

BUSINESS

OVERVIEW

Who We Are

We are a manufacturer of transmission and drive components. With strong innovation and manufacturing capabilities, we provide global automotive markets with high-quality products, such as (i) transmission and drive components, including transmission components, new energy power systems and hub bearing components; and (ii) interior and exterior accessories. According to Frost & Sullivan, in terms of revenue in 2024, we were (i) the largest automotive seat HDM supplier in China, with a market share of 32.8%; (ii) the third-largest wheel hub bearing supplier in China, with a market share of 6.9%; and (iii) the largest company in the new energy power system market for new energy vehicles in China, with a market share of 9.5%. According to Frost & Sullivan, based on revenue, the Company is estimated to rank approximately between 80th and 100th among participants in China’s overall automotive components market.

The table below demonstrates our business highlights:

Market Position ⁽¹⁾  Automotive seat HDM - Ranked second in the world, with a market share of 15.1% - Ranked first in China, with a market share of 32.8% Automotive wheel hub bearing - Ranked ninth in the world, with a market share of 2.2% - Ranked third in China, with a market share of 6.9% Small new energy vehicle electric drive - Ranked first in the world, with a market share of 6.4% - Ranked first in China, with a market share of 9.5%	Profitability  - Revenue was RMB5,483.7 million in 2025 - Profit from operations was RMB571.8 million in 2025 - Gross profit margin increased from 16.5% in 2023 to 20.3% in 2025	Customer Coverage  - Over 30 global predominant automotive OEMs - Over 150 global predominant Tier-1 suppliers
R&D Capabilities  Seven R&D centers, one academic workstation, two post-doctoral research workstation, three high-tech enterprise R&D centers and three CNAS-accredited laboratories⁽²⁾ 367 patents including 83 invention patents⁽³⁾ 811 R&D technicians, accounting for 16.6% of the total number of employees⁽³⁾	Global Layout⁽²⁾  - R&D, production, sales and service systems deployed in 15 cities in China Two manufacturing bases in Thailand One localized service team in North America	Manufacturing Progress  - Grinding Machine: Maximum internal thread processing length-to-diameter ratio 1:12⁽⁴⁾; processing accuracy grade of C3 to C0⁽⁵⁾ - HDM: service life 15,000 cycles; gear profile roughness Ra0.1; average noise level 30-45 dBA; average loudness 3.2 sones - Hub Bearing: torque ≤0.6 N.m; service life ≥400,000 km; noise level <42 dB

BUSINESS

Note:

- (1) In terms of revenue in 2024, according to Frost & Sullivan.
- (2) As of the Latest Practicable Date.
- (3) As of December 31, 2025.
- (4) The internal thread length-to-diameter ratio refers to the ratio of the length of the internal thread of the planetary roller screw nut to the diameter of the screw. This parameter significantly influences the performance and machining difficulty of the planetary roller screw.
- (5) Under the JIS, the accuracy grades range from C0 to C10, with a smaller number indicating higher accuracy.

