

INDUSTRY OVERVIEW

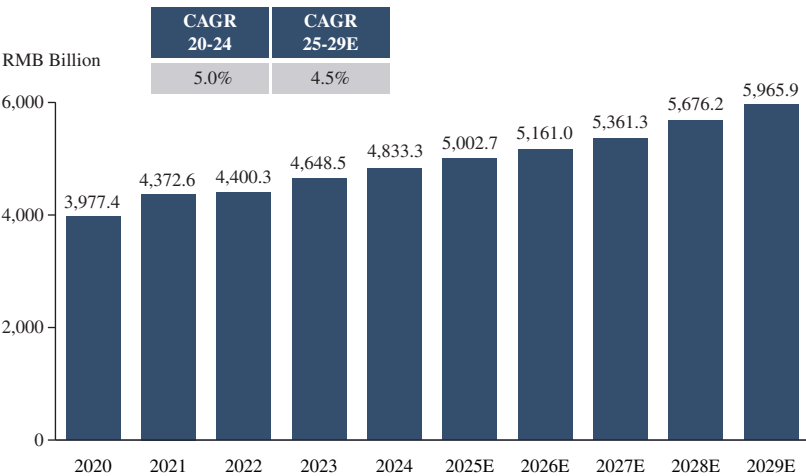
The information and statistics set out in this section and other sections of this Document were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the [REDACTED]. The information from official government sources has not been independently verified by us, the Joint Sponsors, Joint Representatives, [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], any of their respective directors and advisors, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.

OVERVIEW OF CHINA’S AUTOMOTIVE COMPONENTS INDUSTRY

Market size of Automotive Components Industry

The sales value of automotive components in China increased from RMB3,977.4 billion in 2020 to RMB4,833.3 billion in 2024, with a CAGR of 5.0%. In the forecast period, it is expected that the market size of automotive components in China will further grow to RMB5,965.9 billion in 2029 with a CAGR of 4.5% from 2025 to 2029. With the continuous increase in sales and market penetration of new energy vehicles in China, the demand for higher-quality, higher-performance, and more intelligent automotive parts is increasing. The dual increase in sales and value of automotive components is jointly driving the rapid expansion of the entire market.

Sales Value of Automotives Components, China, 2020-2029E

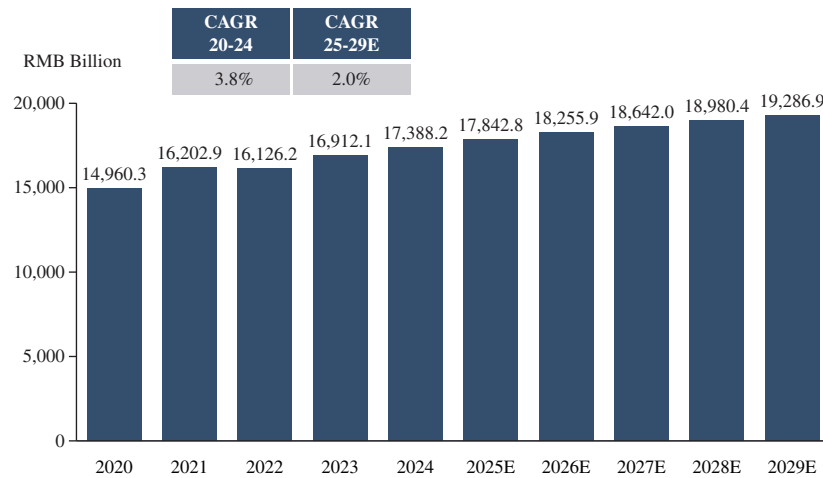


Source: CAAM, Frost & Sullivan

The sales value of global automotive components increased from RMB14,960.3 billion in 2020 to RMB17,388.2 billion in 2024, with a CAGR of 3.8%. In the forecast period, it is expected that the global market size of automotive components will further grow to RMB19,286.9 billion in 2029 with a CAGR of 2.0% from 2025 to 2029.

INDUSTRY OVERVIEW

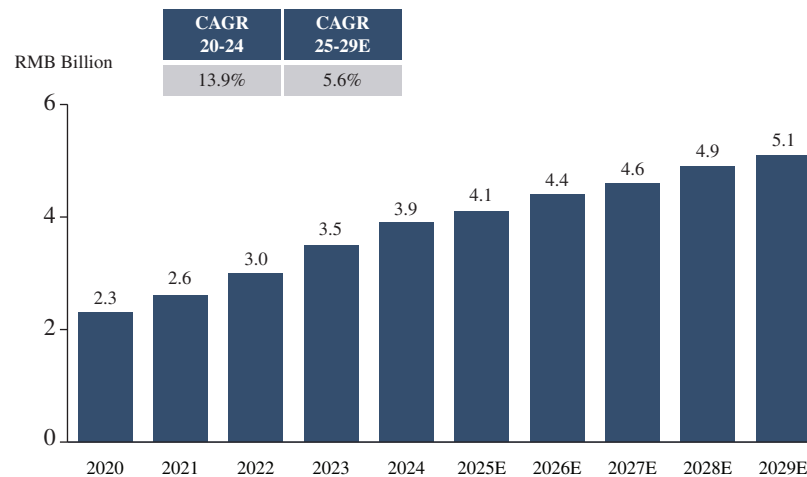
Sales Value of Automotives Components, Global, 2020-2029E



Source: Frost & Sullivan

The HDM is primarily installed within the slide rails at the base of automotive seats, used to achieve automatic adjustment of the front and rear position of electric seats in cars. It is mainly composed of a series of parts, including precision worm gear and worm screw-nut threads. The sales value of the global automotive seat HDM market has increased from RMB2.3 billion in 2020 to RMB3.9 billion in 2024, with a CAGR of 13.9%. In the forecast period, it is expected that global automotive seat HDM market will further grow to RMB5.1 billion in 2029 with a CAGR of 5.6% from 2025 to 2029.

Sales Value of Automotives Seat HDM, Global, 2020-2029E



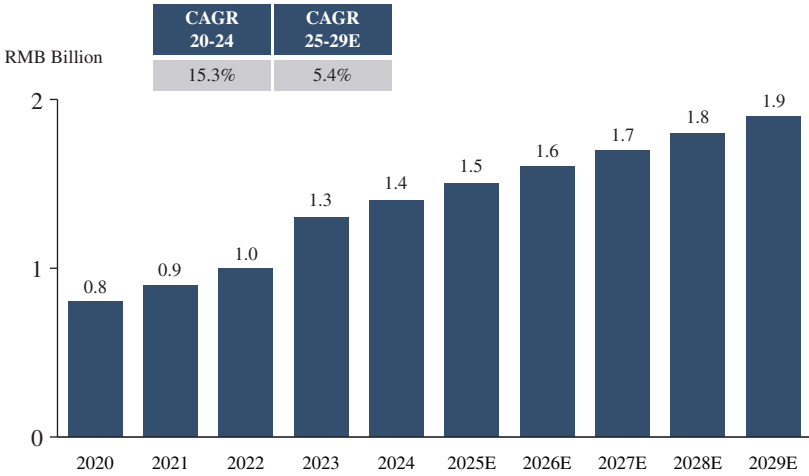
Note: The market size of global automotive seat HDM does not include motors.

Source: Expert Interview, Frost & Sullivan

In the past, the seat HDM adjustment function was mostly seen in luxury cars. Amid the rising penetration rate of smart cockpits and the trend of seat upgrades, seat adjustment components such as HDM are expected to further permeate mid-range and lower priced models, with a broad growth space. Automotive seat HDM accounts for 0.03% of the total China’s automotive components market. The sales value of the China’s automotive seat HDM market has increased from RMB0.8 billion in 2020 to RMB1.4 billion units in 2024, with a CAGR of 15.3%. In the forecast period, it is expected that China’s automotive seat HDM market will further grow to RMB1.9 billion in 2029 with a CAGR of 5.4% from 2025 to 2029.

