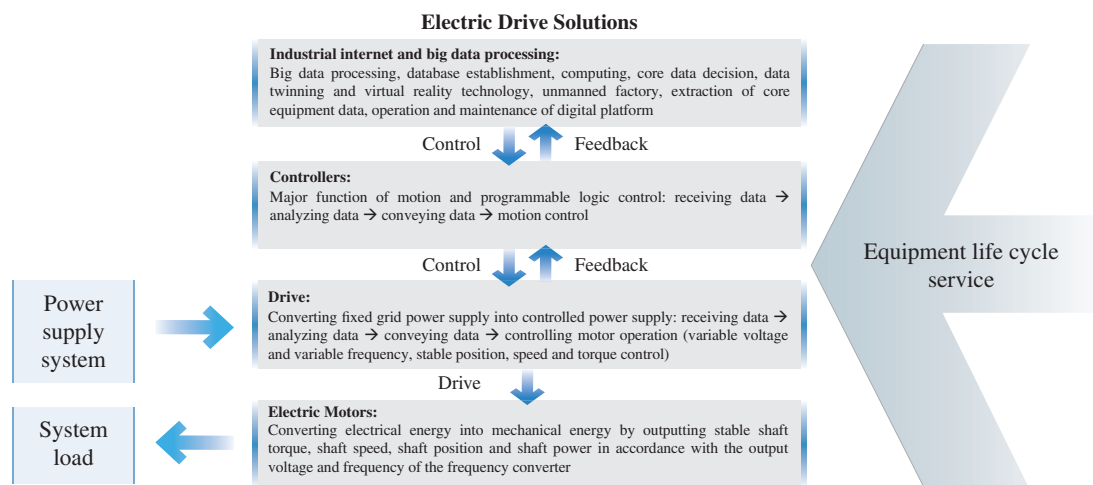
Globalization forms the core of our corporate strategy. Through a globally integrated research and development system, international manufacturing capabilities, and a brand network spanning over 100 countries and regions, we stay close to our clients, dedicated to delivering the word-class products and solutions to customers worldwide.



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Our electric drive solutions mainly consist of electric motors, drives, controllers, software, and related lifecycle services: (i) electric motors, as the core transmission unit in our solutions, convert electrical energy into mechanical energy to enable rotational or linear motion; (ii) drives adjust and output appropriate electrical energy based on signals to control the operating parameters of electric motors; (iii) controllers generate control logic based on input signals and formulate operational decisions for the solutions; (iv) the software included in our solutions serves as the core to ensure efficient, safe, and intelligent operation; and (v) we also provide customers with related services across the entire product lifecycle, ranging from demand analysis and customized design to after-sales services. Depending on customers’ specific needs, we offer them with entire electric drive solutions or part of the electric drive systems with a combination of customized or standardized products and services. The diagram below illustrates the typical components included in our five electric drive solutions.



Our business is structured around five segments: (i) explosion-proof electric drive solutions, (ii) industrial electric drive solutions, (iii) HVAC electric drive solutions, (iv) E-mobility drive solutions, and (v) robotic components and system applications. Each solution is tailored to address the technical, regulatory, and commercial requirements of specific downstream sectors, ranging from HVAC and industrial environments to emerging fields such as electric aviation and intelligent robotics. Among these, explosion-proof, industrial and HVAC electric drive solutions represent our foundational business segments, while E-mobility drive solutions and robotic components and system applications reflect our strategic focus on growth, integration, and software-driven innovation.

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The following table sets forth a breakdown of our revenue by segment, with each segment including its respective major products and solutions, for the years/periods indicated.

	For the year ended December 31,						For the nine months ended September 30,					
	2022		2023		2024		2024		2025			
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%		%
Explosion-proof electric drive solutions	4,143,418	29.0	4,688,458	30.1	4,697,282	28.9	3,546,070	29.1	3,585,592	30.0		
– Explosion-proof motors	3,847,933	27.0	4,265,081	27.4	4,208,221	25.9	3,157,769	25.9	3,162,865	26.4		
– Integrated and specialized solutions	66,783	0.5	210,871	1.4	265,449	1.6	216,632	1.8	247,833	2.1		
– Others	228,702	1.5	212,506	1.3	223,612	1.4	171,669	1.4	174,894	1.5		
Industrial electric drive solutions	3,632,266	25.5	4,059,869	26.1	4,063,303	25.0	3,010,494	24.7	3,106,848	26.0		
– Industrial IEC drive systems	1,601,498	11.2	1,804,758	11.6	1,585,246	9.8	1,089,658	9.0	1,171,106	9.8		
– Industrial NEMA drive systems	1,002,692	7.0	1,203,007	7.7	1,308,237	8.1	1,028,045	8.4	982,615	8.2		
– Vibration drive systems	813,954	5.7	763,118	4.9	811,725	5.0	634,965	5.2	648,395	5.4		
– Others	214,122	1.6	288,986	1.9	358,095	2.1	257,826	2.1	304,732	2.6		
HVAC electric drive solutions	4,647,235	32.6	4,361,071	28.0	4,592,862	28.3	3,569,634	29.3	3,927,483	32.8		
– BLDC motors	3,233,798	22.7	3,162,876	20.3	3,106,351	19.1	2,433,230	20.0	2,488,086	20.8		
– EC motors and EC fans	223,672	1.6	239,527	1.5	507,522	3.1	363,982	3.0	369,961	3.1		
– Others	1,189,765	8.3	958,668	6.2	978,989	6.1	772,422	6.3	1,069,436	8.9		
E-mobility drive solutions	647,485	4.5	609,169	3.9	389,751	2.4	303,898	2.5	311,646	2.6		
– Electric vehicle drive systems	566,179	4.0	552,158	3.5	333,869	2.1	254,873	2.1	259,582	2.2		
– Others	81,306	0.5	57,011	0.4	55,882	0.3	49,025	0.4	52,064	0.4		
Robotic components and system applications	355,526	2.5	406,215	2.6	451,965	2.8	285,023	2.3	311,106	2.6		
– Robotic system applications	344,417	2.4	388,691	2.5	433,584	2.7	271,995	2.2	284,591	2.4		
– Others	11,109	0.1	17,524	0.1	18,381	0.1	13,028	0.1	26,515	0.2		
Others ⁽¹⁾	840,029	5.9	1,442,045	9.3	2,051,877	12.6	1,479,333	12.1	724,363	6.0		
Total	14,265,959	100.0	15,566,827	100.0	16,247,040	100.0	12,194,452	100.0	11,967,038	100.0		

Note:

- (1) Primarily comprises revenue derived from sales of energy storage system, electricity from photovoltaic power generation, and raw materials and components. We completed the disposal of several entities that were engaged in the energy storage and photovoltaic power generation related business in March 2025 to an affiliated entity controlled by our Controlling Shareholders. For details, please refer to “History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers” in this document.

BUSINESS

The following table sets forth the sales volume and average selling price of our core business segments during the Track Record Period.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price
		kW/unit ('000) RMB		kW/unit ('000) RMB		kW/unit ('000) RMB		kW/unit ('000) RMB		kW/unit ('000) RMB
Explosion-proof electric drive solutions (thousand kW, RMB)	11,418	362.9	14,584	321.5	15,197	309.1	11,393	311.3	11,713	306.1
Industrial electric drive solutions (thousand kW, RMB)	12,702	286.0	14,336	283.2	14,063	288.9	10,442	288.3	11,266	275.8
HVAC electric drive solutions (thousand units, RMB)	69,915	66.5	67,852	64.3	75,830	60.6	57,961	61.6	62,367	63.0
E-mobility drive solutions (thousand unit, RMB)	603	1,073.2	586	1,040.3	440	886.8	340	895.1	366	850.8

Note:

- (1) The robotic components and system applications business are characterized by a high degree of customization and integration, with operations primarily centered on project contracting. As a result, they cannot be measured using uniformly referenced overall sales volume or average selling prices, in line with the market practice.

During the Track Record Period, we primarily generated revenue through the sale of electric drive solutions. We adopt a sales model combining direct sales and distributors to form a multi-level sales network, with each aligned with our business segments and customer types. To further enhance our competitiveness, we continuously invest in research and development to support the synergies among our solutions. The synergies between our diverse solutions enable us to address complex, multi-dimensional challenges in the industries we serve. By integrating hardware, software, and services, we aim to provide customized solutions that enhance operational efficiency, reduce costs, and improve long-term performance for our customers.

OUR SOLUTIONS

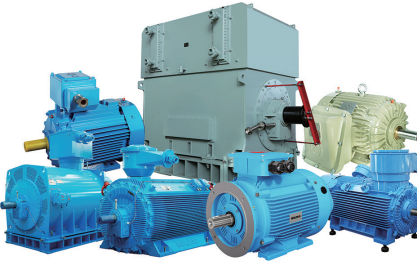
We offer integrated and specialized electric drive solutions across five core business segments, namely explosion-proof electric drive solutions, industrial electric drive solutions, HVAC electric drive solutions, E-mobility drive solutions, and robotic components and system applications.

Explosion-proof Electric Drive Solutions

Our explosion-proof electric drive solutions comprise integrated systems of explosion-proof motors, converters, controller, software, and services tailored for hazardous environments such as oil and gas, petrochemicals, coal chemicals, coal mining, hazardous chemicals, shale oil and gas, hydrogen and food and biopharmaceuticals. Designed according to IEC, UL, GB, and other global and domestic standards, these solutions feature multiple protection mechanisms. These include controlling surface temperatures to not exceed the ignition point of combustible substances in the environment, using flameproof enclosures to block the propagation of internal explosions, and reducing starting currents through our own design as well as technologies such as soft starting and variable-frequency starting. These measures serve to limit ignition sources such as sparks, electric arcs and high temperatures during operation, prevent such ignition sources from coming into contact with hazardous environments, and thereby prevent explosions. Integrated with smart control and frequency conversion technologies, they offer precise speed adjustment, real-time diagnostics, and remote monitoring, ensuring stable and continuous operation of critical equipment like pumps and compressors. According to Frost & Sullivan, we ranked first in the global explosion-proof electric drive solutions in terms of revenue in 2024, capturing a market share of approximately 4.5%.

BUSINESS

Set below are the key offerings within our explosion-proof electric drive solutions:

Solutions	Description
Explosion-proof control systems	Designed for safe electrical control in hazardous environments using reinforced enclosures, protective circuits, and real-time monitoring, these systems meet international explosion-proof standards and can be customized for specific industry requirements.
	
Explosion-proof motors	These motors are designed to operate safely in explosive environments by preventing sparks or high temperatures from igniting gases or dust. Their robust designs ensure long life, low maintenance, and high adaptability to harsh environments. We possess extensive industry experience in the explosion-proof motor sector, with a wide range of product models and specifications, among which numerous categories hold leading positions in the industry. In particular, our Ex d explosion-proof motors strictly comply with flameproof standards such as IEC Ex d, ATEX II 2G, and GB 3836.2. They are adaptable to harsh environments such as dusty and humid conditions, ensuring stable and reliable operation. According to Frost & Sullivan, we were the largest provider in the field of Ex d explosion-proof motors in terms of revenue in 2024. Compliance with IEC and GB3836 standards, our medium-to-high-voltage explosion-proof motors are designed specifically for explosive hazardous environments with 6kV and 10kV medium-to-high-voltage power supply scenarios. According to Frost & Sullivan, we were the largest provider in field of medium-to-high-voltage explosion-proof motors in terms of revenue in 2024.
	
Special-purpose explosion-proof motors	These motors are designed and customized for different special-purpose scenarios. For coal mining scenarios, we provide motors with enclosures made of high-strength materials and manufactured through special processes, which can withstand internal explosion pressure and prevent flame spread, ensuring safe underground operations and significantly reducing accident risks. For scenarios with less power supplies such as offshore oil platforms and ships, we provide low inrush current motors. Through special electromagnetic and structural designs, we limit inrush current to within 2.7 times the rated current. According to Frost & Sullivan, we were the largest provider in the field of low inrush current motors in terms of revenue in 2024.
	

BUSINESS

Solutions

Description

Explosion-proof integrated units



These integrated units combine a motor and a frequency converter in one enclosure, reducing installation space and improving energy efficiency. Compact and explosion-proof, these units reduce installation complexity, save 60% on space and wiring, and improve energy efficiency by 15% to 30%. They support remote monitoring and meet IP66 protection standards.

Integrated and specialized solutions



Integrated with smart control and frequency conversion technologies, our explosion-proof electric drive solutions address various customized customer needs, including:

- **Explosion-proof intelligent ventilation electric drive systems:**

These systems combine explosion-proof fans, asynchronous and permanent magnet motors, smart controls and online monitoring systems to regulate airflow in mines and chemical plants. These systems are able to collect real-time data, adjust airflow and issue safety alerts, significantly enhancing safety and efficiency in mining operations.



- **Explosion-proof energy efficiency enhancement:**

These solutions provide systematic energy efficiency improvement for existing low-energy-efficiency explosion-proof equipment. They are commonly applied in oil pipelines and petrochemical plants. Integrating ultra-efficient explosion-proof motors, vector frequency drives, and intelligent control systems to deliver over 40% reliability improvement and at least 28% energy efficiency optimization. Applicable to core equipment in industries such as petrochemicals and oil pipelines

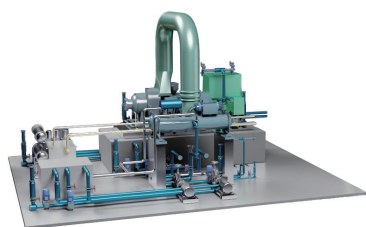
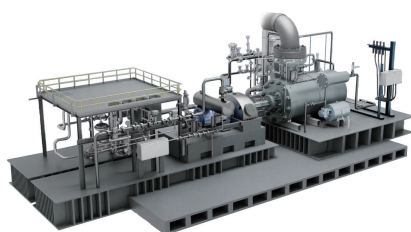


- **Safety upgrade solutions for explosion-proof areas:**

These solutions retrofit hazardous zones with upgraded explosion-proof equipment and smart monitoring to reduce safety risks in industries such as petroleum and metallurgy. Providing explosion-proof retrofits for hazardous zones in accordance with international and domestic safety standards. Incorporating intelligent monitoring for proactive risk management in petroleum, chemical, metallurgy, and powder processing sectors.

BUSINESS

Solutions



Description

- **Steam-to-electric conversion solutions:**

These solutions replace steam-driven systems with electric drive solutions, cutting emissions and improving energy efficiency in industries such as textiles and food processing. Replacing traditional steam-powered systems with electric drive solutions, improving energy efficiency by 30% to 50%, reducing emissions, and lowering operational costs by 40%, especially in textile, paper, and food industries.

- **Waste heat and pressure power generation:**

These solutions convert waste heat and pressure into electricity using turbine and organic Rankine cycle technologies, improving energy use and reducing carbon emissions in steel, chemical, and cement plants. These systems are able to increase energy utilization by over 30% and enabling carbon reduction for industries such as steel, chemicals, and cement.

Below is a typical case that demonstrates how our technology-driven explosion-proof electric drive solutions have successfully addressed client challenges.

Case study

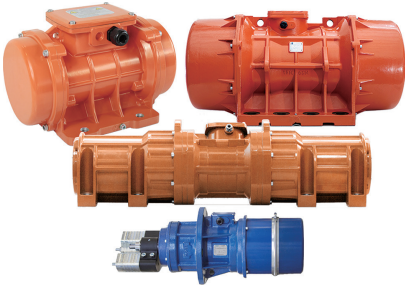
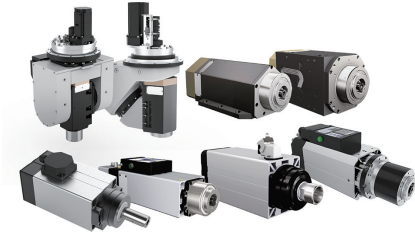
In response to rising energy costs and carbon emission mandates, a major coal chemical producer initiated a “steam-to-electric (汽改电)” retrofit project, replacing its traditional turbine-driven compressors and blowers with high-efficiency electric drive systems. We delivered a turnkey explosion-proof electrification solution consisting of permanent magnet synchronous motors, flameproof variable frequency drives, and centralized control systems. Compared to the original steam turbines, our motor-based system improved overall energy efficiency by 10% to 40%, with individual components reaching 91% to 94% in rated efficiency, while significantly reducing system complexity, footprint, and maintenance workload. By adopting our solution, the customer achieved substantial reductions in operating costs and carbon emissions, and improved system responsiveness and long-term maintainability in a demanding Class I, Division 1 explosion-prone environment.

Industrial Electric Drive Solutions

Our industrial electric drive solutions form the foundation of our business, supported by over a century of global expertise in motor engineering and system integration. Our industrial electric drive solutions serve as the material component for core equipment for realizing energy conversion and motion control in industrial application scenarios. They enable the precise conversion of electrical energy into mechanical energy to provide power for various types of industrial production equipment such as pumps, conveyors and compressors and ensure the stability, precision and efficiency of operations through control systems. Our industrial electric drive solutions encompass the execution, drive, control, and industrial IoT layers. Tailored to various industrial application scenarios, including high-end equipment, water treatment, process industry, precision manufacturing, energy and power, and renewable energy, these solutions deliver comprehensive and intelligent functionality. Through continuous innovation and a strong commitment to reliable and energy-saving solutions, our industrial electric drive solutions business has achieved significant global growth and influence. According to Frost & Sullivan, we ranked fourth in the global industrial electric drive solution market in terms of revenue in 2024, capturing a market share of approximately 2.8%. For the avoidance of doubt, our industrial electric drive solutions segment does not include industrial applications that are categorized under our other segments: explosion-proof electric drive solutions, HVAC electric drive solutions, E-mobility drive solutions and robotic components and system applications.