Our Products Portfolio

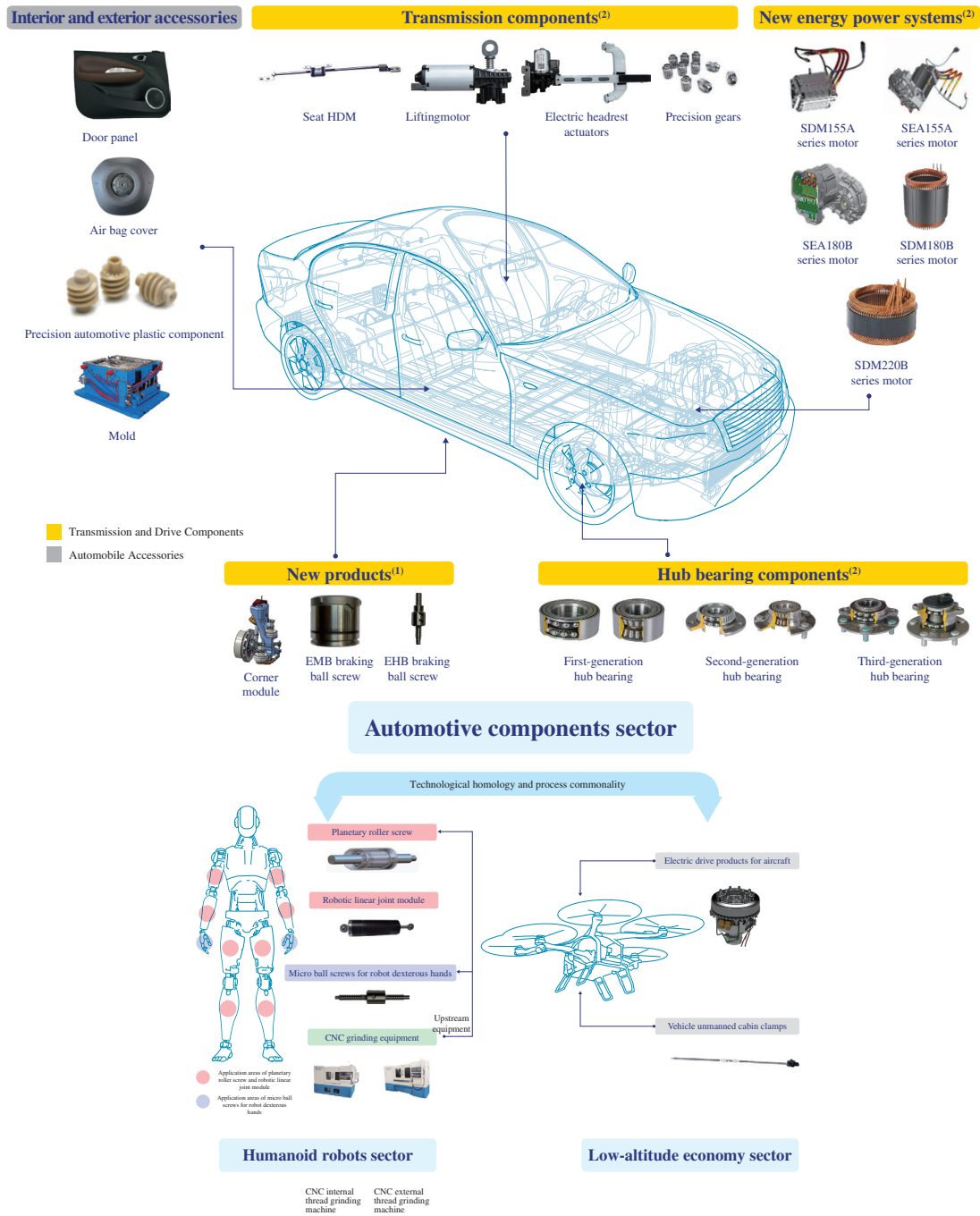
Our products primarily include transmission and drive components as well as interior and exterior accessories. The transmission and drive components business is our strategic priority, which includes transmission and drive components, new energy power systems, and hub bearing components. The interior and exterior accessories business lays a solid foundation for us, enabling us to accumulate a broad and stable customer base through long-term dedicated operations.

Our transmission and drive components cover core systems enabling power conversion, motion control and vehicle dynamics. Our transmission components, convert motor power into linear movement for multi-directional seat adjustment, and enable accurate power transmission through flexible shafts and intelligent control algorithms. The new energy power systems convert electric energy into mechanical power, integrating motor, inverter and reducer functions into compact units to deliver high efficiency, strong power density and seamless propulsion for EVs and aerial mobility solutions. Our hub bearing components ensure stable wheel rotation and power transmission, and reduce friction for safe and efficient driving. Our automotive interior and exterior components enhance vehicle comfort, safety and aesthetics. These products provide structural coverage and ergonomic design, support energy absorption and noise shielding, and deliver advanced vehicle control, precise motion transmission, and high-quality in-car audio performance. HDM, hub bearing and new energy power systems are subsets of the overall automotive components market, with the corresponding market shares of 0.03% in 2022, 0.3% in 2023 and 0.4% in 2024 in China.

Leveraging our technological homogeneity and process compatibility, we have also extended our product offerings to key components used in the transmission and drive systems of humanoid robots and the low-altitude economy (which refers to economic activities and industries operating in low-altitude airspace). These products had not been commercialized as of the Latest Practicable Date.