INDUSTRY OVERVIEW

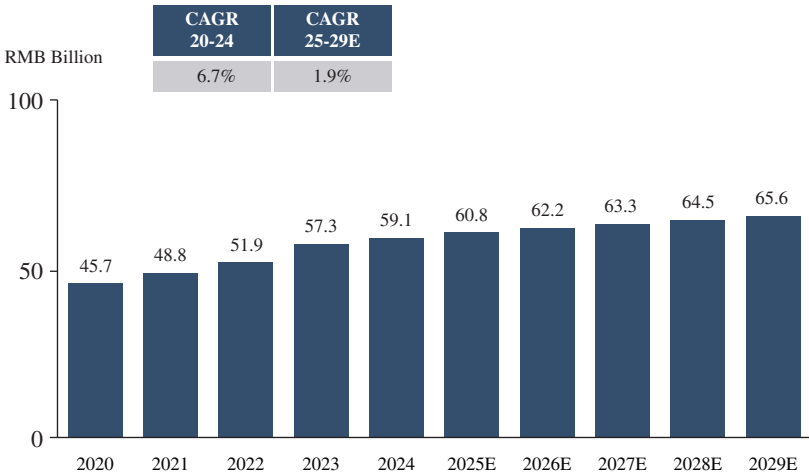
Sales Value of Automotives Seat HDM, China, 2020-2029E



Source: Expert Interview, Frost & Sullivan

Automotives wheel hub bearings units are crucial safety components in automobiles, primarily responsible for weight bearing and providing precise guidance for the rotation of the wheel hub. The automotives wheel hub bearings industry is generally showing a trend of transforming towards high value-added products. Companies meet the market’s demand for high performance and intelligent products through technological upgrades and product innovation. The sales value of the global automotive wheel hub bearings has increased from RMB45.7 billion in 2020 to RMB59.1 billion in 2024, with a CAGR of 6.7%. In the forecast period, it is expected that global automotive wheel hub bearings market will further grow to RMB65.6 billion in 2029 with a CAGR of 1.9% from 2025 to 2029.

Sales Value of Automotives Wheel Hub Bearings, Global, 2020-2029E

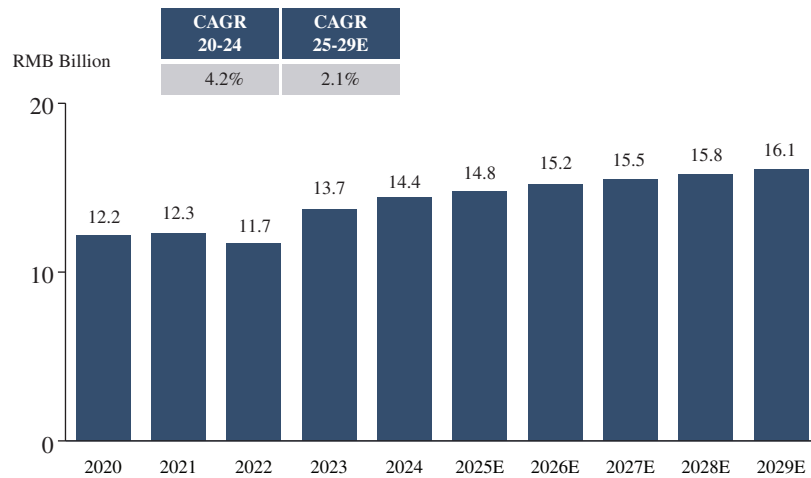


Source: Expert Interview, Frost & Sullivan

Automotive wheel hub bearings accounts for 0.3% of the total China’s automotive components market. The sales value of China’s automotive wheel hub bearings has increased from RMB12.2 billion in 2020 to RMB14.4 billion in 2024, with a CAGR of 4.2%. In the forecast period, it is expected that China’s automotive wheel hub bearings market will further grow to RMB16.1 billion in 2029 with a CAGR of 2.1% from 2025 to 2029.

INDUSTRY OVERVIEW

Sales Value of Automotives Wheel Hub Bearings, China, 2020-2029E

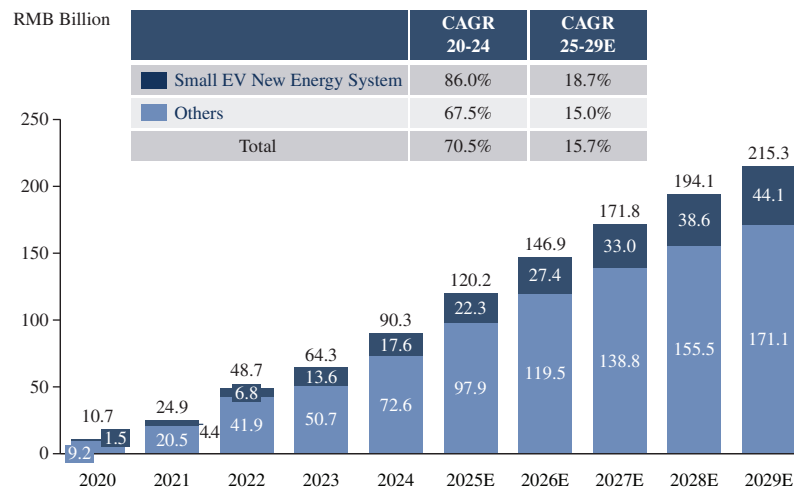


Source: Expert Interview, Frost & Sullivan

In 2024, China’s new energy vehicle electric drive demand was RMB90.3 billion, accounting for 67.6% of the global market share. It is expected to reach RMB215.3 billion in 2029, with a CAGR of 15.7% from 2025 to 2029.

The small electric vehicle new energy system market refers to the segmented field that provides drive systems for A00/A0 level micro electric vehicles. Small EV new energy system accounts for 0.4% of the total China’s automotive components market. In 2024, the sales value of China’s small EV new energy system was RMB17.6 billion. It is expected to reach RMB44.1 billion in 2029, with a CAGR of 18.7% from 2025 to 2029.

Sales Value of NEV Electric Drive Market (By Vehicle Type), China, 2020-2029E

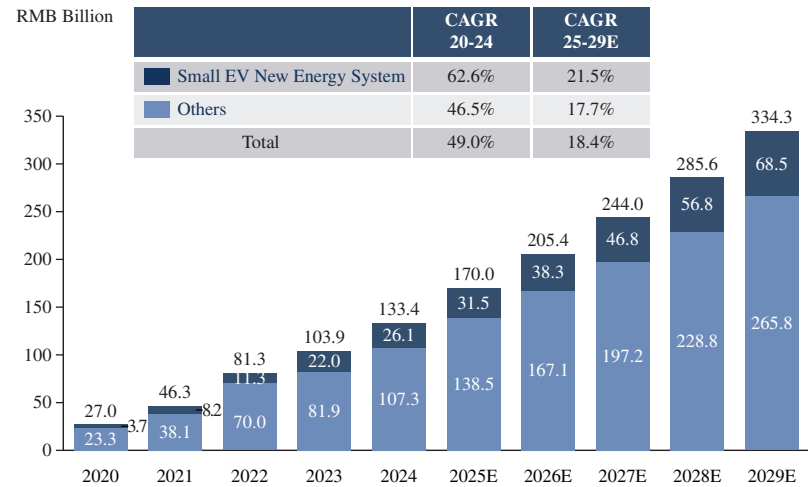


Source: Expert Interview, Frost & Sullivan

In 2024, the sales value of global NEV electric drive was RMB133.4 billion, the market size is expected to continue increasing in the future. It is expected the market size of global NEV electric drive to reach RMB334.3 billion in 2029, with a CAGR of 18.4% from 2025 to 2029.