BUSINESS

Set below are the key offerings within our industrial electric drive solutions:

Solutions	Description
Industrial controllers and IIoT systems	These controllers connect machines with digital system platforms, enabling smart monitoring, real-time control, and life-cycle management for industrial equipment. Offering digital interfaces and multiple communication protocols, our PLCs and HMIs enable seamless integration between motor drives and cloud platforms. Equipped with low-code software and digital twin technology, they support lifecycle management and intelligent operations.
	
Vibration drive systems	These systems create controlled vibration, commonly used in industries such as mining and construction to move, compact, or separate materials efficiently. Our vibration drive systems feature IP65 protection, temperature monitoring, and robust design for high-vibration environments. With adjustable excitation force and wide voltage/frequency compatibility, it serves concrete, mining, and machinery applications. According to Frost & Sullivan, we were the largest provider in the field of industrial vibrator electric drive systems in terms of revenue in 2024.
	
Precision drive systems	These systems are mainly used in computer numerical control (CNC) machines and woodworking equipment, providing quiet, precise, and stable performance for high-accuracy manufacturing. Ceramic bearings, flexible tool change mechanisms, and low-noise operation ensure high compatibility and reliability.
	
Industrial synchronous reluctance drive systems	These systems do not rely on rare-earth materials, offering customers power output of high energy efficiency. Free of rare-earth materials, these motors deliver >95% efficiency and low maintenance. With broad speed ranges and high startup torque, it offers cost-effective and sustainable solutions for fluid applications.
	

BUSINESS

Solutions

Description

Industrial permanent magnet drive systems



Featuring IE6+ efficiency and high-power density, these systems are ideal for fans, pumps, and compressors. Low noise, long service life, and optimized converter matching make it a high-performance solution for industrial electrification. According to Frost & Sullivan, we were the largest provider in the field of permanent magnet electric drive systems for air compressors in terms of revenue in 2024.

Industrial NEMA drive systems .



These systems are designed for the North American market, in accordance with NEMA MG-1 standards and North American grid requirements (480V/60Hz), our systems offer high starting torque, robust durability, and flexible installation options. Integrated converter diagnostics enhance system performance.

Industrial IEC drive systems . . .



Compliant with IEC standards, these systems feature high energy efficiency (IE3/IE4/IE5), global interchangeability, and reliable operation in harsh environments. Integrated motor-converter diagnostics enable superior performance and control precision.

Below is a typical case that demonstrates how our industrial electric drive solutions have successfully addressed client challenges and delivered energy efficiency and superior performance.

Case Study

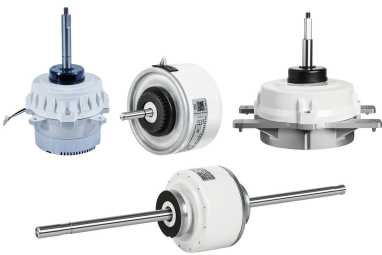
A leading EPC contractor in the Middle East required a highly reliable and energy-efficient power supply system to support a large-scale infrastructure project, where stringent safety standards and harsh desert operating conditions posed significant challenges. The client faced difficulties in ensuring stable voltage and continuous operation under fluctuating grid conditions, while also meeting rigorous regulatory and environmental requirements. Our solution incorporated modular converter units with advanced control algorithms and customized cooling systems, ensuring consistent performance with over 98% power conversion efficiency and enhanced protection against voltage disturbances. The project was successfully commissioned on schedule, enabling the client to achieve uninterrupted power delivery across multiple critical facilities. This case highlights our proven capability in addressing complex cross-border power supply challenges through technically advanced, localized industrial electric drive solutions.

BUSINESS

HVAC Electric Drive Solutions

We are a leader in providing advanced, comfortable, energy-efficient, and intelligent electric drive solutions for residential, commercial, and industrial HVAC and ventilation applications. According to Frost & Sullivan, we ranked fifth in the global HVAC electric drive solution market in terms of revenue in 2024, capturing a market share of approximately 2.0%. Leveraging IoT and AI technologies, we develop intelligent HVAC electric drive solutions that offer precise control, enhanced comfort, and exceptional efficiency. Our HVAC electric drive solutions serve as the core power and control carrier for realizing regulation of ambient temperature, humidity and air quality. They enable the operation of mechanical components, such as compressors, fans and water pumps, through electrical energy, and combining precise control logic to achieve the transmission, exchange, and distribution of heating and cooling energy. Our HVAC electric drive solutions offer single-unit or grouped configurations and are equipped with functions tailored to our customers’ needs, such as centralized management, real-time local and remote monitoring, precise speed regulation, immediate fault alerts, and predictive maintenance. Our intelligent group-control technology and advanced energy-saving algorithms ensure each fan operates optimally, automatically adjusting airflow and system pressure, achieving energy savings exceeding 30%. The modular structure allows customizable configurations, facilitating uniform and comfortable airflow with compact, easily maintained designs.

Set out below is our core offerings for the HVAC electric drive solutions.

Solutions	Description
EC motors and EC fans 	Our EC motors and fans are crucial for commercial HVAC, industrial refrigeration, semiconductor and medical cleanrooms, data centers, and agricultural facilities, delivering core capabilities for precise temperature control and air purification, offering precise speed control and high energy efficiency. Equipped with advanced digital communication technology, our EC products offer unparalleled speed accuracy (± 1 rpm) and control precision. Featuring active power factor correction, ultra-high-power factor, and minimal current harmonic distortion, our EC motors surpass IE5 efficiency standards, with select models reaching IE6 levels, and exhibit superior protection capabilities and adaptability across diverse environmental conditions.
BLDC motors 	Our BLDC motors primarily serve residential and commercial HVAC systems and fresh air systems, providing a wide range of variable speed control for optimal airflow comfort. These motors are widely used in residential and commercial air conditioning and ventilation systems, providing smooth airflow and quiet operation. In the sector of BLDC motors, our air conditioning plastic-encapsulated electric drive systems feature high performance and exceed industry standards. According to Frost & Sullivan, we are the largest provider of air conditioning plastic-encapsulated electric drive systems in terms of revenue in 2024.

BUSINESS

Solutions

Description

Group control solutions



Comprising of EC fans and intelligent controllers, these solutions can automatically adjust the fan speed according to the data of ambient wet-bulb temperature and inlet water temperature, control the outlet water temperature within the set range, and avoid invalid and high-frequency operation of the fan. These solutions are widely used in scenarios such as livestock ventilation, data center and cooling tower. According to Frost & Sullivan, in terms of revenue in 2024, we are the world's largest provider of livestock ventilation electric drive systems.

Permanent magnet electric drive solution for water pumps and compressors



Derived from our advanced electric drive technology, these solutions are designed to power and control water pumps and compressors using permanent magnet motor technology.

These solutions adopt high-performance permanent magnets and a high-power density design, with the motor volume being up to 50% smaller than that of asynchronous motors. The entire series meets IE5 efficiency standards, leading the industry in energy-saving standards. A flux-weakening control design is employed to ensure that the motors operate in the high-efficiency zone for over 90% of the time. These solutions utilize air cooling and liquid cooling, which deliver excellent cooling effects, resulting in low temperature rise in motors and a long service life.

Below is one typical case that demonstrates how our technology-driven HVAC electric drive solutions have successfully addressed client challenges and delivered measurable improvements in energy efficiency and solution performance.

Case study

A leading global display panel manufacturer sought to retrofit its cooling tower system to meet enhanced energy efficiency standards, targeting a minimum 30% reduction in energy consumption. After conducting a comprehensive performance evaluation of the existing fan system, we proposed a full-system replacement solution that deployed a wall of 12 EC fans and a centralized control cabinet, replacing the original single large asynchronous motor and frequency converter setup. The retrofit process included original fan dismantling, design and installation of modular EC fan assemblies, integration with customized power and control cabinets, and commissioning of an intelligent group-control system. Post-upgrade testing confirmed that airflow volume, noise levels, and cooling delta temperature met or exceeded original specifications. Power consumption dropped from 35.83 kW to 14.48 kW in total, achieving a 59.6% energy saving. Through real-time control and monitoring, each EC fan automatically adjusts speed based on water temperature, delivering optimal ventilation and thermal regulation. The modular fan-wall architecture enabled uniform airflow distribution, simplified maintenance, and significantly enhanced long-term system reliability, winning high recognition from the customer.

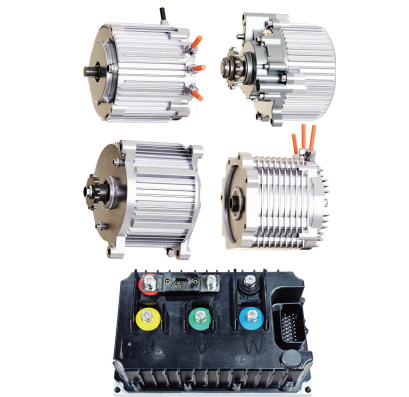
E-mobility Electric Drive solutions

To meet the evolving demands of electric transportation, including higher power density, enhanced environmental adaptability, extreme light-weighting, ultra-high efficiency and reliability, and intelligent control, we provide integrated E-mobility electric drive solutions. E-mobility electric drive solutions are the core assembly that replaces traditional internal combustion engine power and enable the efficient conversion of electrical energy to mechanical energy. They enable the collaborative operation of motors, controllers and transmission mechanisms, which provide transportation tools such as vehicles, boats, aviation and cycling with power output, driving control and energy recovery capabilities. They directly determine a transportation tool's dynamic performance (acceleration and climbing), range, driving safety, and riding experience. Our solution offerings include single-unit and grouped configurations of

BUSINESS

high-performance motors, SiC-based power electronics, and modular electric control units, as well as value-added process services such as thermal/fluid simulation, reliability verification under extreme environments, customized assembly technologies, and support for automated production. These solutions are tailored to enable the electrification of various vehicles, including electric cars, motorcycles, two-wheelers, boats, and aircraft.

Set below are the key offerings within our E-mobility drive solutions:

Solutions	Descriptions
Electric aviation propulsion systems 	Based on distributed electric propulsion platforms, these systems integrate high-density aviation-grade PMSMs, 800V SiC controllers, and advanced heat management. Suitable for eVTOL and UAV applications requiring extreme reliability and lightweight performance. These systems have been successfully adopted by high-end customers for firefighting drones, urban air mobility, and cargo delivery drones. We were among the first to overcome the core challenges in high-power density motors and intelligent electronic control, establishing ourselves as a core supplier of power system for global eVTOLs.
Electric vehicle drive systems . . . 	These systems feature a complete lineup of permanent magnet and asynchronous motors using both round and flat wire winding, along with integrated three-in-one drive assemblies. Through multiphysics simulation and structural optimization, these system offer high efficiency, compact design, strong performance in noise, vibration and harshness, and superior reliability. Ideal for a range of passenger and commercial vehicles.
Electric motorcycle drive systems 	These systems offer mid-mounted PMSMs solutions with integrated controllers tailored for scooters, motorcycles, and recreational vehicles, and deliver high torque, low noise, and smooth response across varied terrains. Modular design ensures broad compatibility and efficient system integration.

BUSINESS

Solutions

Descriptions

Electric E-bike drive systems . . .



These systems are designed for high-end outdoor electric bicycles, equipped with our high-torque and lightweight mid-drive motors, an intelligent assist algorithm, and precision-tuned control for smooth power delivery. These systems provide riding comfort and low-carbon urban mobility.

Electric boat propulsion systems



These systems are composed of battery, motor, propeller, driver, operation console, monitoring applications and others. These systems can realize the full electrification propulsion of boats and offer maintenance-free operation, low noise (<55dB), and smart connectivity features. These systems are well applied in fishing boats, inflatable boat, and patrol boats with expanding adoption in Europe and China.

Below is one typical case that demonstrates how our E-mobility drive solutions have successfully delivered energy efficiency, reliability and lightweight performance.

Case study

In response to the increasing global demand for safe, lightweight, and high-efficiency eVTOL aircraft, we delivered a fully integrated propulsion system for a leading electric aviation OEM. Traditional systems in the market predominantly relied on low-integration, coil-wound motors using round wires and conventional magnet configurations, limiting improvements in power density and efficiency. To address these constraints, we adopted a series of advanced technologies to significantly improved slot filling rates, reduced copper loss, and enhanced magnetic utilization. Our motor and controller were designed as a compact and tightly integrated assembly, with a shared cooling system that minimized structural components while improving thermal stability. The stator components were fully encapsulated using high-grade potting materials, ensuring insulation and chemical resistance. The drive module employed silicon carbide switching devices, reducing switching loss and increasing control accuracy. In terms of structural materials, we adopted magnesium-aluminium alloys and titanium alloys which offered high strength-to-weight ratios and excellent heat resistance. The resulting propulsion system achieved a rated torque density of not less than 24 N·m/kg, a peak torque density of over 40 N·m/kg, and an overall system efficiency of no less than 94%. The solution delivered superior environmental adaptability, low vibration, and low noise, and supported stable and wide-range torque output in narrow speed bands, making it suitable for various mission-critical scenarios such as firefighting drones, urban air mobility, and cargo delivery aircraft. The project demonstrates our leadership in megawatt-class electric aviation propulsion and our ability to fulfill the extreme requirements of next-generation air mobility.

BUSINESS

Robotic Components and System Applications

We have established a dual-engine business structure under our robotic components and system applications segment, focusing on both (i) the research, development, and manufacturing of robotic components and (ii) the commercial deployment of embodied intelligence in industrial scenarios. In terms of robot components, we primarily provide a variety of industrial servo and controller products for industrial robots. Leveraging the advantages of platform versatility and modular capabilities, we have expanded into areas such as frameless torque motors, coreless motors, controllers, joint modules, dexterous hands, and exoskeletons, forming comprehensive solution portfolio for core components of humanoid robots. In terms of industrial embodied intelligence applications, we integrate our capabilities in industrial automation from sectors such as new energy and automotives to develop proprietary industrial-scale AI models. We provide customized electric drive motors equipped with AI algorithms for embodied intelligence robot developers, enabling these robots to possess capabilities such as environmental perception, real-time decision-making, and dexterous manipulation. These robots are then applied across various steps in industrial production to enhance production efficiency, quality, and flexibility. Our proprietary industrial-scale AI models are trained with our internally generated data. As advised by our PRC Legal Advisers, the use and development of our AI models do not require consent for the use of external data provided that third-party data is not involved.

Set below is the summary of our key offerings with our robotic components and system applications.

Solutions	Descriptions
Dexterous hands and exoskeletons 	These high-flexibility dexterous hands offer precise gripping and real-time force feedback, providing over ten degrees of freedom, featuring precise gripping functionality and real-time force feedback. Exoskeleton integrate multimodal sensors and human-in-the-loop algorithms, supporting posture correction and mobility enhancement with over 20% load reduction for hip joints, and can be used in fields such as outdoor sports, elderly care, health preservation and healthcare.
Joint modules 	Joint modules integrate frameless torque motors, reducers, encoders, and servo controllers into compact, plug-and-play units suitable for multi-degree-of-freedom humanoid robotic electric drive systems.

BUSINESS

Solutions

Descriptions

Servo motors and controllers . . .



Our servo motors and controllers form the core of industrial robotic execution units, offering high precision, fast response, and real-time motion control. They enable stable performance in robotic arms and industrial automation through proprietary hardware and advanced algorithms, to provide full-stack advantages from hardware to control software across multiple domains.

Robotic system applications



These solutions integrate robotic systems with machine vision and AI models for vertical industrial sectors to achieve higher flexibility, efficiency, and safety. They are applied in automated inspection, precision assembly, and intelligent logistics systems within the fields of industrial flexible production and smart manufacturing.

Below is one typical case that demonstrate how our robotic components and system applications have successfully delivered flexible, efficient and safe performance.

Case study

In support of leading domestic OEMs developing next-generation humanoid and quadruped robots, we delivered a fully integrated solution comprising high-performance joint modules and intelligent dexterous hands. These robots demand high torque density, low weight, robust anti-impact performance, and precise motion control in multi-degree-of-freedom environments. Leveraging our proprietary frameless torque motors, advanced servo control algorithms, and modular mechatronic design, we co-developed joint actuators featuring dual-winding architectures, optimized thermal management, and high dynamic response. Our components passed multiple rounds of mechanical shock and thermal stress testing and were formally inducted into the core supplier systems of flagship humanoid robot programs. In parallel, we provided tailored joint solutions for a quadruped robotics customer, reducing the concept-to-delivery cycle by 30%, and meeting demanding performance thresholds under rapid movement and shock load conditions. To enable human-robot collaboration and high-precision manipulation, we further delivered an intelligent dexterous hand system built on deep-learning-based adaptive control. Each hand integrates over 90 pressure sensing points with sub-millisecond response time and force resolution of 1/1,000N. The fingers deliver active force above 30N per digit, with total grip exceeding 100N, ensuring robust and safe object handling across diverse tasks. The integrated system has been deployed in batch pilots across top-tier robotic customers, demonstrating superior accuracy, environmental adaptability, and multi-scenario operability in advanced automation and collaborative environments.

BUSINESS

RESEARCH AND DEVELOPMENT

We place significant emphasis on investments in research and development, while comprehensively strengthening our technological capabilities and talent reserves. As of September 30, 2025, we employed over 1,800 research and development personnel, accounting for over 10% of our total workforce. Our team includes professionals in mechanical engineering, power electronics, embedded software, and intelligent control systems, many of whom have more than 10 years of experience in electric drive technologies and related applications, including 10 top international experts led by IEEE Fellow and more than 200 members with master’s and doctoral degrees. Our internal research is structured around a matrix model that integrates solution-specific development streams with shared global technology platforms for software, sensors, and control algorithms. During the Track Record Period, we maintained significant investment in research and development, with expenditures (including capitalized amounts) amounting to approximately RMB818.6 million, RMB857.8 million, RMB872.2 million, RMB682.0 million, and RMB692.8 million, for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, representing 5.7%, 5.5%, 5.4%, 5.6% and 5.8% of our total revenue for the same periods.