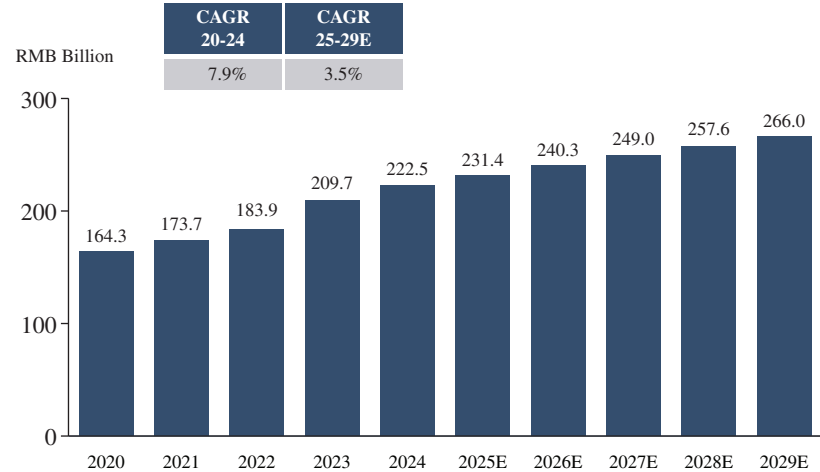
INDUSTRY OVERVIEW

Sales Value of NEV Electric Drive Market (By Vehicle Type), Global, 2020-2029E



Source: Frost & Sullivan

Sales Value of Automotives Interior and Exterior Accessories, China, 2020-2029E

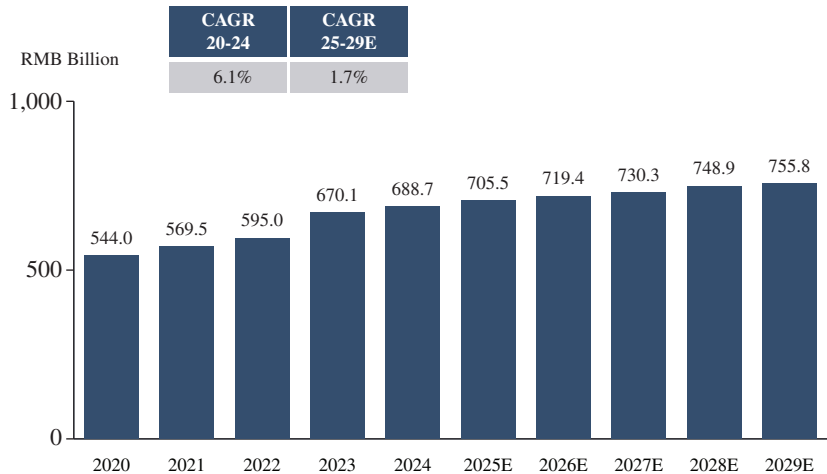


Source: Expert Interview, Frost & Sullivan

The sales value of the global automotive interior and exterior accessories market has increased from RMB544.0 billion in 2020 to RMB688.7 billion in 2024, with a CAGR of 6.1%. In the forecast period, it is expected that global automotive interior and exterior accessories market will further grow to RMB755.8 billion in 2029 with a CAGR of 1.7% from 2025 to 2029.

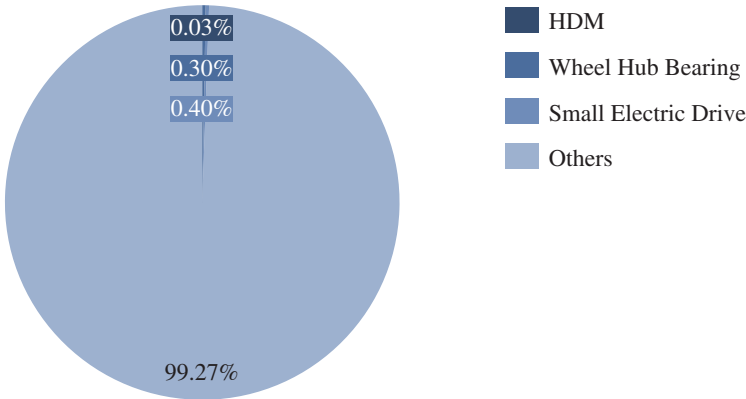
INDUSTRY OVERVIEW

Sales Value of Automotives Interior and Exterior Accessories, Global, 2020-2029E



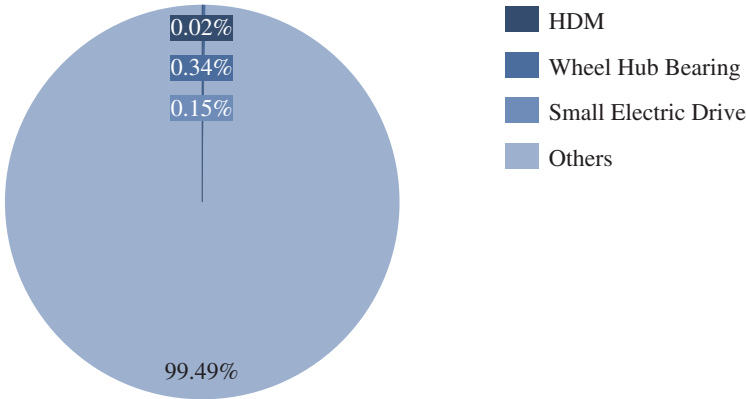
Source: Frost & Sullivan

Breakdown of Automotive Components Market, China, 2024



Source: Frost & Sullivan

Breakdown of Automotive Components Market, Global, 2024



Source: Frost & Sullivan

INDUSTRY OVERVIEW

Market Drivers of China’s Automotive Components Industry

- ***Continuous Policy Support.*** The government has introduced multiple policies to support the development of the auto parts industry. For instance, the “New Energy Vehicle Industry Development Plan” explicitly encourages R&D in core component technologies and offers tax incentives and subsidies to key parts manufacturers. Concurrently, policies to improve the automotive industry chain and supply chain promote collaborative innovation between parts suppliers and vehicle manufacturers, providing strong policy backing and directional guidance for industry growth.
- ***Steady Growth in Vehicle Production and Sales.*** Stable domestic automotive demand, driven by the replacement needs for fuel vehicles and the rising penetration of NEVs, has boosted vehicle production and sales. Expansion plans by vehicle manufacturers have directly increased procurement demand for parts. Both traditional fuel vehicle components and core NEV parts now enjoy vast market opportunities, propelling the expansion of the auto parts industry.
- ***Accelerated Technological Innovation.*** Companies are increasing R&D investment, achieving breakthroughs in areas such as NEV’s “Three-Electric” systems and intelligent connected vehicle components. Technological innovation has enhanced the performance and quality of parts, strengthened product competitiveness, and enabled companies to meet domestic demand while accessing international high-end markets. This drives the industry toward premium development.
- ***Expanding Export Markets.*** China’s automotive components are gaining greater international recognition due to their cost-performance advantages and improved quality. Against the backdrop of global automotive supply chain restructuring, domestic parts manufacturers are actively expanding into overseas markets, leading to sustained export growth. Deeper collaboration with international vehicle manufacturers and participation in global supply chains further inject new momentum into the industry’s expansion.

Development Trend of China’s Automotive Components Industry

- ***Deep Integration of Electrification and Intelligence.*** The continued expansion of the NEV market has driven surging demand for electrification components such as drive motors, power batteries, and electronic control systems. Concurrently, the wave of intelligence has brought components like sensors, smart cockpit chips, and autonomous driving domain controllers into sharp focus. The deep convergence of these two trends is delivering smarter, more efficient, and safer mobility experiences for users, compelling enterprises to ramp up R&D investments and compete for technological leadership.
- ***Rise of Domestic Brands and Growing Market Share.*** Chinese automotive components suppliers have achieved continuous technological breakthroughs, challenging foreign dominance in core areas like motors and electronic controls while matching international brands in quality and performance. Policy support and collaborative development with domestic automakers are accelerating the import substitution process. Meanwhile, their competitive pricing and rapid response capabilities are gaining market recognition, steadily increasing their share in both passenger and commercial vehicle segments and strengthening the industry’s influence.

INDUSTRY OVERVIEW

- ***Synergized Globalization and Localization.*** Amid rapid restructuring of the global automotive supply chain, Chinese component suppliers are actively expanding overseas markets through local production facilities and acquisitions to integrate into global supply networks and boost international market presence. At the same time, rising trade protectionism worldwide is prompting companies to enhance localized production and supply capabilities, mitigating supply chain risks by positioning operations closer to regional automakers. This dual strategy of globalization-localization synergy not only strengthens risk resilience but also ensures sustainable competitiveness in a shifting industrial landscape.
- ***Widespread Adoption of Lightweight Materials.*** To enhance automotive energy efficiency and reduce emissions, lightweight materials including aluminium alloys, magnesium alloys, and carbon fibre are seeing increasingly extensive application in auto parts manufacturing. These materials effectively reduce vehicle weight, improving fuel economy for traditional vehicles and extending the range of electric vehicles. Component manufacturers must stay ahead of this trend by developing innovative lightweight products and optimizing production processes to meet automakers’ evolving demands.
- ***The Humanoid Robot Industry is Becoming a Second Growth Curve.*** The humanoid robot and automotive component industries are highly similar in hardware and software. This drives automotive component suppliers to speed up their robot-related development. The humanoid robot industry is becoming a second growth curve for the automotive component industry, opening up new growth space for it.

Market Challenges of China’s Automotive Components Industry

- ***Intense Cost Reduction Pressure.*** Automotive OEMs, responding to market competition, are continuously transferring significant cost reduction pressures down to component suppliers. The required annual cost reduction rate has drastically increased from the previous 3%-5% to 10%-20%, far exceeding the industry’s average profit margin. Simultaneously, the cost reduction cycle has shortened from annual to quarterly. This has led to sharply reduced profits for many automotive component suppliers, even pushing them into losses.
- ***High Investment and Risk Associated with Technological Iteration.*** The industry’s shift towards electrification, intelligence, and connectivity demands continuous high-intensity R&D investment from component companies. However, the shortening cycle for technologies becoming competitive red oceans and the high uncertainty of return on investment create significant challenges. Against the backdrop of intense price pressure from automotive OEMs, the growth rate of R&D expenditure even for some leading companies has begun to slow, which could weaken core innovation capabilities and sustainable development momentum in the long run.
- ***High financial costs and cash flow pressure.*** Component companies often find themselves in a relatively weak position when dealing with automotive OEMs. A prominent issue is the significantly extended payment cycles, which have stretched from the previous 3 months to 6 months or even a year. This forces suppliers to bear high financial costs and significant cash flow pressure. Additionally, the recovery risk for upfront development and tooling costs increases, severely impacting the stability and resilience of the supply chain.

INDUSTRY OVERVIEW

Market Threats of China’s Automotive Components Industry

- ***Geopolitical and International Trade Risks.*** Uncertainties in the global trade environment, such as the previously implemented high tariffs by the US, pose a direct threat to the export of Chinese automotive components. Furthermore, regulations in some overseas markets (like the US Inflation Reduction Act) promoting supply chain “localization” are reshaping the global supply chain landscape, presenting long-term challenges for Chinese suppliers.
- ***Innovation Slowdown and Weakened Long-Term Competitiveness.*** With profit margins being squeezed to extremes, companies are forced to focus resources on short-term survival, making cutting investment in cutting-edge technologies and new product R&D a common phenomenon. Data shows a year-on-year decline in Chinese automotive patent publications in 2023. If this decline in innovation vitality persists, Chinese component companies will struggle to move up the global industrial value chain, facing the long-term threat of diminished core competitiveness in the global market competition.

Market Drivers of Global Automotive Components Industry

- ***Global Automotive Production and Sales Set Demand Foundation.*** While regional fluctuations exist, the global automotive market maintains an overall trend of scale expansion and structural diversification, providing stable growth momentum for components. In mature markets like China and the US, replacement and upgrade demand has become mainstream, supporting the vehicle production/sales base and boosting demand for wear parts and upgrade components. Emerging markets like Southeast Asia, South Asia, and Latin America seeing continuous release of vehicle popularization demand, driving the expansion of new vehicle production and sales volumes.
- ***Synergistic Penetration of New Energy and Lightweighting Technologies.*** The steady increase in New Energy Vehicle penetration drives market expansion for core components like power batteries and e-drive systems. Simultaneously, lightweighting has become key for cost reduction and efficiency improvement. The expanding application of aluminum alloys and carbon fiber composites in bodies and chassis is driving annual demand growth for related components by approximately 45%, creating synergistic growth momentum with electrification.
- ***Mandatory Upgrade of Global Carbon Neutrality Regulations.*** Increasingly stringent emission reduction policies worldwide are becoming a mandatory driver for component technology iteration. The EU has confirmed the implementation of Euro 7 standards in 2027, reducing nitrogen oxide limits by another 35%, directly driving demand for high-efficiency catalytic converters, particulate filters, and other aftertreatment components. China’s “China 7” standard draft also strengthens emission requirements, while mandating a vehicle component recycling rate exceeding 95% by 2030. This promotes the R&D, product iteration, and market expansion of components using recycled materials and designed for disassembly.

INDUSTRY OVERVIEW

Development Trends of Global Automotive Components Industry

- ***Cross-Industry Extension of Downstream Applications.*** Leveraging technological commonality, automotive components are extending from traditional vehicle applications into new fields like robotics, engineering machinery, and the low-altitude economy, representing a significant direction for market space expansion. The core lies in technology reuse; for example, automotive e-drive systems can be adapted for robotic mobility modules, vehicle sensors and controllers can be repurposed for intelligent control in engineering machinery, and vehicle battery technology is finding applications in low-speed unmanned vehicles and drones. Leading component companies are proactively deploying cross-industry businesses. Through technological adaptation and customized development, they break reliance on a single downstream sector, opening new growth spaces and enhancing resilience against industry cycles.
- ***Accelerated Transformation towards Software-Defined Vehicles (SDV).*** The share of software cost and value in vehicles continues to climb, making SDV a core development direction for the global automotive industry. Consumer demand for intelligent driving features and in-vehicle digital experiences is pushing OEMs to accelerate software transformation, subsequently driving demand for components like intelligent cockpit operating systems and vehicle motion intelligence control systems.
- ***Circular Economy Driving Low-Carbon Transformation of Components.*** Global policies and market demand jointly push components towards “recyclable, low-emission” upgrades. The EU requires new vehicles to contain 25% recycled plastics by 2030, while China mandates a component recycling rate exceeding 90% by 2030. Furthermore, as the power battery recycling system gradually improves, the application scope of recycled aluminum, recycled plastics, and other materials in components continues to expand. Low-carbon design has become a key element for component companies to build core competitiveness, spanning the entire product lifecycle from R&D and production to recycling.