We operate a three-tier research and development system encompassing “Research Center-Business Units-Factories,” enabling full-chain collaboration from frontier technology exploration, customized development, to industrialization. Our Global Research Center was established in 2018, with a primary focus on formulating and advancing strategic research and development plans. Our five research and development centers located in China, the United States, Germany, Japan, and India, are strategically positioned to support local innovation, customer collaboration, and product customization. Each of our 45 factories, including 14 overseas factories in Germany, Poland, Italy, Vietnam, Mexico and other countries and regions, is responsible for order fulfillment and improvement to production process technologies. We also operate academician workstations and postdoctoral research stations, providing a strong foundation for technological innovation.

Leveraging our qualifications as a National High-Tech Enterprise and a National Demonstration Enterprise for Technological Innovation, we have established national-level research platforms including a State-Recognized Enterprise Technology Center and a National Demonstration Platform for Production and Application of New Materials. As of September 30, 2025, we have obtained over 1,400 authorized patents.

Core Technologies

Our technology portfolio encompasses key innovations across the electric drive system value chain, with a focus on advanced motor control, high-efficiency design, and specialized solutions.

Direct flux control (“DFC”) algorithm

The DFC algorithm is a real-time vector control method that regulates the magnetic flux of an electric motor, ensuring precise torque output. Integrated with a proportional-integral (“PI”) controller, the system adjusts voltage to manage load fluctuations and minimize torque ripple, and enhancing energy efficiency. It also includes multi-level protection functions such as anti-stall recovery and undervoltage restart, improving reliability and reducing downtime.

Wolong Chip (卧龙芯)

The Wolong Chip is a custom-designed chip that integrates key components such as control chips and high voltage integrated circuits, reducing space and cost while optimizing performance. It employs sensorless vector control for smooth operation and high efficiency, and minimizes noise and vibration during startup. Wolong Chip is primarily used in HVAC systems, air conditioners, and industrial fans. Its market competitiveness is enhanced by a 99.6% production yield, a 50% increase in production capacity, and ongoing optimization through over-the-air updates, resulting in a 70% reduction in onsite failures.

BUSINESS

Reluctance control

Reluctance motor technology delivers high efficiency without the use of rare-earth elements, achieving IE6-level efficiency at a lower cost than permanent magnet motors. Its dynamic pole-boosting self-adaptive control ensures excellent torque and speed precision across various operational conditions. Widely used in applications like fans, pumps, and compressors, reluctance motors offer improved efficiency, stable performance, and reduced energy consumption.

High-density integrated design for electric aviation

This technology, applied to the high-density integrated design of electric aviation power systems, consists of three core technologies: (i) high torque design, which uses Halbach array permanent magnet configuration to improve the air-gap magnetic flux density, which enhances torque density, especially at low speeds; (ii) dual three-phase winding structure, which can enhance the system’s fault tolerance and power density; and (iii) control integration design, which integrates the drive and control systems, monitors the system’s performance parameters in real-time, and is equipped with intelligent protection functions.

Embodied large models

The embodied robot system is powered by our vertical large model of embodied intelligence for industrial scenarios, Shunzao GRP01 (舜造GRP01). It can integrate real machine data for training, enabling rapid few-shot generalization. At its core, the system uses the Vision-Language-Latent-Action architecture, which combines a vision-language model for scene perception and language understanding, and a Mixture of Experts (“**MoE**”) system for precise action execution. The latent planner in MoE uses video data to understand actions, while the action expert applies real machine data to perform actions with high precision, enabling rapid adaptation to new tasks with minimal training data.

Collaborative Research and Development

We actively pursue strategic collaboration with external partners to accelerate innovation, access frontier technologies, and co-develop next-generation electric drive solutions. Key collaborative research and development initiatives include:

Embodied intelligence innovation center

We established an embodied intelligence innovation center in 2025 in Hangzhou Bay with Shanghai Zhiyuan New Innovation Technology Co., Ltd. (“**Agibot**”) and Shangyu Jiangke Digital Intelligence Industry Development Co., Ltd. (“**Jiangke**”) in the form of joint venture with shareholding ratio and voting rights set at 30%, 30% and 40%, respectively (“**Zhejiang Hangshao JV**”). The embodied intelligence innovation center was established to jointly develop research and development projects in the fields of artificial intelligence, humanoid robotics, and industrial intelligent automation. Any data assets and intellectual property rights generated in the course of cooperation shall be owned by the joint venture, with each party entitled to the right of use. Upon the joint venture’s termination or dissolution, parties shall amicably negotiate the use or disposal of the intellectual property rights entitled by the joint venture. Any proceeds derived from the disposal of such intellectual property rights shall be distributed to the three parties in accordance with their respective shareholding ratios in the joint venture at that time.

Collaborative development with well-known universities

We focus on engaging in industry-university-research collaboration with top-tier domestic and international universities. For instance, we have established a joint laboratory with a leading domestic university to conduct collaborative research and development on green and low-carbon operation technologies, production processes, intelligent equipment manufacturing, process control, and industrial operations for industries including mining, metallurgy, and steel. Additionally, the joint laboratory will provide support for our design of electric drive solutions. Both parties have made joint investments, with us primarily responsible for contributing premises, equipment, and research and development expenses, and the university primarily responsible for contributing personnel, technologies, and relevant software and hardware platforms. Intellectual property rights arising from the collaboration shall be jointly owned by both parties, and each party shall be entitled to independently utilize such intellectual property rights.

BUSINESS

INTELLECTUAL PROPERTIES

We depend on our proprietary technologies and production know-how to maintain our competitive position in the markets in which we operate, and we create intellectual property through our extensive research and development activities. Our general policy is to apply for patents on an ongoing basis, in China and other appropriate jurisdictions, on patentable developments that are considered to have commercial significance. Our portfolio of patents covers our proprietary technologies used in products as well as many aspects of our product design and manufacturing processes.

We seek to protect our core intellectual property and proprietary rights primarily through a combination of copyrights, trademark, trade secret, confidentiality policies and internal control policies. We hold a robust portfolio of intellectual property rights in both China and overseas. As of September 30, 2025, we had more than 1,400 patents and 200 trademarks around the world.

OUR PRODUCTION

Production Facilities

We currently operate an extensive global network of production facilities that form the manufacturing backbone of our global electric drive solution operations. As of September 30, 2025, we had 45 factories worldwide, including 14 factories in Germany, Poland, Italy, Vietnam, Mexico, and other countries and regions. Our factories have obtained certifications under international frameworks including ISO 9001 (quality management), ISO 14001 (environmental management), ISO 45001 (occupational health and safety), and IATF 16949 (automotive industry-specific quality management). Each of our factories are equipped with various production lines and out of our 45 factories, we have established 21 manufacturing bases. These bases, consisting of multiple factories, warehouses, and logistic centers, are designed to provide localized manufacturing support and services to markets and customers in their respective regions. As of September 30, 2025, we had a production team of over 9,400 personnel to support the operation of global production network. We prioritize hiring locally for our production team, which allows us to tap into the local talent pool and contribute to the economic development of the communities where we operate.

The following table sets forth details of our nine principal manufacturing bases as of September 30, 2025. These nine major manufacturing bases cover our major production, with their combined revenue accounting for over 89% of our total revenue.

Manufacturing base	Location	Aggregate GFA	Primary business segments
China			
Shaoxing manufacturing base	Shaoxing, Zhejiang Province	737,685 sq.m	Industrial electric drive solutions, HVAC electric drive solutions, E-mobility drive solutions and robotic components and system applications
Nanyang manufacturing base	Nanyang, Henan Province	281,665 sq.m	Explosion-proof electric drive solutions
Jinan manufacturing base	Jinan, Shandong Province	80,730 sq.m	HVAC electric drive solutions
Anshan manufacturing base	Anshan, Liaoning Province	45,607 sq.m	Explosion-proof electric drive solutions
Europe			
German manufacturing base	Northeim, Monchengladbach, and Stuttgart, Germany	210,345 sq.m	Explosion-proof electric drive solutions and industrial electric drive solutions
Poland manufacturing base	Tarnow, Poland	76,419 sq.m	Industrial electric drive solutions
Italy manufacturing base	Modena, Turin, and Cesena, Italy	61,105 sq.m	Industrial electric drive solutions, robotic components and system applications, and E-mobility drive solutions

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Manufacturing base	Location	Aggregate GFA	Primary business segments
Asia-Pacific (excluding China)			
Vietnam manufacturing base	Hai Phong, Vietnam	49,254 sq.m	Industrial electric drive solutions and HVAC electric drive solutions
The Americas			
Mexico manufacturing base	Monterrey, Mexico	66,571 sq.m	Industrial electric drive solutions and HVAC electric drive solutions

Production capacity and utilization rate

Each of our solutions encompass different product lines, and the production capacity of these products may be measured in different units (such as kW or units) in accordance with industry practices. Our designed production capacity is calculated based on the number of working days, daily working hours and production takt time, with the time required for maintenance and replacement of machinery and equipment already incorporated into the calculation. Utilization rates are calculated as actual production volume divided by designed production capacity. The following diagrams illustrate the utilization rates for our solutions.

	Year ended December 31,			Nine months ended September 30,
	2022	2023	2024	2025
<i>Explosion-proof electric drive solutions</i>				
Design capacity (thousand kW/year)	15,284	15,659	16,965	13,477
Production volume (thousand kW)	13,971	14,613	15,909	12,469
Utilization rate (%)	91.4	93.3	93.8	92.5
<i>Industrial electric drive solutions</i>				
Design capacity (thousand kW/year)	13,123	15,213	15,095	13,069
Production volume (thousand kW)	12,457	14,483	14,279	12,646
Utilization rate (%)	94.9	95.2	94.6	96.8
<i>HVAC electric drive solutions</i>				
Design capacity (thousand unit/year)	94,305	95,800	100,825	86,110
Production volume ⁽¹⁾ (thousand unit)	85,762	87,577	92,839	78,938
Utilization rate (%)	90.9	91.4	92.1	91.7
<i>E-mobility drive solutions</i>				
Design capacity (thousand unit/year)	520	700	751	571
Production volume (thousand unit)	435	602	651	498
Utilization rate (%)	83.6	86.0	86.7	87.3

Note:

- (1) Production volume of our HVAC electric drive solutions includes production of control board assemblies, which are not sold externally yet are integrated in our HVAC electric drive solutions.

The robotic components and system applications business is characterized by a high degree of customization and integration, with operations primarily centered on project contracting. Robotic components and system applications products involved in different projects exhibit significant variations in technical parameters, functional configurations, physical dimensions, and even overall architecture. As a result, they cannot be measured using uniformly referenced standard production units or fixed output metrics.

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Production expansion plan

To support our future growth and internationalization strategy, we are undertaking significant expansion of our production footprint. We plan to expand our manufacturing footprint based on market demands. For details on our expansion plans, please refer to the section headed “Future Plans and [REDACTED]” in this document.

Smart Manufacturing

We are dedicated to developing automated, digitalized and intelligent factories. By leveraging advanced technologies such as industrial IoT, digital twins, data analytics, and automated control systems, we optimize production processes, enhance operational efficiency, and enable data-driven decision-making throughout the manufacturing lifecycle. Data sources are interconnected through our PLM system, eliminating information fragmentation and enabling cross-departmental data sharing. We have established an end-to-end visualized management system from orders to customers, establishing full-process data connectivity spanning from CRM systems, SRM system, production planning and scheduling system, ERP systems, and MES. This forms a customer-oriented, end-to-end visualized one-stop service platform, which realizes information-based management and control over the entire process — from business opportunity management, solution consultation, quotation and order placement, production and manufacturing to logistics delivery — as well as transparent presentation of key nodes. Our Nanyang manufacturing base was recognized as a “Smart Manufacturing Comprehensive Standardization and New Model Application Project” certified by MIIT.

Major machinery and maintenance

Production equipment and production lines form the foundational support for our manufacturing operations. Our production lines are equipped with cutting-edge manufacturing equipment. In addition to procuring machinery and equipment from third-party suppliers, we are also capable of independently designing and manufacturing certain machinery and equipment to enhance the capability of flexible manufacturing. The major equipment involved in our key production process is as follows:

Major equipment	Functions	Major production processes employed
Stamping and die-casting equipment	Shapes solid metals via pressure or molten metals under high pressure to produce metal parts with specific shapes, dimensions, and precision	Stamping and die-casting
Welding equipment	Joins metal materials through heating and pressure processes	Lead wire welding in fixed stator manufacturing, and metal welding
Precision machine tools and other metal processing equipment .	Performs turning, forming, milling, drilling, and other metalworking operations on metal materials	Metal processing of end caps, machine bases rotors and others
Rotor dynamic balancing equipment	Measures and corrects the magnitude and position of rotor unbalance	Rotor dynamic balancing calibration
Automatic winding and inserting equipment . .	Automatically completes coil winding, wire arranging, and embeds coils and slot wedges into stator slots via mechanical structures and control systems	Magnet wire winding, stator core coil inserting
Electrical performance testing equipment	Tests whether stator electrical performance meets design standards, focusing on resistance, voltage withstand, insulation and others	Stator electrical performance testing

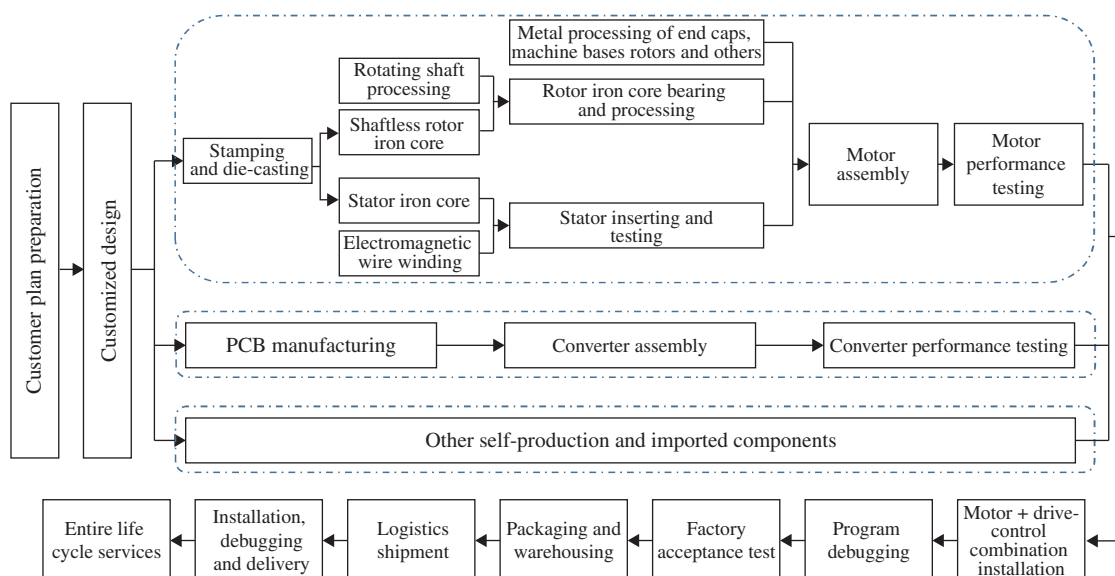
BUSINESS

Major equipment	Functions	Major production processes employed
Surface mount technology equipment .	Mounts electronic components directly onto the surface of printed circuit boards (PCBs)	PCB manufacturing, component mounting
Converter performance testing equipment	Tests converter for under/overvoltage, output voltage and current, full-power temperature rise, harmonics and others	Converter performance testing
Industrial robots	Execute automated tasks such as welding, handling, assembly, painting, and other tasks	Assists in metal processing, electrical processing, assembly, and other production processes
Factory acceptance testing equipment	Conducts comprehensive inspections of electrical, mechanical, and operational characteristics of electric drive systems to ensure performance, safety, and reliability meet requirements before delivery	Factory acceptance testing

We conduct regular maintenance and upkeep on all production equipment and production lines. Drawing on recommendations from equipment manufacturers, we have formulated in-house maintenance and repair schedules, which are logged into our MES system. The MES system issues regular reminders for diagnostics, calibration and maintenance of key machinery. For critical equipment, we have deployed the internal interconnection system to conduct real-time online monitoring. During the Track Record Period and up to the Latest Practicable Date, there had been no prolonged suspensions of production processes or significant disruptions to our operations caused by equipment failure or malfunction.

Our Production and Delivery Process

Our production process primarily encompasses raw material procurement, components alignment, production assembly, integration and commissioning, testing, and packaging and warehousing. Each of our factories has streamlined its respective production process to formulate standard operating procedures (“SOP”), and strictly adheres to such SOPs in production activities, ensuring consistency, quality, cost-effectiveness and efficiency in production operations. The following diagram illustrates the production process for our standard electric drive products.



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SALES AND MARKETING

We adopt a solution-oriented sales and marketing approach aligned with the technical, regulatory, and commercial characteristics of each of our five segments. To better serve the downstream value chain, we have created a Global Key Accounts management mechanism. We have implemented a “triangle team” model that integrates front-line sales representatives, technical engineers, and delivery support personnel into dedicated account teams. This model is supported by our centralized Sales Service Center, which manages the full lead-to-cash process from pre-sales consultation to post-sales support.

Our overseas markets are critical to our business development. We have built an international operational presence that enables us to serve global customers with localized production, tailored delivery schedules, and in-region technical support. We have established three overseas regional headquarters in Asia-Pacific, Europe, and the Americas to support localized marketing, customer engagement, and technical services. These regional platforms enable us to deepen strategic partnerships with multinational customers and enhance responsiveness to local regulatory requirements and service expectations.