Entry Barriers of Global Automotive Components Industry

- ***Technology R&D and Simultaneous Engineering Barriers.*** Accelerating automotive technology iteration leads OEMs to transfer some design tasks to suppliers, demanding extremely high simultaneous engineering capabilities. Component companies need a complete system from material R&D, process design to simulation testing, and must respond quickly to new vehicle development cycles. Trends like autonomous driving and electrification further raise technological thresholds, with core technologies often locked in by patents from leading firms. New entrants, lacking technical accumulation and high-end talent, struggle to meet performance and efficiency requirements.
- ***Capital and Economies of Scale Barriers.*** The industry is capital-intensive, requiring massive investment for production bases, precision machining, and inspection equipment. Furthermore, proximity to customers often necessitates building plants in different locations. Simultaneously, OEMs prefer large-scale suppliers to ensure stable supply, and economies of scale significantly reduce unit costs. New entrants face not only pressure from fixed asset investment but also operational capital needs due to inventory and payment terms, making it difficult to achieve cost advantages in the short term.
- ***Supply Chain Access and Certification Barriers.*** As component quality is directly linked to vehicle safety, OEMs have established stringent access systems. IATF 16949 certification is a mandatory into the supply chain. After third-party certification, suppliers must pass OEM audits covering R&D capability, quality control, financial status, etc., a process typically taking over 1 year. Once established, supply relationships are relatively stable, making it difficult for new entrants to break into the existing supply chain landscape quickly.

INDUSTRY OVERVIEW

Market Challenges of Global Automotive Components Industry

- ***Structural Decline in Industry Profitability.*** The global automotive components industry is experiencing a structural decline in profitability. The industry’s average EBIT margin has fallen, especially in post-pandemic era, dropping to less than 5% in 2024. Compared with sectors like semiconductors, profitability level of the automotive components industry is relatively lower. This stems from post-pandemic production volatility, inflation driving up labor and material costs, and high transformation investments.
- ***Business Risks Brought by Electrification Transition.*** Major component suppliers are caught in a dual squeeze of shrinking traditional business and losses in emerging businesses. On one hand, orders related to internal combustion engine vehicles continue to decline. On the other hand, while electrification and intelligentization businesses show revenue growth, most remain “revenue-growing but not profit-growing” due to massive R&D investments and fierce market competition. This situation, where old and new growth drivers fail to smoothly transition, places companies in a dilemma of risks from both sides.
- ***R&D Pressure from Rapid Technological Iteration.*** The automotive industry is accelerating its transition towards the “Software Defined Vehicle” (SDV), leading to increasing software cost and value share. This necessitates continuous high-intensity R&D investment from component suppliers. However, despite rapid revenue growth for suppliers in automotive electronics and infotainment systems, their profit margins are declining due to massive R&D investments and rising component costs.

Market Threats of Global Automotive Components Industry

- ***Geopolitical and Trade Barriers.*** Rising geopolitical risks and trade barriers are severely disrupting global trade order and supply chain networks. The high tariffs imposed by the US on key automotive components directly increase costs, leading some companies to pass on 100% of the cost to customers.
- ***Supply Chain Fragility and Systemic Disruption.*** The global automotive supply chain is highly concentrated and fragile, making it extremely vulnerable to systemic disruption from single-point failures. In the past, the global automotive industry, pursuing optimal cost and maximum efficiency, established a highly efficient globalized supply chain system through refined international division of labor. However, this model also resulted in high concentration, with critical links often reliant on single regions or suppliers, making the system highly vulnerable to disruptions from single points of failure.

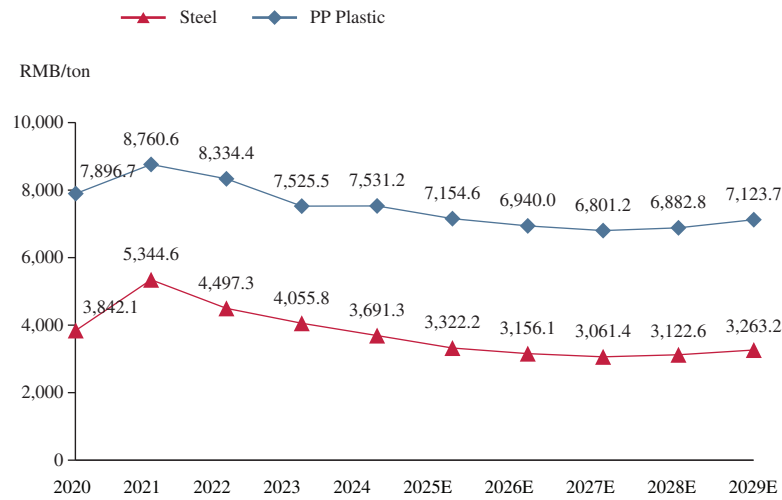
Price Analysis of Raw Materials

The primary raw materials for automotive components mainly include steel, PP plastics, etc. Steel prices rose in 2021 driven by infrastructure stimulus, but have oscillated downward since 2022 due to weakening demand. PP plastic prices have also shown a pattern of first surging then retreating over the past four years, influenced by crude oil fluctuations and capacity expansion.

Looking forward, steel price is expected to experience a period of minor price fluctuations as supply-side production controls and demand-side policy support are projected to gradually absorb the supply-demand imbalance in the coming years. As for PP plastic, the increasing supply and market inventory pressure resulted from expanding production capacity and anticipated stabilized crude oil prices may suggest potential for future price declines.

INDUSTRY OVERVIEW

Average Price of Key Raw Materials of Automotive Components, China, 2020-2029E



Source: Frost & Sullivan

Overview of Automotive Corner Module and De-hydraulization

Automotive Corner Module: The automotive corner module innovatively integrates highly linear steer-by-wire, brake-by-wire, in-wheel motors, air springs, and active dampers in the X/Y/Z directions. This technology, through the integration of drive, steering, braking, and suspension systems, uses standardized interfaces to connect with the vehicle body and electronic architecture, can accommodate a variety of wheelbases and track widths, and relies on the chassis domain controller to achieve precise coordinated control of multi-dimensional wheel movement. It significantly enhances vehicle safety, economy, and handling, breaks through traditional logistics models to achieve seamless indoor-outdoor transportation, and will be widely used in unmanned logistics vehicles. It is expected that by 2029, the global automotive corner module market size will reach to RMB trillion level.

COMPETITIVE LANDSCAPE OF AUTOMOTIVE COMPONENTS INDUSTRY

To meet the complexity, high quality and specialization required in the OEM market, the automotive-parts industry has evolved into a multi-tier, pyramid-like supply chain. Suppliers are classified into Tier-1, Tier-2 and lower tiers according to their directness of supply to vehicle manufacturers. Fuelled by the rapid expansion of new energy vehicles, China’s leading component suppliers have translated years of technology accumulation into clear cost advantages. Coupled with on-the-ground service capabilities for domestic NEV makers, they have forged strong, collaborative partnerships. Through continued innovation and breakthroughs in high-end technologies, these suppliers are now steadily joining the supply chains of major international OEMs as well.

Ranking of Global Automotive Seat HDM Suppliers

The global automotive seat HDM market competition is relatively concentration. The top five automotive seat HDM suppliers in global automotive seat HDM industry account for approximately 80.4% of the global total market share in 2024. In the global automotive seat HDM industry, our Company ranked second by sales revenue, holding a market share of 15.1% in 2024.