The following table sets forth our revenue by geographic locations for the periods indicated:

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
The PRC	8,724,089	61.2	9,966,838	64.0	10,528,570	64.8	7,856,891	64.4	7,146,715	59.7
Europe, the Middle East and Africa	2,801,541	19.6	2,793,639	17.9	2,551,201	15.7	1,996,209	16.4	1,964,481	16.4
– Germany	860,363	6.0	626,758	4.0	537,476	3.3	410,518	3.4	464,124	3.9
– Italy	504,004	3.5	697,925	4.5	679,403	4.2	459,084	3.8	428,821	3.6
– Poland	267,271	1.9	260,768	1.7	226,839	1.4	145,262	1.2	172,084	1.4
– U.K.	269,755	1.9	279,619	1.8	281,384	1.7	182,933	1.5	181,508	1.5
– Serbia	201,543	1.4	239,144	1.5	193,252	1.2	124,637	1.0	81,011	0.7
– Others	698,605	4.9	689,425	4.4	632,847	3.9	673,775	5.5	636,933	5.3
The Americas	1,708,526	12.0	1,988,485	12.8	2,093,277	12.9	1,532,059	12.6	1,713,429	14.3
– U.S.	1,312,967	9.2	1,575,550	10.1	1,691,810	10.4	1,226,912	10.1	1,399,370	11.7
– Mexico	272,768	1.9	277,917	1.8	255,764	1.6	194,069	1.6	199,405	1.7
– Others	122,791	0.9	135,018	0.9	145,703	0.9	111,078	0.9	114,654	0.9
Asia-Pacific excluding the PRC	1,031,803	7.2	817,865	5.3	1,073,992	6.6	809,293	6.6	1,142,413	9.6
– India	227,679	1.6	226,606	1.5	376,733	2.3	257,981	2.1	362,513	3.0
– Thailand	100,259	0.7	133,240	0.9	164,017	1.0	119,570	1.0	173,162	1.4
– Malaysia	159,788	1.1	79,816	0.5	96,746	0.6	78,431	0.6	91,633	0.8
– Others	544,077	3.8	378,203	2.4	436,496	2.7	353,311	2.9	515,105	4.4
Total	14,265,959	100.0	15,566,827	100.0	16,247,040	100.0	12,194,452	100.0	11,967,038	100.0

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Sales Models

We adopt a sales model combining direct sales and distributors to form a multi-level sales network, with each aligned with our business segments and customer types. During the Track Record Period, direct sales accounted for a majority of our total revenue. The following table sets forth the revenue breakdown by sales model during the periods indicated.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Direct sales	13,067,479	91.6	14,105,309	90.6	14,792,580	91.0	11,091,123	91.0	10,922,110	91.3
Distributorship	1,198,480	8.4	1,461,518	9.4	1,454,460	9.0	1,103,329	9.0	1,044,928	8.7
Total	14,265,959	100.0	15,566,827	100.0	16,247,040	100.0	12,194,452	100.0	11,967,038	100.0

Direct sales

Direct sales model is widely applied across our business operations, which enables us to meet stringent technical, delivery, and compliance needs of customers. We engage in direct sales through both centralized and regional sales forces, supported by our sales service platform and technical application teams. We primarily provide customized and project-based solutions to customers in the explosion-proof electric drive solutions and robotic components and system applications business segments, while offer mass-produced solutions to customers in industrial, HVAC and E-mobility drive solutions business segments.

Distributorship

In certain markets with fragmented customer demand, we may adopt a distributorship model to distribute our solutions, such as explosion-proof and industrial electric drive solutions. Given the fragmented nature of customer demand, we leverage the sales capabilities of distributors to conduct channel-based sales in these markets, thereby allowing us to concentrate our sales resources on securing larger orders. Distributors are subject to a rigorous onboarding process and are supported by our regional offices for technical training. As confirmed by Frost & Sullivan, it is consistent with industry norm for electric drive solution providers to adopt the distributorship model.

Agreements with distributors

Our relationship with distributors is buyer and seller, whereby the ownership of the solutions is transferred to our distributors upon their purchase. Set forth below is a summary of key terms of the typical distributorship agreement signed with our distributors:

<i>Duration</i>	:	Generally ranges between one year to two years.
<i>Geographic exclusivity</i>	:	We generally designate the geographical area within which our distributors are allowed to market and sell our solutions with the geographical authorization granted to them being non-exclusive. A distributor is generally prohibited from marketing and selling our products and solutions outside its designated geographic area. We generally do not restrict each region to having only one distributor; instead, we encourage healthy competition among distributors. All distributors are required to strictly comply with our distribution management system. For details, please refer to below.
<i>Minimum purchase amount</i>	:	We generally require a minimum purchase amount. Failure to meet these targets may result in the downgrading of such distributor by us or the termination of its distributorship.

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<i>Sub-distributor</i>	:	We generally do not allow our distributors to engage sub-distributor.
<i>Payment</i>	:	We generally require our distributors to pay 30% deposit upon placing order and 70% upon delivery.
<i>Delivery</i>	:	We are usually responsible for delivering products and solutions to locations designated by our distributors.
<i>Products return</i>	:	Distributors are not allowed to return products unless significant quality defects are identified.
<i>Termination</i>	:	The distributorship agreement is generally subject to early termination by us if the distributor breaches its obligations under the agreement. Alternatively, the agreement can be terminated by either party unilaterally with advance notice.

Distributors movement

The table below set forth the movement in number of our distributors during the periods indicated.

	For the year ended December 31,			For the nine months ended September 30,
	2022	2023	2024	2025
Number of distributors at the beginning of the period	130	137	140	143
Number of newly added distributors . .	7	4	5	–
Number of terminated distributors ⁽¹⁾	–	(1)	(2)	(2)
Number of distributors at the end of the period	<u>137</u>	<u>140</u>	<u>143</u>	<u>141</u>

Note:

- (1) We typically terminate a distributor’s partnership without compensation for the reasons such as its sustained failure to meet performance targets, and/or breach of our distributorship management policies.

During the Track Record Period and up to the Latest Practicable Date, we had no material unresolved disputes or lawsuits with distributors. To the best knowledge of our Directors, during the Track Record Period, all our distributors were independent third parties, and none of our distributors were controlled by any of our former or present employees, uses our brand/name or has received any material advance or financial assistance from us during the Track Record Period.

Distributorship management framework

A well-structured and efficiently managed distribution network is critical to driving sales growth and ensuring customer satisfaction. In order to achieve this, we enforce a rigorous yet collaborative approach to distributor management across the following key areas:

- Stringent onboarding process: we view our distributors as key partners. Prospective distributors must undergo a rigorous approval process, where we assess them based on their capabilities across business operations, technical proficiency, inventory management, after-sales support, and sales performance.

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- Regular performance review: All distributors are registered at our CRM system, and we are able to closely monitor and review the performance of our distributors. Our credit evaluation teams regularly request the distributors to provide accurate information regarding their financial status to assess their recoverability.
- Trainings and support: we provide various training programs for our distributors, introducing them to the features, applications and industry developments of our products and solutions, and enhancing their sales skills. We also regularly organize conferences among distributors to strengthen their mutual understanding, cooperation and experience sharing.
- Risk management: we have established comprehensive policies and protocols to mitigate risks inherently associated to distributorship model. For instance, we adopt strict product return policies to mitigate channel stuffing risks. Our distributors are not allowed to return products unless significant quality defects are identified. In addition, we generally designate the geographical area within which our distributors are allowed to market and sell our solutions. If we identify any distributor engaging in cross-regional sales without our prior authorization, we are entitled to impose oral warnings, financial penalties, suspend their distributorship or revoke their distributorship qualification, depending on the nature and frequency of such violations. For associated risks, please refer to “Risk Factors — Risks Relating to our Business and Industry — We may not be able to develop and maintain stable relationships with our distributors, which may materially and adversely affect our business” in this document.

Our Marketing and Branding Initiatives

Our marketing strategy is focused on strengthening customer relationships, enhancing brand visibility, and expanding our global market presence through targeted and solution-specific marketing initiatives. We leverage an integrated marketing approach, combining digital marketing platforms, industry-specific exhibitions, and technical seminars to demonstrate our technological leadership and comprehensive capabilities in electric drive solutions. Our digital presence encompasses online marketing campaigns, search engine optimization, and targeted social media outreach tailored to distinct market segments. Furthermore, we actively participate in major international trade fairs and industry conferences, allowing us to directly engage potential customers, industry partners, and key stakeholders to showcase our latest innovations and reinforce our market leadership.

Apart from our primary brand “Wolong”, we have also strategically acquired renowned global brands, driving us to establish a dedicated and robust brand management framework to maintain clarity, consistency, and strategic alignment across our diverse portfolio. Our brand management strategy involves meticulous governance through comprehensive internal guidelines that regulate brand identity, visual standards, and unified messaging, thus ensuring cohesive brand communication globally.

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We actively manage the interplay between “Wolong” and our acquired brands, preserving the intrinsic value and distinct market strengths of each, while clearly communicating their integration within the Wolong family. This involves strategic brand positioning, systematic communication planning, and ongoing performance tracking to optimize brand equity and enhance customer recognition. We continually reinforce our brand through targeted marketing campaigns that emphasize our core values of sustainability, intelligent solutions, and energy efficiency. The diagram below illustrates some of our key brands:

WOLONG 卧龙

BROOK CROMPTON
a WOLONG company

SCHORCH
a WOLONG company

MORLEY
a WOLONG company

LAURENCE SCOTT
a WOLONG company

ATB
a WOLONG company

omlat
a WOLONG company

SR
a WOLONG company

imotorlinx
a WOLONG company

imotorlinx
a WOLONG company

Customer-centric branding initiatives form an integral part of our strategy, guided by insights gained from regular customer feedback and satisfaction surveys. We leverage this feedback to refine our products and solutions, ensuring alignment with customer expectations and further enhancing our brand reputation. Corporate social responsibility also plays a vital role in our branding approach, highlighting our commitment to environmental stewardship and social accountability, thereby reinforcing our image as a responsible and forward-thinking industry leader.

Pricing Policy

In determining our solution pricing, we consider a comprehensive range of factors, including production costs, technological differentiation, customer demand, supply chain dynamics, procurement strategies, targeted gross profit margins for each solution, and the competitive landscape specific to the relevant sales markets. This includes an assessment of overall market conditions and pricing of comparable solution offered by industry peers. Given the extensive variety and diverse specifications of our solutions, their pricing varies significantly. To mitigate potential fluctuations in the prices of key raw materials such as copper, silicon steel and rare-earth metals, we may incorporate price adjustment mechanisms in agreements with certain customers.

OUR CUSTOMERS

Our customer base consists of direct-sale customers and distributors across various countries. Over the years, we have built up a broad and geographically diversified customers in China and globally, spreading cross over 100 countries and regions.

Major Terms of our Agreement with Customers

Direct-sale customers

We generally enter into framework agreements with our major customers, who place purchase orders in accordance with their actual demand under such agreement. For certain highly customized and low-volume solutions, we also enter into contracts on a project basis, primarily for customers in the fields of explosion-proof electric drive solutions and robotic components and system applications. While the terms of contracts may vary depending on the specifics of each customer and project, they generally include the following key terms:

<i>Duration</i>	:	Generally ranging from one year to indefinite term, with certain contracts subject to automatic renewal.
<i>Pricing</i>	:	The price and specifications are generally specified in each purchase order.
<i>Quality control</i>	:	The quality shall be in compliance with the specific standards designated by our customers, or in compliance with applicable international, national, local or industry standards.

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- Payment terms* : We generally grant our customers a credit period ranging from one to six months. For our HVAC and industrial electric drive solutions, we typically allow customers to pay within 30–90 days upon the delivery of our products and solutions. For our explosion-proof and E-mobility electric drive solutions and robotic components and system applications, we usually receive advance payment upon confirmation of purchase order, installment payment before delivery, acceptance payment upon delivery and a guarantee deposit typically ranging 5% to 10% of total contract value. We generally allow our customers to pay through bank transfer or bank acceptance bill.
- Delivery arrangements* : The delivery responsibility is typically borne by either our customers or us, as specified in the contracts. For international sales, we generally adopt common transportation methods in international trade, such as FCA or DAP.
- Warranty period* : We generally provide a warranty period of 12 months to our customers. During the warranty period, our customers may request that we replace or repair defective parts and components free of charge. Following the expiration of the warranty period, we provide repair and maintenance service and supply parts and components to our customers for a fee based on the services required.
- Termination* : The agreements can generally be terminated by either party subject to prior written notice.

Distributors

For details on the summary of key terms of typical distributorship agreement, please refer to “— Sales and Marketing — Sales Models — Distributorship” above.

Major Customers

For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, revenue from the five largest customers in each year/period during the Track Record Period was RMB2,297.3 million, RMB2,132.3 million, RMB2,249.8 million and RMB1,844.8 million, respectively, accounting for 16.1%, 13.8%, 13.8% and 15.4% of our total revenue, respectively. For the same years/periods, revenue from the largest customer in each year/period during the Track Record Period was RMB1,153.8 million, RMB1,069.5 million, RMB1,192.4 million and RMB948.8 million, respectively, accounting for 8.1%, 6.9%, 7.3% and 7.9% of our total revenue, respectively.

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The following table sets forth the details of the five largest customers in each year/period during the Track Record Period.

For the year ended December 31, 2022

Customer	Customer's background	Major type of solutions provided	Year of commencement of business relationship with us	Revenue derived from the customer <i>RMB'000</i>	Percentage of total revenue <i>%</i>
HGC Group . . .	An international company listed on multiple exchanges including the Shanghai Stock Exchange, the Hong Kong Stock Exchange, and the Frankfurt Stock Exchange, that is mainly engaged in providing lifestyle and digital transformation services.	HVAC electric drive solutions	1997	1,153,809	8.1
Customer B . . .	An international company listed on the Shenzhen Stock Exchange, that is mainly engaged in the household appliance business.	HVAC electric drive solutions	2006	409,626	2.9
Customer C . . .	An international company listed on the Tokyo Stock Exchange, that is mainly engaged in the air conditioning business, with a global presence.	HVAC electric drive solutions	2008	346,805	2.4
Customer D . . .	An international company listed on the New York Stock Exchange, that is mainly engaged in water pump and water treatment business, with business all over the world.	Industrial electric drive solutions	2008	196,113	1.4
Customer E . . .	A motor manufacturer whose products are widely used in industry, shipping, construction and other fields, with a global presence.	Industrial electric drive solutions	2000	190,924	1.3
Total				2,297,277	16.1

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For the year ended December 31, 2023

Customer	Customer's background	Major type of solutions provided	Year of commencement of business relationship with us	Revenue derived from the customer <i>RMB'000</i>	Percentage of total revenue <i>%</i>
HGC Group . . .	An international company listed on multiple exchanges such as the Shanghai Stock Exchange, the Hong Kong Stock Exchange, and the Frankfurt Stock Exchange, that is mainly engaged in providing lifestyle and digital transformation services.	HVAC electric drive solutions	1997	1,069,470	6.9
Customer B . . .	An international company listed on the Shenzhen Stock Exchange, that is mainly engaged in the household appliance business.	HVAC electric drive solutions	2006	398,082	2.6
Customer C . . .	An international company listed on the Tokyo Stock Exchange, that is mainly engaged in the air conditioning business, with a global presence.	HVAC electric drive solutions	2008	269,454	1.7
Customer D . . .	An international company listed on the New York Stock Exchange, that is mainly engaged in water pump and water treatment business, with business all over the world.	Industrial electric drive solutions	2008	213,727	1.4
Customer E . . .	A motor manufacturer whose products are widely used in industry, shipping, construction and other fields, with a global presence.	Industrial electric drive solutions	2000	181,564	1.2
Total				2,132,297	13.8

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For the year ended December 31, 2024

Customer	Customer's background	Major type of solutions provided	Year of commencement of business relationship with us	Revenue derived from the customer <i>RMB'000</i>	Percentage of total revenue <i>%</i>
HGC Group . . .	An international company listed on multiple exchanges such as the Shanghai Stock Exchange, the Hong Kong Stock Exchange, and the Frankfurt Stock Exchange, that is mainly engaged in providing lifestyle and digital transformation services.	HVAC electric drive solutions	1997	1,192,417	7.3
Customer C . . .	An international company listed on the Tokyo Stock Exchange, that is mainly engaged in the air conditioning business, with a global presence.	HVAC electric drive solutions	2008	332,042	2.0
Customer B . . .	An international company listed on the Shenzhen Stock Exchange, that is mainly engaged in the household appliance business.	HVAC electric drive solutions	2006	289,043	1.8
Customer F . . .	An international company listed on the Shanghai Stock Exchange, that is mainly engaged in the household appliance business, with business all over the world.	HVAC electric drive solutions	1998	231,379	1.4
Customer D . . .	An international company listed on the New York Stock Exchange, that is mainly engaged in water pump and water treatment business, with business all over the world.	Industrial electric drive solutions	2008	204,902	1.3
Total				2,249,783	13.8

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For the nine months ended September 30, 2025

Customer	Customer's background	Major type of solutions provided	Year of commencement of business relationship with us	Revenue derived from the customer <i>RMB'000</i>	Percentage of total revenue <i>%</i>
HGC Group . . .	An international company listed on multiple exchanges such as the Shanghai Stock Exchange, the Hong Kong Stock Exchange, and the Frankfurt Stock Exchange, that is mainly engaged in providing lifestyle and digital transformation services.	HVAC electric drive solutions	1997	948,838	7.9
Customer C . . .	An international company listed on the Tokyo Stock Exchange, mainly engaged in the air conditioning business, with a global presence.	HVAC electric drive solutions	2008	297,330	2.5
Customer F . . .	An international company listed on the Shanghai Stock Exchange, mainly engaged in the household appliance business, with business all over the world.	HVAC electric drive solutions	1998	243,892	2.0
Customer E . . .	A motor manufacturer whose products are widely used in industry, shipping, construction and other fields, with a global presence.	Industrial electric drive solutions	2000	178,912	1.5
Customer B . . .	An international company listed on the Shenzhen Stock Exchange, and mainly engaged in the household appliance business.	HVAC electric drive solutions	2006	175,821	1.5
Total				1,844,793	15.4

We have maintained cooperative relationships with the major customers in HVAC and industrial electric drive solution segments, with an average cooperation period of over ten years. These customers recognize our product capabilities and solution capabilities. In addition, due to the structure of these customers' own core product portfolios, they usually procured from us relatively standardized solutions and products with large market demand and wide application scenarios, which resulted in relatively high annual procurement volumes from these customers to us. By contrast, our explosion-proof electric drive solutions feature a higher degree of customization and longer delivery cycles. As a result, the annual procurement volume from each customer for these solutions is relatively lower compared to that of our HVAC and industrial electric drive solutions.