INDUSTRY OVERVIEW

Ranking of Automotive Seat HDM Suppliers, Global, 2024

Rank	Company Name	Revenue (RMB Billion)	Market Share
1	Company A	1.7	45.0%
2	The Company	0.6	15.1%
3	Company B	0.4	10.0%
4	Company C	0.2	6.3%
5	Company D	0.2	4.0%
	Others	0.8	19.6%
	Total	3.9	100.0%

Notes:

- (1) Company A was founded in 1863 and is headquartered in Germany, the total revenue in 2024 was RMB4.5 billion.
- (2) Company B was founded in 1949 and listed on the Tokyo Stock Exchange, the total revenue in 2024 was RMB339.5 billion.
- (3) Company C was founded in 1949 and listed on the Tokyo Stock Exchange, the total revenue in 2024 was RMB234.7 billion.
- (4) Company D was founded in 1999 and is headquartered in Hangzhou.

Source: Company Announcement, Frost & Sullivan

Ranking of China’s Automotive Seat HDM Suppliers

The China’s automotive seat HDM market competition is relatively fragmented. The top three automotive seat HDM suppliers in China’s automotive seat HDM industry account for approximately 56.1% of the China’s total market share in 2024. In the China’s automotive seat HDM industry, our Company ranked first by sales revenue, holding a market share of 32.8% in 2024.

The Company has ranked first in the China’s automotive seat HDM industry for three consecutive years 2022, 2023, and 2024.

Ranking of Automotive Seat HDM Suppliers, China, 2024

Rank	Company	Revenue (RMB Billion)	Market Share
1	The Company	0.5	32.8%
2	Company E	0.2	14.8%
3	Company D	0.1	8.6%
	Others	0.6	43.9%
	Total	1.4	100%

Notes:

- (1) Company E was founded in 2013 and is headquartered in Shanghai.
- (2) Company D was founded in 1999 and is headquartered in Hangzhou.

Source: Company Announcement, Frost & Sullivan

INDUSTRY OVERVIEW

Ranking of Global Automotive Wheel Hub Bearings Suppliers

The global automotive wheel hub bearings market has formed a pattern dominated by multinational companies accounting for the vast majority of mainstream models worldwide. The top ten automotive wheel hub bearings suppliers in global automotive wheel hub bearings industry account for approximately 88.9% of the global total market share in 2024. In the global automotive wheel hub bearings industry, our Company ranked ninth by sales revenue, holding a market share of 2.2% in 2024.

Ranking of Automotive Wheel Hub Bearings Suppliers, Global, 2024

Rank	Company Name	Revenue (RMB Billion)	Market Share
1	Company F	11.6	19.6%
2	Company G	10.5	17.8%
3	Company H	7.9	13.3%
4	Company I	6.9	11.7%
5	Company J	5.3	8.9%
6	Company K	4.5	7.6%
7	Company L	2.3	3.8%
8	Company M	1.6	2.7%
9	The Company	1.3	2.2%
10	Company N	0.7	1.1%
	Others	6.6	11.1%
	Total	59.1	100.0%

Notes:

- (1) Company F was founded in 1946 and listed on the Frankfurt Stock Exchange in Germany, the total revenue in 2024 was RMB141.1 billion.
- (2) Company G was founded in 1907 and listed on the NASDAQ Stockholm Stock Exchange, the total revenue in 2024 was RMB707.7 billion.
- (3) Company H was founded in 1916 and listed on the Tokyo Stock Exchange, the total revenue in 2024 was RMB37.7 billion.
- (4) Company I was founded in 1899 and listed on the New York Stock Exchange, the total revenue in 2024 was RMB32.8 billion.
- (5) Company J was founded in 2006 and listed on the Tokyo Stock Exchange, the total revenue in 2024 was RMB90.4 billion.
- (6) Company K was founded in 1918 and listed on the Tokyo Stock Exchange, the total revenue in 2024 was RMB40.0 billion.
- (7) Company L was founded in 1994 and listed on the Shenzhen Stock Exchange, the total revenue in 2024 was RMB12.9 billion.
- (8) Company M was founded in 1991 and listed on the Shanghai Stock Exchange.
- (9) Company N was founded in 1985 and listed on the Shanghai Stock Exchange, the total revenue in 2024 was RMB4.0 billion.

Source: Annual Reports, Frost & Sullivan

INDUSTRY OVERVIEW

Ranking of China’s Automotive Wheel Hub Bearings Suppliers

The China’s automotive wheel hub bearings market competition is relatively fragmented. The top five automotive wheel hub bearings suppliers in China’s automotive wheel hub bearings industry account for approximately 37.0% of the China’s total market share in 2024. In the China’s automotive wheel hub bearings industry, our Company ranked third by sales revenue, holding a market share of 6.9% in 2024.

Ranking of Automotive Wheel Hub Bearings Suppliers, China, 2024

Rank	Company Name	Revenue (RMB Billion)	Market Share	Sales Volume (Million Units)
1	Company L	2.0	13.6%	16.8
2	Company M	1.6	11.1%	20.0
3	The Company	1.0	6.9%	12.4
4	Company O	0.5	3.1%	4.8
5	Company P	0.3	2.2%	3.9
	Others	9.1	63.0%	
	Total	14.4	100.0%	

Notes:

- (1) Company O was founded in 2002 and listed on the Shenzhen Stock Exchange, the total revenue in 2024 was RMB0.7 billion.
- (2) Company P was founded in 2002 and listed on the Shenzhen Stock Exchange, the total revenue in 2024 was RMB0.7 billion.

Source: Company Announcement, Frost & Sullivan

Ranking of New Energy System Market for New Energy Vehicles

The small EV new energy system mainly consists of three parts: drive motor, motor controller, and transmission system. It is primarily applied in A0 and A00 — level vehicles. In the global small EV new energy system industry, our Company ranked first by sales revenue, holding a market share of 6.4% in 2024.

Ranking of Small EV New Energy System Market, Global, 2024

Rank	Company Name	Revenue (RMB Billion)	Market Share
1	The Company	0.7	6.4%
2	Company Q	0.3	3.1%
3	Company R	0.3	3.0%
4	Company S	0.1	1.1%
5	Company T	0.1	0.6%
	Others	9.0	85.7%
	Total	10.5	100.0%

Notes:

- (1) Company Q was founded in 1973 and listed on the Tokyo Stock Exchange, the total revenue in 2024 was RMB112.2 billion.

INDUSTRY OVERVIEW

- (2) Company R was founded in 1995 and listed on the Shanghai Stock Exchange, the total revenue in 2024 was RMB2.5 billion.
- (3) Company S was founded in 2002 and listed on the Shenzhen Stock Exchange, the total revenue in 2024 was RMB2.4 billion.
- (4) Company T was founded in 1886 and listed on the Frankfurt Stock Exchange, the total revenue in 2024 was RMB700.2 billion.

Source: Company Announcement, Frost & Sullivan

In the China’s small EV new energy system industry, our Company ranked first by sales revenue, holding a market share of 9.5% in 2024.

Ranking of Small EV New Energy System Market, China, 2024

Rank	Company Name	Revenue (RMB Billion)	Market Share
1	The Company	0.7	9.5%
2	Company R	0.3	4.4%
3	Company S	0.1	1.7%
4	Company U	0.1	1.1%
5	Company V	0.0	0.7%
	Others	5.9	82.6%
	Total	7.1	100.0%

Notes:

- (1) Company U was founded in 2005 and listed on the Shanghai Stock Exchange, the total revenue in 2024 was RMB3.5 billion.
- (2) Company V was founded in 2001 and is headquartered in Hangzhou.