The credit term that we provided to our five largest customers for each year/period during the Track Record Period generally ranged from 30 to 90 days after the invoice date, with payments made through bank transfers or bank acceptance bill. As of the Latest Practicable Date, HGC through its subsidiary, held 30.00% equity interests in one of our subsidiaries. To the best of our knowledge, except for HGC Group, during the Track Record Period and up to the Latest Practicable Date, our five largest customers for each year/period during the Track Record Period were all independent third parties. For details, please refer to “Connected Transactions” in this document. To the best of our knowledge, none of our Directors, their close associates or any shareholders who own more than 5% of the issued share capital of our Company, had any interest in any of our five largest customers for each of the years/periods during the Track Record Period.

Overlapping customer and supplier

During the Track Record Period, we provided HVAC electric drive solutions to HGC Group and Customer B, both of whom were among our major customers and also served as major suppliers. HGC Group provided silicon steel to us, while Customer B provided electromagnetic wires to us. For the years ended December 31, 2022, 2023, 2024 and the nine months ended

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September 30, 2025, (i) our revenue derived from HGC Group amounted to RMB1,153.8 million, RMB1,069.5 million, RMB1,192.4 million, and RMB948.8 million, respectively, and the gross profit margin attributable to sales to HGC Group amounted to 11.1%, 14.2%, 13.0% and 12.0%, respectively, and purchase amounts attributable to HGC Group amounted to RMB340.4 million, RMB310.1 million, RMB340.7 million and RMB219.3 million for the same respective period; and (ii) our revenue derived from Customer B amounted to RMB409.6 million, RMB398.1 million, RMB289.0 million and RMB175.8 million, respectively, and the gross profit margin attributable to sales to Customer B amounted to 8.0%, 9.7%, 7.3% and 7.2%, respectively, and purchase amounts attributable to Customer B amounted to RMB229.7 million, RMB239.3 million, RMB122.7 million and RMB88.9 million for the same respective period. This situation arises from our long-standing business relationships and complementary needs in the supply chain. Both HGC Group and Customer B are leading enterprises in the household appliance sector: on one hand, they have substantial demand for HVAC electric drive solutions; on the other hand, their extensive industry experience and resources in silicon steel and electromagnetic materials enable them to supply us with high-quality raw materials.

In addition, we purchased silicon steel from Supplier C and Supplier D, who were also our customers. We provided explosion-proof and industrial electric drive solutions to them. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, (i) our purchase amounts from Supplier C amounted to RMB573.2 million, RMB573.1 million, RMB578.6 million and RMB403.2 million, respectively, and sales amounts to Supplier C amounted to RMB35.1 million, RMB33.9 million, RMB33.5 million and RMB32.0 million for the same respective period, accounted for 0.2%, 0.2%, 0.2% and 0.3% of our total revenue for the same respective period. Our gross profit margin for sales to Supplier C for the same respective periods was 32.0%, 17.2%, 31.0% and 20.8%. In 2022 and 2024, Supplier C primarily purchased high-voltage frequency converters from us, which delivered a relatively high gross profit margin; while in 2023 and 2025, Supplier C's main purchases from us were standard low-voltage electric drive products; and (ii) our purchase amounts from Supplier D amounted to RMB308.2 million, RMB288.2 million, RMB302.7 million and RMB257.6 million, respectively, and sales amounts to Supplier D amounted to RMB5.2 million, RMB35.8 million, RMB11.1 million and RMB8.0 million for the same respective period, accounted for 0.0%, 0.2%, 0.1% and 0.1% of our total revenue for the same respective period. Our gross profit margin for sales to Supplier D for the same respective periods was 20.1%, 23.4%, 26.7% and 21.1%. Our annual sales volume to Supplier D is relatively small, and the variation in the types of products they order each time affects our overall gross profit margin with them. For instance, in 2025, Supplier D only purchased a small quantity of small-sized, low-voltage electric drive solutions, which generated a lower gross profit margin. As large-scale steel manufacturing enterprises, their factories have substantial demand for industrial and explosion-proof electric drive solutions, and we have capitalized on this opportunity.

Our transactions with these overlapping customers and supplier were conducted on arm's length, mutually independent basis under normal commercial terms. As advised by Frost & Sullivan, it is common in the electric drive solution industry to have overlapping customers and suppliers.

Customer Support and After-Sale Services

Our after-sale services are comprehensively integrated into our solution delivery processes, meticulously tailored to the specific criticality and operational demands of each application. To ensure seamless support throughout the product lifecycle, we provide a wide range of after-sale services, including technical onboarding and commissioning support, enabling smooth integration and optimal initial performance of our solutions. Leveraging our embedded sensing modules, we offer proactive remote diagnostics, regular software updates, and predictive maintenance services, significantly enhancing operational efficiency and reducing downtime. We also maintain robust spare parts availability and offer tailored upgrade kits to continuously enhance solution performance and reliability. For critical applications, such as explosion-proof equipment, we provide dedicated on-site repair and overhaul services to ensure uninterrupted operations under stringent safety conditions.

To ensure customer satisfaction and efficient service delivery globally, we have established regional service centers staffed with dedicated service teams across major markets. These teams are supported by our standardized service processes and digital service platforms, facilitating real-time monitoring, rapid response, and comprehensive customer assistance. Furthermore, we implement stringent internal policies and procedures, such as customer classification management, strategic customer relationship protocols, and structured customer complaint handling processes. We conduct annual customer satisfaction surveys to gather valuable feedback, which consistently

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reflects positive customer experiences and high satisfaction levels. As of the Latest Practicable Date, we had not encountered any significant product returns, claims, complaints, or cessation of cooperation with customers, underscoring our effectiveness in maintaining exceptional customer support and satisfaction.

RAW MATERIALS AND SUPPLIERS

Raw Materials and Components

Our raw materials and components primarily include silicon steel, copper wire, permanent magnetic materials, electrical components and bearings. During the Track Record Period, we procured raw materials and components from suppliers both in China and overseas. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, our cost of materials amounted to RMB8,433.3 million, RMB9,289.6 million, RMB9,869.3 million, RMB7,316.9 million and RMB7,194.3 million, respectively, accounting for 77.7%, 78.4%, 79.0%, 79.4% and 79.6% of our total cost of sales during the respective periods. The prices of some of our raw materials, particularly copper wires and silicon steel, are closely linked to the prices of the bulk commodities copper and steel, and thus are subject to fluctuations due to market changes. To mitigate the impact of such fluctuations, we have adopted the following measures: (i) incorporating a raw material price-linking mechanism into contracts with some of our customers and suppliers, enabling us to adjust prices in response to market fluctuations; (ii) implementing centralized procurement for bulk materials and entering into long-term framework agreements with major raw material suppliers to secure more favorable pricing and more stable supply; (iii) establishing a scientific inventory model: based on market trend forecasts, we strategically increase raw material reserves when prices are low and reduce inventory levels when prices are high; and (iv) continuously improving our production processes to enhance material utilization while reducing scrap rates and material waste.

During the Track Record Period, we did not experience any shortage of raw materials that resulted in interruptions in our production nor did we experience any quality issues in respect of our raw materials that would materially affected our operations. We believe our stable relationships with our suppliers will continue to ensure a sufficient and reliable supply of raw materials and components, while also helping to mitigate fluctuations in raw materials going forward.

Our Suppliers

In the context of globalization, we place great emphasis on constructing our supply chain management system. We are committed to ensuring efficient supply chain operations, reducing costs and achieving rapid delivery. Meanwhile, we also focus on enhancing supply chain resilience to address frequent disruptions and market fluctuations, including external factors like trade tariff disputes. Guided by the dual-track management philosophy prioritizing both “efficiency” and “resilience,” we have established a globally integrated supply network with regional coordination.

More specifically, we adopt a dual-location supply strategy for major materials such as silicon steel, copper wire, and electrical components in China and around the world including the United States, Mexico, Vietnam, and Europe, enabling us to switch supply regions flexibly to respond to various emergencies. We generally maintain suppliers at two or more geographically separated locations to mitigate the risks of single-point failures, including but not limited to natural disasters, regional epidemics, geopolitical conflicts, and policy changes. Through the integration of CRM, MES, SRM, Transportation Management System (“TMS”) and ERP systems, we have achieved full-process data interoperability from customer demands to production plans, production progress, suppliers’ inventory, order plans as well as shipping information. This allows us to visually monitor the status of the entire chain and dynamically allocate resources to ensure the stability of the supply chain.

Supplier management system

We implement rigorous supplier management process that governs qualification, procurement, monitoring, and traceability, which mainly include supplier admission, regular evaluation, and supplier exit mechanisms. All critical raw materials and components must be sourced from pre-approved suppliers. Our procurement managers collect key information about new suppliers including financial status, credit rating, operating conditions, industry qualifications, technical level, production capacity, and ESG commitments and file as preliminary preparation for supplier onboarding subsequently. Once new suppliers meet basic requirements, they will be

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included in the qualified supplier list and enter the sample testing stage. Only those who meet the requirements shall be authorized to supply.

We regularly evaluate suppliers across delivery time, quality, technology employed and other dimensions. For suppliers that fail to meet the performance standards, we require them to make improvements and enhancements. If they are still unable to meet the standards, we will initiate an exit mechanism for them; this will ensure that suppliers can always meet the needs of our products. We use the SRM system to manage suppliers throughout their life cycle.

Agreement with suppliers

We generally procure raw materials from suppliers through non-exclusive supply contracts. We proactively adopt supplier management policies including maintaining two or more suppliers, securing stock in advance and having alternative suppliers to ensure the stable supply of raw materials. We have established long-term relationships with our suppliers with sufficient supply of raw materials and reliable supply channels.

We typically enter into framework supply agreements with suppliers for critical raw materials and components, the salient terms of which are set forth below.

<i>Duration</i>	:	Generally ranges between one to three years.
<i>Product specification</i>	:	The product type, specification, price, quantity, delivery timeline and other detailed items are generally specified in each purchase order we send to our suppliers.
<i>Minimum purchase amounts</i>	:	We are not subject to any minimum purchase requirements.
<i>Payment</i>	:	We are generally granted with a credit period within 150 days upon the receipt of goods and products.
<i>Quality guarantee</i>	:	We usually inspect and accept products in accordance with our specifications, as well as national, local and industry standards, and the requirements of quality agreements. Should any quality issues arise during the warranty period, the supplier shall be responsible for replacement.
<i>Termination</i>	:	Agreements can generally be terminated by either party through a notice.

Major suppliers

During the Track Record Period, our major suppliers primarily include raw material and components suppliers in both China and overseas. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, purchase amounts from the five largest suppliers in each year/period during the Track Record Period was RMB1,742.1 million, RMB1,663.3 million, RMB1,821.6 million and RMB1,333.0 million, respectively, accounting for 19.1%, 16.8%, 16.7% and 17.0% of our total purchase amounts, respectively. For the same years/periods, purchase amounts from the largest supplier in each year/period during the Track Record Period was RMB573.2 million, RMB573.1 million, RMB578.6 million and RMB403.2 million, respectively, accounting for 6.3%, 5.8%, 5.3% and 5.1% of our total purchase amounts, respectively.

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The following table sets forth the details of the five largest suppliers in each year/period during the Track Record Period.

For the year ended December 31, 2022

Supplier	Supplier's background	Major type of products purchased	Year of commencement of business relationship with us	Purchase amounts paid to the suppliers <i>RMB'000</i>	Percentage of total purchase amounts <i>%</i>
Supplier C . . .	A company listed on the Shanghai Stock Exchange, that is mainly engaged in manufacture and sale of high-end steel products such as automotive sheets, household appliance sheets, and silicon steel.	Silicon steel	2005	573,216	6.3
HGC Group ¹ . .	An international company listed on multiple exchanges such as the Shanghai Stock Exchange, the Hong Kong Stock Exchange, and the Frankfurt Stock Exchange, that is mainly engaged in providing lifestyle and digital transformation services.	Silicon steel	2015	340,398	3.7
Supplier D . . .	A company listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, that is mainly engaged in manufacture and sale of hot-rolled plate, cold-rolled plate, galvanized plate, medium and heavy plate, seamless steel pipe, and silicon steel.	Silicon steel	2006	308,195	3.4
Supplier E . . .	A listed company on the Shanghai Stock Exchange, that is mainly engaged in the production of electromagnetic wires in the industry.	Electromagnetic wire	2005	290,548	3.2
Customer B ² . .	An international company listed on the Shenzhen Stock Exchange, that is mainly engaged in the household appliance business.	Electromagnetic wire	2014	229,740	2.5
Total				1,742,097	19.1

Notes:

- HGC Group, one of our major customers, was also a major supplier during the Track Record Period. For details, please refer to analysis in the sub-section headed “Overlapping customer and supplier” above.
- Customer B, one of our major customers, was also a major supplier during the Track Record Period. For details, please refer to analysis in the sub-section headed “Overlapping customer and supplier” above.

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For the year ended December 31, 2023

Supplier	Supplier's background	Major type of products purchased	Year of commencement of business relationship with us	Purchase amounts paid to the suppliers <i>RMB'000</i>	Percentage of total purchase amounts <i>%</i>
Supplier C . . .	A company listed on the Shanghai Stock Exchange, that is mainly engaged in manufacture and sale of high-end steel products such as automotive sheets, household appliance sheets, and silicon steel.	Silicon steel	2005	573,142	5.8
HGC Group ¹ . .	An international company listed on multiple exchanges such as the Shanghai Stock Exchange, the Hong Kong Stock Exchange, and the Frankfurt Stock Exchange, that is mainly engaged in providing lifestyle and digital transformation services.	Silicon steel	2015	310,119	3.1
Supplier D . . .	A company listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, that is mainly engaged in manufacture and sale of hot-rolled plate, cold-rolled plate, galvanized plate, medium and heavy plate, seamless steel pipe, and silicon steel.	Silicon steel	2006	288,175	2.9
Supplier E . . .	A listed company on the Shanghai Stock Exchange, that is mainly engaged in the production of electromagnetic wires in the industry.	Electromagnetic wire	2005	252,544	2.6
Customer B ² . .	An international company listed on the Shenzhen Stock Exchange, that is mainly engaged in the household appliance business.	Electromagnetic wire	2014	239,272	2.4
Total				1,663,252	16.8

Notes:

1. HGC Group, one of our major customers, was also a major supplier during the Track Record Period. For details, please refer to analysis in the sub-section headed “Overlapping customer and supplier” above.
2. Customer B, one of our major customers, was also a major supplier during the Track Record Period. For details, please refer to analysis in the sub-section headed “Overlapping customer and supplier” above.

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For the year ended December 31, 2024

Supplier	Supplier's background	Major type of products purchased	Year of commencement of business relationship with us	Purchase amounts paid to the suppliers <i>RMB'000</i>	Percentage of total purchase amounts <i>%</i>
Supplier C . . .	A company listed on the Shanghai Stock Exchange, that is mainly engaged in manufacture and sale of high-end steel products such as automotive sheets, household appliance sheets, and silicon steel.	Silicon steel	2005	578,600	5.3
HGC Group ¹ . . .	An international company listed on multiple exchanges such as the Shanghai Stock Exchange, the Hong Kong Stock Exchange, and the Frankfurt Stock Exchange, that is mainly engaged in providing lifestyle and digital transformation services.	Silicon steel	2015	340,654	3.1
Supplier E . . .	A listed company on the Shanghai Stock Exchange, that is mainly engaged in the production of electromagnetic wires in the industry.	Electromagnetic wire	2005	338,412	3.1
Supplier D . . .	A company listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, that is mainly engaged in manufacture and sale of hot-rolled plate, cold-rolled plate, galvanized plate, medium and heavy plate, seamless steel pipe, and silicon steel.	Silicon steel	2006	302,718	2.8
Supplier F . . .	A private company incorporated in China, that is mainly engaged in the manufacture and sale of electromagnetic wires.	Electromagnetic wire	2020	261,247	2.4
Total				1,821,631	16.7

Note:

- HGC Group, one of our major customers, was also a major supplier during the Track Record Period. For details, please refer to analysis in the sub-section headed “Overlapping customer and supplier” above.

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For the nine months ended September 30, 2025

Supplier	Supplier's background	Major type of products purchased	Year of commencement of business relationship with us	Purchase amounts paid to the suppliers <i>RMB'000</i>	Percentage of total purchase amounts <i>%</i>
Supplier C . . .	A company listed on the Shanghai Stock Exchange, that is mainly engaged in manufacture and sale of high-end steel products such as automotive sheets, household appliance sheets, and silicon steel.	Silicon steel	2005	403,214	5.1
Supplier G . . .	A private company incorporated in China, that is mainly engaged in electrical materials, wires and cables, and special cables.	Electromagnetic wire	2024	271,143	3.5
Supplier D . . .	A company listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, that is mainly engaged in manufacture and sale of hot-rolled plate, cold-rolled plate, galvanized plate, medium and heavy plate, seamless steel pipe, and silicon steel.	Silicon steel	2006	257,579	3.3
HGC Group ¹ . .	An international company listed on multiple exchanges such as the Shanghai Stock Exchange, the Hong Kong Stock Exchange, and the Frankfurt Stock Exchange, providing lifestyle and digital transformation services.	Silicon steel	2015	219,275	2.8
Supplier E . . .	A company listed on the Shanghai Stock Exchange, that is mainly engaged in the production of electromagnetic wires in the industry.	Electromagnetic wire	2005	181,772	2.3
Total				1,332,983	17.0

Note:

- HGC Group, one of our major customers, was also a major supplier during the Track Record Period. For details, please refer to analysis in the sub-section headed “Overlapping customer and supplier” above.

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The credit period granted by our five largest suppliers for each year/period during the Track Record Period generally ranged from 30 to 90 days upon the invoice date, with payments made through bank transfers or bank acceptance bill. As of the Latest Practicable Date, HGC through its subsidiary, held 30.00% equity interests in one of our subsidiaries. For details, please refer to "Connected Transactions" in this document. To the best of our knowledge, except for HGC Group, during the Track Record Period and up to the Latest Practicable Date, our five largest suppliers for each of the years/periods during the Track Record Period were all independent third parties. To the best of our knowledge, none of our Directors, their close associates or any shareholders who own more than 5% of the issued share capital of our Company, had any interest in any of our five largest suppliers for each of the years/periods during the Track Record Period.

QUALITY CONTROL

We have established a full-process quality management system in accordance with internationally recognized quality management system standards, spanning the entire lifecycle from product research and development, raw material procurement to finished product shipment and transportation. We issue annual quality control requirements with annual quality control objectives. The quality department then adjusts the quality management methods, monitors and ensures implementation, conducts evaluations, and undertakes corresponding measures.

We have obtained a series of quality management system certifications and product certifications. For example, all our factories have been awarded the ISO 9001 certification; for explosion-proof electric drive solutions, we have obtained certifications including the CNEX explosion-proof certificate, ATEX (EU mandatory certification), and IECEx (international explosion-proof product certification); for industrial electric drive solutions, we comply with standards set by the International Electrotechnical Commission (IEC) and the National Electrical Manufacturers Association (NEMA) of the United States. Our industrial marine motors have obtained classification society certifications; for HVAC electric drive solutions, we have obtained product-specific certifications recognized by TÜV (German Technical Supervision Association) and CQC (China Quality Certification Center); and for E-mobility drive solutions, our electric vehicle drive systems have passed the VDA6.3 audit conducted by the German Association of the Automotive Industry (VDA) and obtained the IATF 16949 international certification for automotive quality management systems. Additionally, for our exports to the Americas, Europe and other countries, we have obtained certifications such as UL and CE in accordance with the respective national standards.

Key Quality Control Points

We have formulated quality control plans and developed quality inspection forms by identifying critical quality control points based on the manufacturing characteristics of business operations. This enables us to strengthen the management of critical control points in the quality management process and prevent risks.

Supplier Onboarding and Management

We have established a comprehensive and systematic supplier management system. The onboarding of new suppliers is subject to a rigorous process, including data collection, on-site inspections and qualification assessments by supplier quality engineers (SQEs), cost evaluation, and comprehensive reviews by a review panel. Upon onboarding, we require suppliers to sign technical agreements and quality assurance agreements and conduct regular performance evaluations of suppliers based on comprehensive factors including delivery, cost and quality. Through these measures, we ensure the reliability, stability and agility of our supply chain.

Inspection of Raw Materials

We conduct rigorous inspections of all incoming raw materials and components in accordance with standard drawings and incoming material inspection specifications. We generate inspection records to ensure that only materials meeting quality standards are allowed to enter the warehouse.

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Inspection of Production Process

Our operators strictly adhere to standard operating procedures (SOP) in production operations. Our inspectors conduct rigorous monitoring of the production process in accordance with standard quality control procedures and inspection forms, with 100% inspection implemented for critical processes. Additionally, we perform regular maintenance on production equipment and enforce strict environmental controls, monitoring and regulating temperature, humidity, and cleanliness. Through these measures, we ensure that the quality of the production process remains under control.

Inspection of Finished Products

Prior to the storage of finished products, in accordance with factory testing requirements, we conduct product performance tests using dedicated machinery and equipment to comprehensively inspect the electrical, mechanical, and operational characteristics of the products, ensuring that their performance, safety, and reliability meet the required standards before leaving the factory. Additionally, we carry out inspections on appearance, packaging, technical documents, and other aspects to ensure that all details of the products comply with customer requirements.

Warehousing and Delivery

We have formulated standardized inventory management measures. Raw materials, semi-finished products, and finished products with different storage requirements are stored in warehouses with corresponding environmental conditions, and the storage environment (such as temperature and humidity) is monitored regularly. Warehouse management personnel maintain standardized records of inbound and outbound goods, ensuring consistency in account, physical inventory, and card management to guarantee the traceability of inventory. For hazardous chemicals, we adopt special measures to ensure safe storage and management.

We ensure that products are packaged in the safest manner and delivered to customers' designated destinations. Our logistics processes are designed to maintain the integrity and quality of products during transportation, with real-time monitoring of product conditions throughout the logistics journey. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material product returns nor material product liability claims or other legal claims related to product quality.

WAREHOUSING AND LOGISTICS MANAGEMENT

We are committed to developing an efficient and transparent logistics supply chain to ensure customer satisfaction and enhance inventory efficiency. We continuously refine and standardize the warehousing and distribution systems across our self-operated warehouses globally, while also effectively managing third-party logistics providers. As of September 30, 2025, we operated 12 warehousing centers across China and selected overseas regions to support finished goods storage, inbound raw materials and components, and spare parts management. These warehouses are co-located with or adjacent to our factories to ensure real-time coordination between production and distribution functions.

We primarily cooperate with third-party logistics providers for transportation of our products from factories to place designated by clients when we are responsible for the delivery. This approach enables cost optimization and operational scalability. Our logistics partners are selected through competitive evaluation based on service quality, price transparency, and historical performance. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material delays, disputes, or transportation-related losses that materially and adversely affected our business operations.

INVENTORY MANAGEMENT

We have formulated distinct inventory control strategies and set inventory levels for different types of inventory based on a comprehensive assessment of market analysis, demand forecasting, production planning, procurement prices, and procurement lead times. Our inventory primarily consists of raw materials, components, semi-finished products, and finished goods.

We evaluate the rationality of inventory using inventory value and inventory turnover days. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, our inventory turnover days were 105 days, 103 days, 103 days and 105 days, respectively.

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INFORMATION TECHNOLOGY

Information technology systems are essential to competitiveness and efficient operations. We utilize and maintain information technology (“IT”) system that evolve our key information technology systems that include ERP system, SRM system, MES system, PLM systems, TMS system and CRM system. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any information technology system failure or downtime that had a material adverse effect on our business operations.

COMPETITION

We primarily operate in the global electric drive solution market, which is relatively fragmented with a diverse mix of suppliers across motors, drives, controllers and integrated solutions. The market remains competitive, and its 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 research and development capabilities and supportive policies foster both high-end innovation and large-scale production. For details, please refer to the section headed “Industry Overview” in this document.

PROPERTIES

As of September 30, 2025, our Company and major subsidiaries owned the land use rights of 26 parcels of land in China with an aggregate site area of approximately 2,265,429.46 sq.m. We primarily use these properties as our production facilities and office premises. All these land parcels have been granted land use right certificates. As of September 30, 2025, our Company and major subsidiaries owned (i) 73 properties with an aggregate site area of approximately 1,163,884.14 sq.m, that had obtained the relevant title certificates in China; and (ii) one property, with a site area of approximately 58,725 sq.m, that was still in process of obtaining the relevant title certificate in China. Certain parts of the property have been completed and put into use, and having passed the relevant completion acceptance inspection, primarily as office premises, while the remaining parts was still under construction as of the Latest Practicable Date. Pursuant to the relevant applicable laws and regulations, we are only allowed to apply to the local housing authorities for the title certificate upon the completion of construction of all parts of the property, which is the reason why the title certificate for such property has not yet been obtained. Under PRC laws on property construction, a property may be put into use upon passing the relevant completion acceptance inspection. Accordingly, as advised by our PRC Legal Advisers, our current use of the property without obtaining relevant title certificates complies with PRC laws on property construction; and (iii) four properties, with an aggregate site area of approximately 56,298.14 sq.m, that had completed the construction and passed the fire safety acceptance inspection and completion acceptance inspection. These land parcels and properties are primarily used for production facilities and dormitories in our Baotou manufacturing base. As of the Latest Practicable date, we had initiated the preparation of application for the relevant title certificate. The remaining land, exclusive of areas with construction-in-progress, is free of buildings and permanent structures. These areas are primarily utilized for internal roads, landscaped and greening areas, surface parking lots, and other ancillary facilities, with the balance maintained as open space. Under PRC laws on property construction, a property may be put into use upon passing the relevant completion acceptance inspection. Accordingly, as advised by our PRC Legal Advisers, our current use of the property without obtaining relevant title certificates complies with PRC laws on property construction.

For all the five properties that were still in the process of obtaining the relevant title certificates, we have obtained the relevant permits for land use, construction planning permits and construction works commencement permits, and we have not received any administrative penalty for fire safety issues on these properties. Our Directors are of the view, as advised by our PRC Legal Advisers, that (i) we have not received any administrative penalty for fire safety issues during the Track Record Period; and (ii) as a prerequisite for obtaining construction works commencement permits, these properties are designed in accordance with national fire safety technical standards for construction projects and the relevant fire safety design documents have been filed with local authorities. Taking into account the legal advice from our PRC Legal Advisers and based on the due diligence the Joint Sponsors have performed, nothing has come to the Joint Sponsors’ attention that would reasonably lead them to cast doubt on the view of our Directors.

As of September 30, 2025, our Company and major subsidiaries leased three properties with an aggregate site area of approximately 25,357.8 sq.m in China, which are primarily used for production and operations. As of September 30, 2025, these properties leased by us have not been

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registered with the local housing authorities. These leased properties were primarily used for production premises. According to the relevant laws and regulations, we may be ordered by the competent authorities to make corrections within a certain period of time, and being subject to a fine up to RMB10,000 per lease in the event of failure to make corrections within the deadline. As advised by our PRC Legal Advisers, the lack of registration and filing of lease agreements does not affect the legal effect of such lease agreements, and the failure to register and file the aforesaid property lease agreements will not have any material adverse impact on our production and operation.

As of September 30, 2025, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 5.01A of the Listing Rules to include any valuation report in this document. Pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, 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 of our interests in land or buildings.

INSURANCE

We consider our insurance coverage to be adequate and in accordance with the commercial practices in the industries in which we operate in. Our assets, employee safety and other applicable risks are covered by commercial insurances including product liability insurance, accident insurance, property insurance, transportation insurance and liability insurance for senior management personnel. We will continue to review and assess our risk portfolio and make necessary and appropriate adjustment to our insurance plans to align with our needs and with industry practice. During the Track Record Period, we did not make any material insurance claims in relation to our business. For risks associated with our insurance policy, please refer to “Risk Factors — Risks Relating to our Business and Industry — Insurance coverage for our business, products and properties may not be sufficient to protect us from potential losses” in this document.

EMPLOYEES

As of September 30, 2025, we had a total of 14,195 employees worldwide. The following tables set forth a breakdown of our employees by geographic locations and by function as of the same date:

Geographic Locations	Number of Employees	Department/Function	Number of Employees
The PRC	9,993	Production Department . . .	9,497
Europe, the Middle East and Africa	2,400	Sales Department	810
The Americas	1,180	Technology Department . .	1,877
Asia-Pacific (excluding China)	622	Finance Department	267
		Administration Department	1,744
Total	14,195	Total	14,195

We attach great importance to our employees. We recruit talents through diversified channels, including major online recruitment platforms, offline campus recruitment and local talent market job fairs, supplemented by headhunting and internal or external recommendation methods. We conduct comprehensive evaluations of job applicants through on-site interviews, video interviews and other forms, and strictly screen talents who meet the job requirements. Meanwhile, we provide sufficient onboarding training and guidance to ensure new employees can quickly integrate into our corporate culture and work environment. We participate in employee social security plans. We care about employees’ work-life balance, offering additional welfare holidays beyond statutory holidays, along with diversified allowances and subsidies. For special working environments like high-temperature or high-risk areas, we issue high-temperature subsidies and anti-heatstroke supplies to safeguard the health of our front-line staff. We also

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provide living expense subsidies and communication allowances for employees in need as well as free staff dormitories or rental subsidies for non-local and young employees.

We have maintained a good relationship and expect to maintain an amicable relationship in the future with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not have any strikes, protests or other material labor conflicts that may materially and adversely affect our business, financial condition or results of operations. As of the Latest Practicable Date, our employees in China were represented by a labor union.

Social Insurance and Housing Provident Funds

As required by the PRC laws and regulations, we participate in various employee social security schemes administrated by local governments, including the housing provident fund, pension insurance, medical insurance, maternity insurance, work-related injury insurance and unemployment insurance. During the Track Record Period, we did not make adequate contributions to the social insurance and housing provident funds for certain of our employees as required by the relevant PRC laws and regulations, primarily because (i) certain employees were unwilling to pay their full share of social insurance and housing provident fund contributions, as this would require additional payments from them; and (ii) certain employees preferred to participate in social security schemes in their places of residence or hometowns.

The shortfall in our social insurance and housing provident fund contributions accounted for less than 0.1% of the total revenue for each year/period during the Track Record Period. As advised by our PRC Legal Advisers, pursuant to the applicable PRC laws and regulations, if an employer fails to make full social insurance and housing provident funds contributions, the relevant authorities may (i) order the employer to pay the outstanding social insurance amount within a prescribed time limit, together with an additional late payment penalty calculated at a daily rate of 0.05%. If the employer still fails to pay the overdue contributions within such time limit, a fine of one to three times the outstanding amount may be imposed on the employer; and (ii) order the employer to pay the outstanding housing provident fund contributions within a prescribed time period, failing which the relevant PRC authorities may apply to the People's Court for compulsory enforcement. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, the shortfall of our social insurance and housing provident fund contribution was approximately RMB10.8 million, RMB10.5 million, RMB10.2 million, and RMB7.0 million, respectively. Therefore, we could be subject to fines of up to one to three times the total amount of the social insurance contribution shortfall during the Track Record Period and a late fee of 0.05% of the outstanding amount for each day of delay. In addition, as advised by our PRC Legal Advisers, the likelihood that we would be subject to material administrative penalties due to our failure to provide full social insurance and housing provident fund contributions is remote provided that there are no significant changes in current policies, regulations, local government supervision, and law enforcement requirements related to social insurance and housing provident fund and based on the following reasons: (i) during the Track Record Period, we had not received any notification from relevant government authorities requiring us to pay shortfalls or the penalties with respect to social insurance or housing provident funds; (ii) we had not been subject to any administrative penalties with respect to social insurance or housing provident funds; (iii) we and our material subsidiaries in the PRC have obtained written confirmations from competent local government authorities which confirmed that no administrative penalties had been imposed on us with respect to social insurance or housing provident funds during the Track Record Period; and (iv) we will make full contributions or pay any shortfall within two months if requested by the relevant social insurance and housing provident fund authorities. We have not made provisions for the shortfalls of social insurance and housing provident funds contributions during the Track Record Period.

Our Directors confirm that if we receive a notice from the relevant authorities requiring us to rectify, pay or make up social insurance and housing provident funds within a specified period, we will promptly comply with the requirements of such notice. In respect of our social insurance and housing provident funds contributions, we have adopted or plan to adopt remedial measures, including: (i) we have enhanced our compliance policy with respect to social insurance and housing provident fund contribution in accordance with the PRC laws and regulations; (ii) we have designated our human resources department to review and monitor the reporting and contributions of social insurance and housing provident fund on a monthly basis; (iii) we will consult our PRC counsels on a regular basis for advice on the relevant PRC laws and regulations to keep us abreast of relevant regulatory development; (iv) new joiners of us are informed the latest social insurance and housing provident laws, regulations and company policies; and (v) we conduct regular trainings on social and housing provident laws and regulations for our employees to enhance the awareness of compliance.

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

We fully integrate the ESG concept into business operations and decision-making processes, so as to drive high-quality and sustainable development.

We have identified key ESG issues, such as governance, emissions, energy consumption, employee health and safety and product and service management, by benchmarking against the Environmental, Social and Governance Reporting Code of the Hong Kong Stock Exchange, industry standards for international sustainability disclosure, and ESG reports of peer companies.

Our Governance

We have formulated comprehensive internal policies such as the internal control management system and inspection and supervision regulations, and has established a “top to bottom” structure as follows:

- **The Board:** responsible for formulating the ESG strategic policy system and overall planning framework; identifying, assessing and prioritizing the management of major ESG issues and potential risks; establishing an ESG risk management and internal control system aligned with business characteristics and ensuring its effective operation; setting ESG objectives, regularly reviewing the progress in achieving such objectives and approving ESG reports;
- **Strategy and ESG committee:** responsible for research on the group’s ESG-related strategies, plans and major decisions, put forward suggestions, promote and guide the practice of ESG work; monitoring ESG matters that have a significant impact on the group’s business, identify and evaluate ESG risks and opportunities, supervise the annual performance of ESG matters; and reviewing annual ESG report and related information disclosure;
- **ESG working group:** responsible for coordinating the collaborative cooperation and implementation of ESG initiatives among our various departments and third-party institutions; collecting and organizing communication data from external stakeholders; submitting analysis of material ESG issues and improvement recommendations to Strategy and ESG management committee on a regular basis.

ESG Risk Management

We have established the “ESG Risk Systematic Management Process”. We regularly (as needed) conduct special risk assessments; and adopt a multidimensional evaluation method, develop and implement differentiated risk response strategies.

We have comprehensively incorporated ESG risks into the overall risk management framework and established a systematic management process in accordance with the “Guidelines for the Application of Enterprise Internal Control”, including

ESG risk identification, ESG risk assessment, ESG risk response, ESG risk monitoring and reporting, and continuous improvement.