Source: Company Announcement, Frost & Sullivan

Entry barriers in China’s automotive parts industry

- **Capital Barrier:** The automotive components industry is a capital-intensive sector. On the one hand, vehicle manufacturers have high requirements for the production scale, product quality and safety, and the timeliness and stability of supply from upstream component suppliers. Component suppliers have significant capital needs in the process of purchasing and constructing factories, procuring production and testing equipment, and maintaining necessary inventory of raw materials and finished products.
- **Supply Chain Barrier:** Vehicle manufacturers and components companies have formed a relatively fixed interdependent relationship, with a strong cooperative bond. Major vehicle manufacturers all have strict certification requirements for components suppliers, demanding that suppliers possess leading technology, products, services, and stable production capabilities within the industry. Moreover, the automotive components industry has extremely high requirements for supply chain integration. Companies need to ensure high coordination among various stages, including raw material procurement, parts production, and logistics delivery, to meet the strict requirements of vehicle manufacturers regarding the stability and timeliness of supply.
- **Talent Barrier:** The automotive components industry has a high demand for professional talent, especially in the fields of technology research and development, quality management, and production management. Leading companies in the industry have established a relatively comprehensive talent system through long-term accumulation and cultivation, which presents significant challenges for new entrants in

INDUSTRY OVERVIEW

terms of talent acquisition and development. Moreover, the rapid technological updates in the industry require companies to continuously invest resources in talent training and recruitment to maintain their competitiveness.

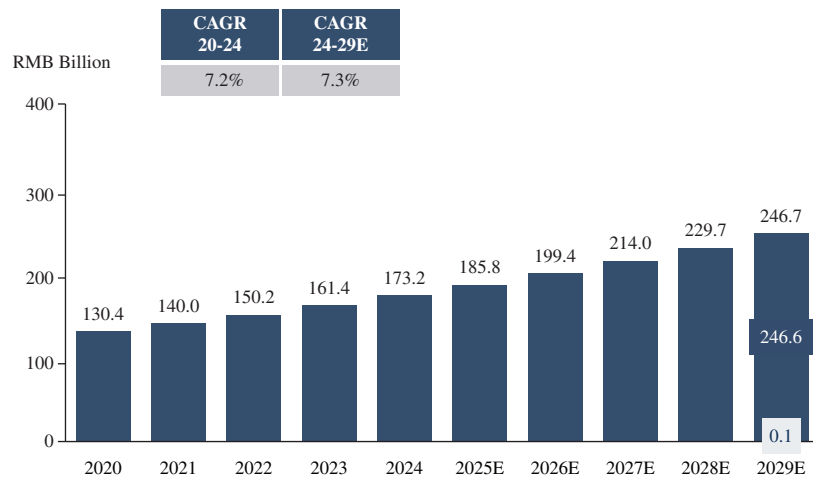
- Technical Barrier:** The automotive components industry is highly technology — intensive, especially in the fields of high — precision and high — performance components. Companies need to have advanced research and development capabilities and production technologies to meet the strict requirements of vehicle manufacturers for parts. In addition, leading companies in the industry have established high technological barriers through long — term technological accumulation and innovation, making it difficult for new entrants to break through these technological challenges in a short period of time.

OVERVIEW OF GLOBAL SCREW INDUSTRY

Introduction of Global Screw Market

The global screw market is steadily climbing from RMB130.4 billion in 2020 to an expected RMB246.6 billion by 2029, underpinned by relentless automation in automotive, semiconductor and robotics production lines.

Sales Value of Screws, Global, 2020-2029E



Source: Frost & Sullivan

Introduction of Global Humanoid Robot Market

The global humanoid-robot market is projected to rocket from RMB3.8 billion in 2020 to RMB226.8 billion by 2029, fueled by acute labor shortages in elder-care, logistics and hospitality that push companies to rent bipedal workers by the hour.

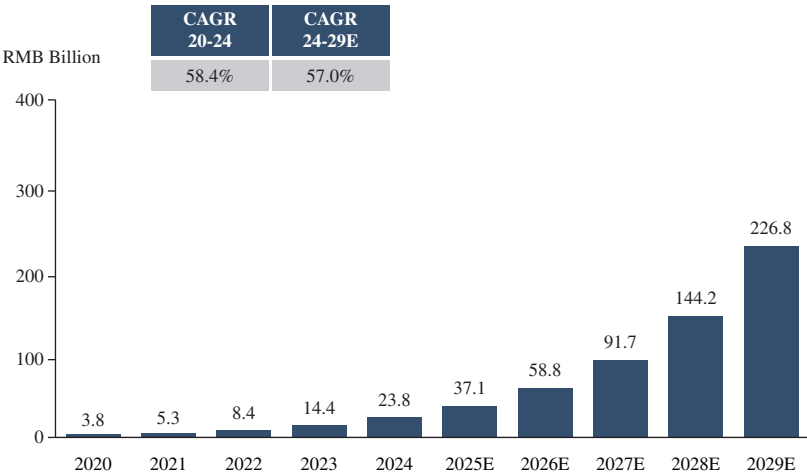
This exponential expansion is underpinned by the convergence of falling high-torque-density actuator costs, orders-of-magnitude gains in edge AI compute, and the recent ratification of human — robot safety standards that collectively migrate humanoid systems from controlled R&D environments to certified, production-scale deployments.

Intelligent humanoid robots can be systematically classified by morphology, they fall into three categories based on physical structure and locomotion: Wheeled, Legged, and General Purpose.

INDUSTRY OVERVIEW

Screws are critical components in humanoid robots, enabling precise motion control in joints and limbs. The two primary types used are ball screws and planetary roller screws. Planetary roller screws are typically employed in high-load applications such as leg and heavy-lift arm joints, while ball screws are favored for high-precision tasks requiring smooth motion, like in hands and wrists. These differences in load capacity, precision, and durability lead to their specialized application across various robot types and functional modules.

Sales Value of Humanoid Robot, Global, 2020-2029E



Source: Frost & Sullivan

Market Size of Intelligent Humanoid Robot Screw

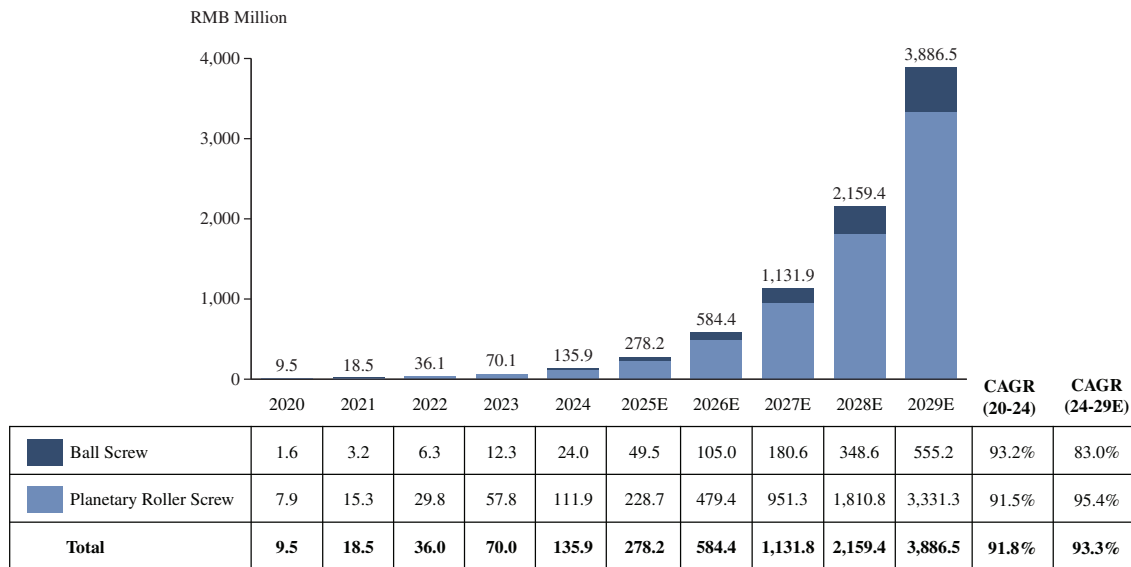
The market for intelligent humanoid robots in China is projected to experience explosive growth from 2024 to 2029. The sales volume is expected to surge from approximately 4.0 thousand units in 2024 to a remarkable 138.8 thousand units by 2029, achieving a staggering CAGR of 103.3%, which highlights a rapid transition from niche adoption to large-scale deployment.