We assess the potential impact of the risk based on what is described in the ESG risk management section. In order to manage these risks, we invested RMB2.57 million, RMB8.75 million, RMB5.08 million and RMB6.38 million in regards of environmental protection for the years ended 31 December 2022, 2023, 2024 and the period ended September 30, 2025 respectively, accounting for approximately 0.02%, 0.06%, 0.03% and 0.05% of operating income of the corresponding period, indicating that the actual impact of the risks on our business, strategy and financial performance is not significant. We will also closely monitor changes in these risks and assess potential impacts in a timely manner.

Environmental

Energy Consumption

We have established an energy management system and an energy consumption monitoring system.

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The following table sets our energy use during the Track Record Period:

	For the year ended December 31,			For the nine months ended September 30,
	2022	2023	2024	2025
Purchased Steam (GJ)	11,978.14	29,669.00	34,269.10	24,195.22
Diesel (tons)	192.73	193.12	169.44	114.05
Gasoline (tons)	81.87	195.42	203.12	145.71
Natural Gas (m ³)	7,609,264.76	6,651,334.32	6,211,315.86	4,975,020.96
Liquefied Petroleum Gas (tons)	128.01	117.77	132.53	41.15
Propane (tons)	32.33	73.64	66.06	50.26
Total Energy Consumption (MWh)	271,449.50	256,850.15	254,970.17	136,362.99
Energy Consumption Intensity (MWh/million revenue)	19.03	16.50	15.69	16.76

Water Resource Management

We primarily use municipal water. All of our production facilities have been installed with precision water meters and monitoring systems, which regularly aggregate and analyze water consumption data to identify abnormal consumption and make timely improvements. Meanwhile, we require each production facility to set annual water-saving targets and implement corresponding control measures.

During the Track Record Period, we maintained a 100% compliance rate for wastewater discharge.

Waste Management

The hazardous waste generated by us mainly comes from paint spraying and mechanical processing, including paint residues, oil-stained rags and gloves, waste engine oil, waste organic solvents, and a small amount of heavy metal-containing waste. The non-hazardous waste generated during our operations mainly includes metal scraps, packaging materials (wooden pallets, cartons, plastic packaging) and domestic waste. During the Track Record Period, our non-hazardous waste has remained compliant, and no pollution incidents have occurred due to improper management of non-hazardous waste.

The following table sets our waste discharge in the Track Record Period:

	For the year ended December 31,			For the nine months ended September 30,
	2022	2023	2024	2025
Hazardous Waste (tons)	1,690.67	1,719.84	1,911.65	2,311.34
Non-hazardous Waste (tons)	32,583.57	35,768.95	37,107.84	28,130.52

Air Pollutant Emission

Our production processes generate air pollutants, mainly from procedures such as spray painting and drying, dip painting, welding and cutting, and casting. Among them, volatile organic compounds (VOCs) and particulate matter (PM) come from spraying and mechanical processing. Nitrogen oxides (NO_x) mainly come from natural gas combustion equipment (such as gas-fired boilers and heat treatment furnaces), with a small amount from high-temperature processes like casting and smelting. We minimize the impact of emissions through well-established waste gas treatment facilities.

Response to Climate Change

We refer to the framework and recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) to identify and assess the risks related to climate change, evaluating their actual and potential impacts on our operations, strategies, and financial performance.

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Greenhouse Gas Emission

The following table sets forth our greenhouse gas emissions (Scope 1 and 2) during the Track Record Period:

	For the year ended December 31,			For the nine months ended September 30,
	2022	2023	2024	2025
Scope 1 GHG emissions ¹ (tCO ₂ e)	18,030.21	16,365.53	15,372.98	11,979.51
Scope 2 GHG emissions ² (tCO ₂ e)	87,302.05	85,518.13	87,915.35	70,247.47
Total GHG emissions (scope 1 and 2) (tCO ₂ e)	105,332.26	101,883.65	103,288.34	82,226.98
GHG emission intensity (tCO ₂ e/million revenue) . . .	7.38	6.54	6.36	6.87

The following table sets forth our greenhouse gas emissions (Scope 3) during the Track Record Period:

	Unit	For the year ended December 31, 2024	For the nine months ended September 30, 2025
Scope 3 GHG emissions ⁽³⁾	tCO ₂ e	7,625.98	2,904.78

Notes:

- (1) GHG Scope 1 emissions are calculated based on the consumption of diesel, gasoline, natural gas, liquefied petroleum gas and propane and relevant emission factors, with the emission factors referenced from Appendix 4 of the China Energy Statistical Yearbook 2020 and the IPCC, 2014: Climate Change 2014: Synthesis Report, Intergovernmental Panel on Climate Change Fifth Assessment Report, Working Group I, II, and III Reports.
- (2) GHG Scope 2 emissions are calculated based on purchased electricity and purchased steam and relevant emission factors, with the emission factors referenced from the IEA Emission Factors Package, 2025Q1 edition and the Notice on Greenhouse Gas Emission Factor issued by Ministry of Ecology and Environment of China in December 2024.
- (3) The data here only includes category 6 of Scope 3 GHG emissions. Category 6 includes GHG emission from flight and train taken, private car driving and hotel staying, with emission factors from EXIOBASE version 3.

We have established metrics in regards of energy consumption, hazardous waste, non-hazardous waste and GHG emissions, please refer to the disclosure in “Energy Consumption” “Waste Management” and “Responses to Climate Change” above, and we regularly review the data of these metrics to promote performance improvement. As for GHG emissions, we have set a target to reduce 10% by 2030, with the base year of 2024. We will also monitor, evaluate and manage the completion status of the above target, and set more targets when appropriate.

Employment Management

We are committed to non-discrimination in all aspects of human resources management, including recruitment, training, promotion, salary and benefits, rewards, and punishments. We do not tolerate discrimination based on gender, race, religious belief, age, disability, or other legally protected characteristics. We strictly prohibit the employment of child labor in any form.

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Training and Development

Adhering to the training philosophy of “stratified coverage and precise empowerment,” we have built a strategically-oriented three-level training management system of “Group — Business Unit — Grassroots Unit.” Through a standardized and systematic training mechanism, we continuously improve employees’ professional skills and comprehensive quality, providing strong talent support for the realization of our strategic goals.

Health and Safety

We have obtained ISO 45001:2018 Occupational Health and Safety Management System Certification and established a robust safety management system. We have set up dedicated environment, health and safety (EHS) management institutions and positions, and implemented a workplace safety responsibility system on a tier-by-tier basis.

Safety facilities are inspected and maintained regularly, and all on-site safety facilities operated normally throughout the Track Record Period.

Supply Chain Management

We have established a comprehensive supplier onboarding evaluation process. Through systematic screening and verification, we ensure that suppliers meet our cooperation requirements in terms of qualifications, capabilities, and quality.

We evaluate whether suppliers have obtained certifications such as ISO 14001 or the Eco-Management and Audit Scheme (EMAS), and whether they have established environmental factor control mechanisms (such as environmental impact assessment reports and emergency response plans). We also verify waste classification, hazardous chemicals management processes, and regulatory compliance (including the implementation of the Restriction of Hazardous Substances (RoHS) directive and Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulation), and pay attention to the progress of green system construction.

We review whether suppliers have obtained certifications such as ISO 45001 and whether they have systematically identified and controlled hazard sources. We also verify the effectiveness of personal protective equipment, safety devices of equipment, and qualifications for special operations, as well as check safety records, emergency response plans, and protective measures, which serve as the basis for scoring safety management and etc.

Anti-corruption

We strictly comply with relevant laws and regulations. We formulated internal anti-corruption policies, which clearly specify the specific requirements and implementation standards for anti-corruption efforts. Meanwhile, we have established an independent reporting mechanism to strictly protect the identity and privacy of whistleblowers, ensuring that all employees and stakeholders can conveniently report issues, building a solid line of defense for integrity from both institutional and mechanism perspectives.

We provide various training programs to our employees. Meanwhile, special integrity and compliance training sessions were organized for core suppliers to ensure that all stages in the supply chain comply with the standards of honest operation, prevent the risk of commercial corruption from the source, and guarantee the steady operation of all businesses on a compliant track.

In addition, we have established a complete supervision and reporting mechanism to ensure that stakeholders can reflect problems through multiple channels. This includes setting up fixed-channel such as special-line telephones for branches and subsidiaries, supervision acceptance hotlines and dedicated email boxes; other diversified online and offline submission channels such as WeChat, DingTalk, telephone and mail are opened to build an all-round complaint acceptance network.

BUSINESS ACTIVITIES WITH PARTIES SUBJECT TO INTERNATIONAL SANCTIONS

Certain countries or organizations, including the U.S., the European Union, the United Nations, the United Kingdom, Australia, and Canada, maintain economic sanctions and trade restrictions targeting specific industries or sectors within countries/regions subject to International Sanctions.

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During the Track Record Period, we transacted with a customer and a supplier (the “**SDN Transactions**”), who are designated on the Specially Designated Nationals and Blocked Persons List or the Sectoral Sanctions Identifications List maintained by the U.S. Department of Treasury’s Office of Foreign Assets Control (the “**SDN Lists**”). Among these:

- we entered into a contract with a Chinese customer (the “**SDN Customer**”) for provision of safety inspection and rectification services for six 10kV explosion-proof motors installed in its hydrogen production and purification equipment in November 2021, which was performed in January 2022, prior to its designation on the SDN List in May 2022. However, we accepted payments from the SDN Customer in May and September 2023, with the remaining amount unpaid of RMB56,000 as of the Latest Practicable Date. We will not accept the outstanding amount or otherwise transact with the SDN Customer until the SDN Customer is removed from the SDN List; and
- we entered into a contract with a Chinese supplier (the “**SDN Supplier**”) for procurement of electronic components in May 2023, prior to its designation on the SDN List in February 2024. However, we accepted deliveries from the SDN Supplier from August 2023 to March 2025, and made payments to it from 2023 through March 2025. Since March 2025, the SDN Supplier is no longer a supplier of our Group and we have ceased all transactions with the SDN Supplier.

For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, our revenue from SDN Customer was approximately RMB607,080, RMB30,973, nil and nil, accounting for approximately 0.004%, 0.0002%, nil and nil of our total revenue for the same periods, respectively. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, our purchases from SDN Supplier was approximately RMB54,811, RMB662,060, RMB327,851 and RMB10,292, accounting for approximately 0.0006%, 0.0067%, 0.0030% and 0.0001% of our total purchase amounts for the same periods, respectively.

In addition, during the Track Record Period, we had certain transactions with a Russian company (“**Russian Customer**”) through our local subsidiary. We received three payments in Rubles from the Russian Customer in 2023 and 2024. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, the payments involved in the Bank Payments Transactions amounted to approximately nil, RMB5,119, RMB601,177 and nil, accounting for approximately nil, 0.00003%, 0.0037% and nil of our total revenue for the same periods, respectively. The Russian Customer made such payments (the “**Bank Payments Transactions**”) through a local bank (the “**Designated Bank**”). The Designated Bank was designated on the SDN List in April 2022 and remained designated throughout 2023 and 2024 at the time of the Bank Payments Transactions, and was also designated on other international sanction lists, including the UK Sanctions List (designated in April 2022), HM Treasury Consolidated Financial Sanctions List (designated in April 2022), European Union Sanctions List (designated in July 2022), Australia Foreign Affairs Consolidated List (designated in March 2022), and Consolidated Canadian Autonomous Sanctions List (designated in February 2022), as of the Latest Practicable Date.

As advised by the International Sanctions Legal Adviser, who has evaluated our International Sanctions risk exposure, none of our Company nor any of our affiliates is a Sanctioned Target, nor is located, incorporated, organized or resident in a Sanctioned Country, and our business activities during the Track Record Period do not qualify as a Sanctioned Trader for purposes of the Chapter 4.4 of the Guide for New Listing Applicants. We are subject to the jurisdiction of U.S. primary sanctions only with respect to the business activities of our U.S. subsidiaries and our business activities with U.S. nexus. Our U.S. subsidiaries were not involved in the SDN Transactions or the Bank Payment Transactions. Neither the SDN Transactions nor the Bank Payments Transactions were processed through U.S. financial institutions, involved U.S. persons, U.S. origin items, or U.S. dollars, nor did they have the requisite U.S. nexus to satisfy the jurisdictional elements of U.S. primary sanctions violations. As a result, our International Sanctions Legal Adviser confirmed that SDN Transactions and Bank Payments Transactions did not constitute U.S. primary sanctions violations. The Bank Payments Transactions did not take place within the territory of the EU, did not involve any EU national, and did not involve any entity incorporated or organized under the law of a Member State. The only connection to EU was that the Russian Customer was supplied products manufactured by two companies wholly owned by a subsidiary of our Group in Austria. Under EU sanctions regime, the fact that a third-country entity is a subsidiary under the control of an EU parent company may be sufficient to bring transactions conducted by the former within the scope of EU sanctions, pursuant to the “best efforts” obligation imposed under EU sanctions. Nevertheless, in the present case, the Bank Payment Transactions

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took place between September 2023 and March 2024. Since the "best efforts" obligation concerning EU asset-freezing sanctions entered into force in February 2025, such transactions would not violate this provision. EU law, including sanctions regulations imposing the "best efforts" obligation, generally applies prospectively unless explicitly stated otherwise. Specifically on the "best efforts" obligation, the regulations and the European Commission Frequently Asked Questions all indicate that the "best efforts" obligations only apply prospectively. The Bank Payments Transactions did not have a UK nexus, nor any connection with Canada or Australia, and therefore did not violate UK, Canadian, or Australian primary sanctions. Our International Sanctions Legal Adviser has thus advised that both the SDN Transactions and Bank Payments Transactions (i) did not satisfy the substantive elements of a violation or infringement of the relevant International Sanctions in the Relevant Jurisdictions, and thus (ii) would not constitute the Primary Sanctioned Activities under International Sanctions enacted by Relevant Jurisdictions.

Analysis on the Secondary Sanctions Risks

(i) Secondary sections risk exposure in relation to SDN Customer

Given that: (i) the transactions with SDN Customer are not likely to be viewed as material or significant considering their size, number and frequency; (ii) the products and services involved in transactions with the SDN Customer were general industrial sectors that are generally not subject to export controls; and (iii) there is no evidence that our business activities constituting Secondary Sanctioned Activities involve deceptive practices, our International Sanction Legal Adviser is of the view that the risk that we may be subjected to secondary sanctions based on such activities would be low. The relevant laws and regulations in respect of the transactions with the SDN Customers do not have retrospective effect. If our activities were compliant with the laws as of the effective dates of the applicable restrictive measures, there is no risk that we will be subject to secondary sanctions retrospectively under the U.S. sanctions regimes.

(ii) Secondary sanctions risk exposure in relation to SDN Supplier

Given that: (i) the transactions with SDN Supplier are not likely to be viewed as material or significant considering their size, number and frequency; (ii) the products and services involved in transactions with the SDN Supplier were general industrial sectors that are generally not subject to export controls; and (iii) there is no evidence that our business activities constituting Secondary Sanctioned Activities involve deceptive practices, our International Sanction Legal Adviser is of the view that the risk that we may be subjected to secondary sanctions based on such activities would be low. The relevant laws and regulations in respect of the transactions with the SDN Suppliers do not have retrospective effect. If our activities were compliant with the laws as of the effective dates of the applicable restrictive measures, there is no risk that we will be subject to secondary sanctions retrospectively under the U.S. sanctions regimes.

(iii) Secondary sanctions risk exposure in relation to Bank Payments Transactions

Given that: (i) the Bank Payments Transactions are not likely to be viewed as material or significant considering their size, number and frequency; and (ii) there is no evidence that our business activities constituting Secondary Sanctioned Activities involve deceptive practices, our International Sanction Legal Adviser is of the view that the risk that we may be subjected to secondary sanctions based on such activities would be low. The relevant laws and regulations in respect of the Bank Payments Transactions do not have retrospective effect. If our activities were compliant with the laws as of the effective date of the applicable restrictive measures, there is no risk that we will be subject to secondary sanctions retrospectively under the EU or the U.S. sanctions regimes.

As of the Latest Practicable Date, we had ceased the SDN Transactions and we no longer accept payments from the Designated Bank. In addition, we have implemented, and will continue to enhance internal control and risk management measures, which we believe enable us to better monitor and evaluate our business and to address sanctions risks, including: (i) we have established clear internal policies that no entities within our Group shall conduct transactions with entities on sanctions lists, including, among others, selling to customers, purchasing goods or receiving payments from bank on such lists. We require customers and suppliers to submit the information form for us to evaluate their sanction status. For those who refuse to provide the form, we would not commence business with them; (ii) implementing and extending a compliance framework to manage risks associated with our business activities including non-Russia business activities to comply with International Sanctions risks including the U.S., UK and EU, requiring our staff to submit complete compliance information collection forms to the legal compliance department for

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a preliminary compliance assessment, and collect and verify information on customers, end-users, distributors (if the end-user is unknown), and other entities involved in the supply chain. We also establish an urgent process when we are aware of any of our business partners listed in any sanction list, we will terminate business with them immediately and evaluate the impact on our business; (iii) adopting an information system for sanctions screenings all existing and new counterparties (all unaffiliated vendors of goods and services to the Company, including intermediaries comprising of service providers to the Company such as agents, brokers, and freight-forwarders, and purchasers comprising of all unaffiliated direct or indirect purchaser of goods and services from the Company, such as distributors, and end-users) of all business units, subsidiaries and branches, including in connection with our relevant retail operations, to enhance the screening procedures to cover our business potentially exposed to sanctions risks ensuring that screening is conducted at onboarding a counterparty, at the beginning of a transaction, and prior to shipment; (iv) implementing a process to take appropriate action with respect to any hits or apparent hits such as escalating hits to legal or compliance personnel, and ceasing transactions with designated entities subject to blocking sanctions, such as all SDNs; (v) including trade compliance clauses addressing export control and sanctions compliance in all sales contracts, including contracts with distributors, specifically prohibiting the distributors from dealing with sanctioned entities, and obtaining end-user/end-use statements from customers involved; (vi) verifying and documenting end users and end use to the extent possible (either in all instances or for indirect sales involving entities in high-risk jurisdictions); and (vii) periodically (annually or biannually) update customer's KYC information.

IMPACT OF GLOBAL TRADE TENSIONS

Global trade tensions among the major countries have escalated in recent years. In early 2025, the U.S. government issued multiple executive orders implementing additional tariffs on imports from various jurisdictions, including additional tariffs amounting to an aggregate of 145% on imports from China that took effect on April 10, 2025 (the IEEPA tariffs), and an additional 25% tariff on various categories of steel products. Following the recent economic and trade talks in November 2025, the U.S. and China announced tariff de-escalation measures. In addition, Mexico has continuously increased relevant tariffs on non-Free Trade Agreement countries in recent years, including, among others, China. In December 2025, the Congress of Mexico formally enacted new tariff legislation, which imposes additional import duties on 1,463 products originating from China and other non-free trade agreement countries with effect from January 1, 2026. The applicable tariff rates range from 10% to 50%. These developments have heightened geopolitical uncertainty and prompted retaliatory trade measures from other economics.

Impact of the U.S. tariff

For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, revenue from the U.S. accounted for approximately 9.2%, 10.1%, 10.4%, 10.1% and 11.7% of our total revenue, respectively. Majority of such revenue came from products and solutions produced by our manufacturing base in Mexico. For our revenue from the U.S. for the nine months ended September 30, 2025, approximately 75.4% was generated from imports from Mexico, 9.6% from Vietnam, 5.7% from China, 2.2% from domestic sales within the U.S. through its local sales company, and the remaining small portion from Europe.

As of the Latest Practicable Date, the implemented U.S. tariff policies most relevant to our business operations have been announced from June 2025 onwards. These policies primarily include: (i) in July 2025, the U.S. announced a 30% general tariff on imports from Mexico, subject to a 90-day negotiation and had been suspended as of the Latest Practicable Date; (ii) the U.S. announced an additional general tariff of 10% on imports from Vietnam in August, with the latest applicable general tariff imposed on imports of our products from Vietnam reaching 20% as of the Latest Practicable Date. ((i) and (ii) collectively as "**Additional General Tariffs**"; and (iii) in August 2025, the U.S. further expanded the scope of its steel and aluminum tariffs under Section 232 of the Trade Expansion Act of 1962 with additional 50% tariff imposed on the value of imported products' steel/aluminum content ("**Steel/Aluminum Tariffs**").

Majority of our revenue from the U.S. came from products and solutions produced by our manufacturing base in Mexico. For the nine months ended September 30, 2025, approximately 75.4% of total revenue from the U.S. was generated from imports from our Mexican manufacturing base. Pursuant to Chapter 4 ("**Rules of Origin**") of the USMCA (United States-Mexico-Canada Agreement), goods qualify for tariff exemptions under the general rate of duty if they are deemed "originating in the USMCA region (the United States, Mexico or Canada)". According to Harmonized Tariff Schedule of the United States heading 8501 (electric motors and generators) ("**HS 8501**"), for goods using materials sourced outside the USMCA region to satisfy the

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requirements of Rules of Origin, "substantial transformation" is required, where (i) qualifying production processes are completed entirely within a USMCA member state; (ii) these processes result in a fundamental change to the good's identity, typically evidenced by a change in HS code classification; and (iii) the finished good acquires new characteristics, functions, or uses that distinguish it from the original non-originating materials. The raw materials imported by our Mexican manufacturing base sourced from regions outside the USMCA region satisfy the "substantial transformation" requirement, as: (i) the core components of the relevant motor products are manufactured at the Mexican manufacturing base; (ii) the raw materials undergo production processes that result in an inherent change to their identity, evidenced by new HS code; and (iii) the finished products possess new characteristics and functions distinct from the raw materials. Consequently, it complies with the Rules of Origin applicable to HS 8501, and the products exported from our Mexican manufacturing base to the U.S. are thus entitled to zero general tariff under the USMCA.

Going forward, we intend to further reduce the direct export of products and solutions to the U.S. market from China, and instead shift more of that volume to supply from its facilities in Mexico and Vietnam.

Limited impact of the U.S. tariffs on our financial performance

All of our products and solutions exported to the U.S. from Mexico comply with the USMCA provisions and thus qualify for exemption of the additional general tariffs imposed by the U.S. on imports from Mexico. For the products and solutions exported to the U.S. from China and Vietnam, we generally use the FOB Incoterm, under which customers are responsible for the corresponding tariffs; while for two specific customers, we used the DDP Incoterm, where the tariff was borne by us. In 2025, we have successfully renegotiated and adjusted the pricing with these two customers, thereby transferring the impact of tariff costs to them.

Only certain motor products under our industrial electric drive solutions (primarily including AC motors with 100HP or above) contain steel and/or aluminum content that falls within the scope of the Steel/Aluminum Tariffs. For the steel and aluminum content contained in these products, an additional 50% tariff shall be levied. Those steel and aluminum content primarily include the following components: steel lamination, casting, bearing, sheet and others.

Based on our historical business operations and financial information for the nine months ended September 30, 2025, under normal circumstances: (i) our revenue from the U.S. accounts for less than 15% of our total revenue; (ii) less than half of these products, mainly AC motors above 100HP, are subject to the Steel/Aluminum Tariffs; and (iii) among these affected products, only the value of steel and aluminum content — primarily including components such as steel lamination, casting, bearing and sheet, which account for a small portion of the total product value — is subject to the 50% tariff under the Steel/Aluminum Tariffs. Therefore, as the value of products impacted by the Steel/Aluminum Tariffs constitutes a very small proportion of our total revenue, we believe such tariffs will not have a material adverse impact on our overall gross profit margin. Furthermore, to mitigate the impact of these tariffs, we (i) have transferred the supply chain of certain steel lamination components to U.S.-based suppliers, with all such materials used exclusively in the affected motors; and (ii) have implemented partial cost pass-through to customers through price adjustments, consistent with prevailing market practices.

Impact of the Mexico's tariff

For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, revenue from Mexico accounted for approximately 1.9%, 1.8%, 1.6%, 1.6% and 1.7% of our total revenue, respectively. For our revenue from Mexico for the nine months ended September 30, 2025, 20.3% was generated from our local manufacturing base, while approximately 62.5% was generated from imports from China, 10.6% from Vietnam and 6.6% from Italy.

Meanwhile, the majority of raw materials used in our Mexican manufacturing base are procured locally within Mexico. For the nine months ended September 30, 2025, in respect of total raw material purchase amounts for our Mexican manufacturing base, approximately 61.6% were sourced locally in Mexico, 17.3% from China, 15.5% from the U.S., and the remaining small portion from other countries such as Germany and India.

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Since 2023, Mexico has implemented several rounds of tariff increases, targeting countries with no trade agreements, including China. In December 2025, the Congress of Mexico formally enacted new tariff legislation, which imposes additional import duties on 1,463 products originating from China and other non-free trade agreement countries with effect from January 1, 2026, with applicable tariff rates ranging from 10% to 50%. ("**Mexican Tariff**"). In accordance with specific product classifications, the latest relevant tariff rates applicable to our products and raw materials in Mexico as of the Latest Practicable Date were generally: (i) 5%-50% for imports from China; (ii) 3%-25% for imports from Vietnam; (iii) 3%-35% for imports from the U.S.; (iv) 3%-25% for imports from Germany; (v) 5%-35% for imports from India; and (vi) 3%-25% for imports from Italy.

The IMMEX (Manufacturing, Maquila and Export Service Industry) program was introduced by the Mexican government in 2006, aiming to attract foreign investment through industrial manufacturing and the export of goods and services. IMMEX compliant companies are allowed to defer the payment of general import taxes when they temporarily import specific products for the purpose of manufacturing, transforming, or repairing, and/or providing export services. If the goods are exported or returned abroad within the specified time limit, no duties will be owed as a result of such operations. Our Mexican manufacturing base was granted the IMMEX program eligibility by the Mexican Ministry of Economy in 2014, satisfying the policy criteria for the temporary import of foreign-sourced raw materials and duty exception on the export of finished products. In addition, we obtained the filing for the PROSEC (Sectorial Promotion Program), which entitles us to legally benefit from raw material import tariff reduction and exemption policies. For certain product categories, we need to submit additional applications for Regla 8 from time to time to obtain tariff exemptions. We have also established a sound traceability and customs clearance system to guarantee ongoing adherence to policy compliance requirements. For instance, among all imports of our products and raw materials to Mexico during the nine months ended September 30, 2025, only 14 items fell within the scope of the Mexican Tariff. Of these 14 items, merely one category of raw materials was actually subject to tariff levies, while the remaining items have obtained tariff exemptions through the aforementioned measures. The procurement value of such raw materials accounted for an insignificant portion of the total raw material procurement value of the Mexico manufacturing base during the period.

Based on our historical business operations and financial information, we believe that the impact of Mexican Tariff on our overall gross profit margin would be minimal.

Tariff's impact on customer demands of our products and solutions

While the U.S. global tariff policies in 2025 have led to modest softening in overall U.S. market demand, it has had limited impact on our U.S. customer demand, since our U.S. customers are primarily industrial enterprises with rigid demand for the electric drive solutions. As confirmed by Frost & Sullivan, as the U.S. local inventories are gradually depleted, we expect to see a rebound in new orders in the near future, with delayed orders gradually resuming.

As confirmed by F&S, the U.S. tariff policies have impacted all key players across the entire electric drive solution market. Since 2025, many major players in the international market have announced price adjustment plan, passing on part of the tariff impact to customers through price increases. In September, we have issued price adjustment notices to our key customers in the U.S. market, planning to increase the selling prices in the U.S. We also also leverage product upgrades and customer service as our bargaining power when adjusting prices with customers as in the electric drive solution market, factors such as product quality and cooperative relationships with suppliers are equally crucial, alongside price. Based on reasons above, we do not anticipate a significant decline in sales orders following our price adjustment plan.

In 2025, we also proactively engaged in communication with our U.S. clients to identify and explore their needs. We successfully acquired new orders from certain key customers, expanding the product and solution portfolio that we currently provide to them. We expect to enhance our competitiveness by expanding the scope of solutions and products we offer, which will also help mitigate the negative impact of tariffs on overall market demand.

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No Material Adverse Impact on our Future Results of Operations and Financial Conditions

We believe that the aforesaid tariff policies will not have a material adverse impact on our future results of operations and financial conditions on the following reasons:

- Majority of our revenue from the U.S. market is derived from our Mexican facilities and direct export to the U.S. from China is limited. Thus, any potential escalation in China-U.S. relations and any additional tariffs imposed by the U.S. on China will not materially affect such business. Going forward, we plan to further reduce the direct export of products and solutions to the U.S. market from China and instead shift more of that volume to supply from our facilities in Mexico and Vietnam. Our Directors are of the view that the shift of product supply for U.S. sales to our manufacturing facilities in Mexico and Vietnam is feasible: (i) we have the capability to expand the production capacity of our Mexican manufacturing base to supply products to the U.S. in a short period, as we had already formulated a plan to gradually transfer certain production lines to Mexico prior to the intensification of China-related trade frictions at the end of 2024. As of the Latest Practicable Date, our Mexican facility has commissioned production lines for daily-use electrical products, medium-high voltage products and reluctance integrated machines, primarily supporting our industrial and HVAC electric drive solutions segments; (ii) we have established an integrated product research and development system and regularly dispatch technical personnel to our overseas facilities for knowledge exchange, ensuring that these facilities can promptly respond to U.S. customers’ product and technical requirements; and (iii) our global supply chain network, covering Mexico, China, Europe, the U.S., and other regions, can guarantee the timely and sufficient supply of raw materials, enabling our overseas facilities to produce and deliver products to the U.S. within a short timeframe if required.
- Our sales in the Mexican market are minimal and the majority of raw materials used at our Mexican facilities are sourced locally within Mexico. By applying for various temporary permits and approvals, we have successfully minimized the impact of additional tariffs imposed by Mexico.
- The majority of our products and solutions sold in Europe are sourced from our local manufacturing facilities in Europe such as Germany, Italy and Poland, with only a small portion imported from China and other regions. The relevant applicable tariff rate imposed on these imports generally range from 0% to 3.7%, and there had been no material change to such tariff policies since 2025. In addition, under our prevailing trade terms with customers in Europe, the customer is responsible for tariff.
- We do not engage in procuring raw materials from the U.S. for import into China. Therefore, China’s series of tariff policies targeting the U.S. had not and is not expected to have any material impact on our business operations and financial performance.
- Leveraging the leading position in the industry, the high product quality, and long-standing cooperative relationships with key customers, we possess a certain degree of pricing power, enabling us to pass on part of the cost impact from tariffs to its customers.
- As of September 30, 2025, we had 45 factories around the world, including 14 overseas factories in Germany, Poland, Italy, Vietnam, Mexico and other countries and regions, enabling us to provide localized manufacturing support and services to our customers in their respective region. Our globally distributed production and supply chain strategy enhances our resilience against policy changes in individual regions.

We also plan to adopt the following measures to further mitigate the potential impact of tariff, with a focus on enhancing operational resilience, optimizing resource allocation, and safeguarding profitability:

- Diversify and expand our customer base: beyond maintaining stable cooperation with our existing clients, we will proactively explore high-potential markets. By increasing the share of revenue from various markets, we aim to further reduce our reliance on exports to a single country and balance the risk of trade policy fluctuations across different regions;

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- Accelerate the layout of our overseas production facilities: we will continue to establish or expand production facilities in key overseas regions that are geographically close to our target customers. The setup not only shortens our logistics cycles and reduces transportation costs but also helps us mitigate tariffs imposed on finished goods;
- Diversify and optimize our supply chain: for critical raw materials and components that are highly sensitive to tariffs, we will expand our supplier network to include high-quality suppliers in different regions, thereby reducing the risk of cost volatility caused by tariffs on a single-source region;
- Strengthen our product competitiveness and customer collaboration: we continuously iterate our products and solutions to strengthen our bargaining power with customers and engage in communication with customers on product pricing, thereby transferring part of the tariff impact to customers; and
- Establish a dynamic policy monitoring and response mechanism: we will establish cross-departmental team to closely monitor international developments and regional policies, and promptly implement targeted response measures, including but not limited to proactively applying for various tax relief benefits.

INTERNAL CONTROL AND RISK MANAGEMENT

We are exposed to various risks during our operations. Our approach to risk management and internal control is designed to safeguard our assets, ensure operational continuity, and promote compliance with industry regulations. Through a structured framework, we identify, evaluate, and mitigate risks across our business activities, aligning our practices with best-in-class standards and regulatory requirements. We have put in place a set of internal control and risk management policies and procedures to address potential operational, financial, legal and market risks identified in relation to our operations. We also periodically review these procedures to ensure their effectiveness. To monitor the ongoing implementation of our risk management policies and corporate governance measures after the redacted, we have adopted, or will continue to adopt, among other things, the following risk management measures:

- establish an Audit Committee to review and supervise our financial reporting process and internal control system. For the qualifications and experience of the committee members, please refer to “Directors and Senior Management — Board Committees — Audit Committee” in this document;
- adopt policies to ensure compliance with the Listing Rules and local laws and regulations, including but not limited to aspects related to risk management, connected transactions and information disclosure;
- organize training sessions for our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies [REDACTED] in Hong Kong;
- provide trainings periodically to our senior management and employees on professional behavior requirements and ethics standards to enhance their knowledge and compliance with applicable laws and regulations, and include relevant policies against non-compliance in our employee discipline measures and supervision guidelines;
- set clear guidelines and processes for identifying, measuring and addressing price and currency risks, ensuring that all hedging activities are conducted within a structured and consistent framework;
- enhance our reporting and records system for factories, including centralizing their quality control and safety management systems and conducting regular inspections of the facilities;
- establish a set of emergency procedures in the event of major quality-related issues;
- provide enhanced training programs on quality assurance and product safety procedures; and

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- distribute employee handbooks to enhance employees’ awareness of complying with laws and regulations.

LICENSES, APPROVALS AND PERMITS

During the Track Record and up to the Latest Practicable Date, we had obtained all licenses, approvals, permits and certificates that are material and necessary for our business operations in jurisdictions where we operate, and such licenses, permits, approvals and certificates and valid and subsisting.

LEGAL PROCEEDINGS AND COMPLIANCE

We may from time to time be subject to various legal or administrative claims and proceedings arising from the ordinary course of business. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any administrative penalties, bankruptcy or receivership proceedings), which we believe would have a material adverse effect on our business, results of operations or financial condition. As of the Latest Practicable Date, we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or any of our Directors, which we believe would have a material adverse effect on our business, results of operations or financial condition.

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

AWARDS AND RECOGNITIONS

During the Track Record Period, we received awards and recognitions in respect of our products, solutions and operations. The following table sets forth the details of some of the notable awards and recognitions which we have received:

Award	Issuing Unit	Year of Receipt
Advanced Collective of the National Industry and Information Technology System	Ministry of Industry and Information Technology	2025
Zhejiang Province Export Famous Brand (2024-2026)	Department of Commerce of Zhejiang Province	2024
Advanced Unit (2023 Small and Special Motor & Components Branch of China Electronic Components Association)	Small and Special Motor & Components Branch of China Electronic Components Association	2024
Manufacturing Single Champion Enterprise	Ministry of Industry and Information Technology	2024
Special Award for Scientific and Technological Progress of the China Electrotechnical Society	China Electrotechnical Society	2024
Second Prize for the Science and Technology Award of the Machinery Industry	China Machinery Industry Federation/China Mechanical Engineering Society	2024
Vice President Unit of the Second Council	China Non-Ferrous Metals Industry Association Rare Earth Branch	2023