The planetary roller screw segment dominates China’s intelligent humanoid robot screws market, projected to grow from RMB7.9 million in 2020 to RMB111.9 million by 2024 then to RMB3,331.3 million in 2029 with a remarkable 91.5% CAGR from 2020-2024 and 95.4% from 2025 to 2029. This technology is gradually displacing traditional ball screws with the lowering of its cost in critical applications due to its superior load capacity, precision and durability, particularly in high-stress joints like knees and hips. The segment will maintain accelerating growth throughout the forecast period, crossing the RMB1,000 million threshold by 2027.

In comparison, ball screws are expected to grow from RMB1.6 million to RMB555.2 million during the same period with a CAGR of 93.2% from 2020-2024 and 83.0% from 2025-2029, due to the low cost and acceptable accuracy of ball screws, they are expected to maintain a high growth rate over the next five years, playing a key role in low-load, high-precision applications.

INDUSTRY OVERVIEW

Sales Value of Intelligent Humanoid Robot Screws (By Screw Type), China, 2020-2029E



Source: Expert Interview, Frost & Sullivan

China’s intelligent humanoid robot joint module market is expected to grow considerably, with sales value expected to surge from RMB0.8 billion in 2024 to RMB11.0 billion by 2029, representing a CAGR of 69.2%. The market will experience accelerating expansion, surpassing RMB1.0 billion in 2025 and reaching RMB4.2 billion by 2027 before nearly tripling again by 2029. This remarkable trajectory mirrors the explosive development of China’s overall intelligent humanoid robot industry, which is projected to grow from RMB2.2 billion to RMB24.3 billion during the same period.

China’s intelligent humanoid robot screw grinding machine equipment market is projected to experience exponential growth, with revenues surging from RMB0.2 billion in 2024 to RMB7.6 billion by 2029, representing a staggering 106.8% CAGR. The market is expected to maintain accelerating expansion throughout the forecast period, crossing the RMB1.0 billion threshold by 2026 and surpassing RMB3.9 billion by 2028.

Prospects of Planetary Roller Screw

The planetary roller screw, as a transmission component known for its high precision, high load capacity, long service life, and strong impact resistance, holds very broad application prospects in the field of high-end equipment in the future. Its performance advantages — including high structural rigidity, smooth operation, and exceptional reliability — make it particularly suitable for harsh working conditions and high-frequency, high-precision applications, demonstrating significant technological potential and market expansion opportunities.

- **Humanoid Robots.** Planetary roller screws can provide the high torque density and precise displacement control required for joint movements, enabling more human-like and flexible motion performance. They serve as key actuating components in embodied intelligent drives.

INDUSTRY OVERVIEW

- **High-End CNC Machine Tools.** As a core transmission mechanism, planetary roller screws directly determine the dynamic accuracy, rigidity, and machining stability of machine tools. They are especially suited for high-end manufacturing scenarios such as high-speed, heavy-load, and multi-axis coordinated operations, effectively enhancing overall equipment capability.
- **New Energy Vehicles.** This represents one of the major application markets for planetary roller screws, where they play critical roles in brake-by-wire systems, steering systems, and battery assembly processes. According to statistics, the market size for automotive screws reached approximately RMB3.7 billion in 2024, reflecting strong demand for highly reliable transmission components in this sector.
- **Aerospace and Military Equipment.** Due to their exceptional environmental adaptability and durability, planetary roller screws are widely used in critical applications such as actuation systems, landing gear control, missile altitude adjustment, and radar pitch drives. They meet the stringent requirements for motion precision and reliability in defense and aviation applications.

Overall, leveraging their excellent comprehensive performance, planetary roller screws are continuously penetrating more high-end equipment and strategic emerging industries. They are expected to expand into broader application areas in the future, including industrial automation, precision medical devices, and energy equipment.

Market Size of Low Altitude Economy Market

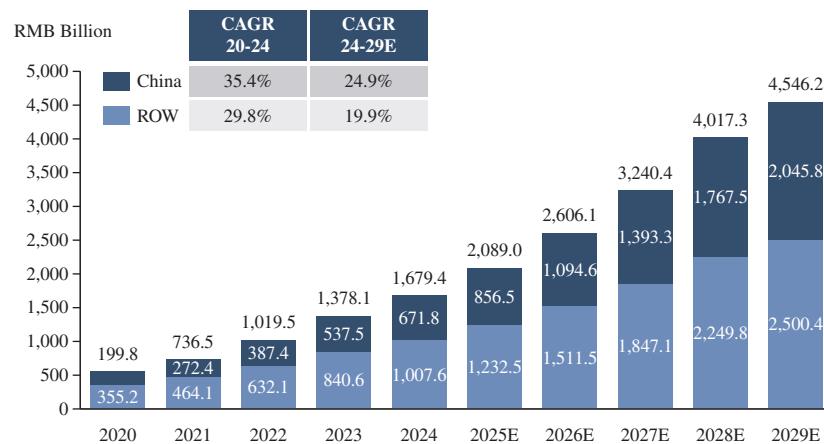
The global low-altitude economy is projected to expand from RMB554.9 billion in 2020 to RMB4,546.2 billion by 2029, fueled by rapid uptake of e-commerce drones, urban air-mobility fleets and industrial UAV services.

China’s low altitude economy market experienced a sharp increase since 2020, driven by breakthrough in drone technology and government policy niche. The overall market size expanded to RMB671.8 billion in 2024 from RMB199.8 billion in 2020, representing a CAGR of 35.4% from 2020 to 2024.

From 2024 to 2029, with the continuous expansion of the application scope of drones, coupled with the accelerated construction of supporting infrastructure and regulations, the China’s low altitude economy market is expected to continue to grow steadily. In the forecasted period, the market size is expected to increase to RMB2,045.8 billion in 2029, with a CAGR of 24.9% from 2024 to 2029.

INDUSTRY OVERVIEW

Sales Value of Low Altitude Economy Market, Global, 2020-2029E



Source: Frost & Sullivan

SOURCE OF INFORMATION AND RESEARCH METHODOLOGY

We engaged Frost & Sullivan for preparing an independent industry report in respect of markets in which we primarily operate. The information from Frost & Sullivan disclosed in this document is extracted from the Frost & Sullivan Report, a report commissioned by us for a fee of RMB480,000, and is disclosed with the consent of Frost & Sullivan. The Frost & Sullivan Report has been prepared by Frost & Sullivan independently without any influence from us or other interested parties. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York. Its services include, among others, industry consulting, market strategic consulting and corporate training. Frost & Sullivan conducted (i) primary research, which involved discussing the status of the industry with certain leading industry participants, and interviews with industry experts on a best-effort basis to collect information in aiding in-depth analysis; and (ii) secondary research, which involved reviewing government statistics, industry association publication, company reports, independent research reports and data based on its own research database.