BUSINESS

Our product portfolio covers a wide range of offerings and facilitates us to address diverse customer requirements. The following chart illustrates our product portfolio:



Notes:

- (1) New products refer to products that are under research and development or have been submitted for sampling but have not yet entered mass production.
- (2) Our transmission and drive components primarily include transmission components, new energy power system and hub bearing components.

BUSINESS

Transmission and Drive Components

The transmission and drive components business is our strategic priority. Leveraging technological similarities and common manufacturing process, we have expanded our product portfolio beyond automobile components to include critical transmission and drive system parts for humanoid robots. With continual breakthroughs in our R&D initiatives and strategic market expansion, these intelligent components are being progressively commercialized in the low-altitude economy sector and are expected to expand into industrial engineering machinery and other emerging fields. An overview of our major product offerings is as follows:

Transmission components. Our transmission components primarily include seat HDMs, power seat/door motor, flexible shafts and electron control modules. Our automotive seat HDMs demonstrates stable performance in critical parameters including service life, tooth profile roughness, and acoustic metrics such as average sound pressure level and average noise loudness. As core components of intelligent automotive seating systems, our seat motors have been supplied to renowned Tier-1 manufacturers and are integrated into a diverse range of vehicle models. Our electric headrest actuators achieve an optimal balance between a lightweight design and cost efficiency, offering improved transmission performance over conventional solutions. Our electric headrest actuators meet the stringent quietness requirements of new energy vehicles, have successfully obtained mass-production certification from a leading new energy automaker and are now in stable supply for its flagship vehicle models.

New Energy Power Systems. We specialize in the R&D, production and sales of electric power systems for new energy vehicles. Our product portfolio includes stators and rotors, single motors, integrated motors, and all-in-one LRC motors for new energy vehicles. We are dedicated to providing energy power solutions for new energy vehicles, striving to become a highly valued partner in China’s new energy vehicle. We possess R&D and testing capabilities for electric power systems, as well as automated production and delivery capabilities, and have been recognized as a core supplier of new energy power systems to major domestic automotive OEMs.

Hub Bearing Components. We specialize in the R&D, production, and sales of automotive bearings and hub bearing components for vehicles. We offer a comprehensive product portfolio, with the 3.5th generation hub bearing products currently in mass production and commercialization. Leveraging our long-term accumulation of core technologies in the hub bearing sector, our products and services have earned wide recognition from customers both domestically and internationally.

Building on the technological similarities between hub bearings and ball screws, we have initiated the R&D and manufacturing of ball screws for automotive applications. Automotive ball screw bearings are primarily used in braking and steering systems. Our ball screw products for electro-hydraulic braking system (“**EHB**”) have already received a designation from Chenzhi Technology Co., Ltd., with small-scale production started in the end of 2025. In addition, we are developing ball screws for electro-mechanical braking system (“**EMB**”) for a leading domestic new energy automaker. Our ball screws for EMB applications are currently under development for three customers, including one leading domestic new energy automaker, and all products are in the sampling and validation stages.

In the field of key components for transmission and drive systems in humanoid robots, our product portfolio includes reverse planetary roller screws, robotic linear joint module assemblies, micro ball screws, among others:

- ***Reverse Planetary Roller Screws.*** Characterized by high load capacity, high precision, and long service life, the reverse planetary roller screw ensures precise movement of robotic joints and serves as a core component enabling flexible and accurate motion in humanoid robots. By the end of 2024, we had established a pilot production line with an annual capacity of 12,000 planetary roller screw products. Currently, we are collaborating with two leading domestic new energy automakers on the development of

BUSINESS

reverse planetary roller screws to be used in humanoid robots, with the first batch of samples delivered in June 2025. Under the relevant agreements, we are responsible for the structural and hardware design of robotic joint modules, including component selection and manufacturing processes, while the automakers focus on drive control and motion control software and system application on humanoid robots. We are responsible for the development, manufacturing, quality control, delivery, and debugging of the specified robotic actuator modules, while the automakers are responsible for providing technical inputs and acceptance testing. The IT rights owned by each party prior to the collaboration remain with their respective owners. For any jointly-developed results arising from the collaboration, the IT rights relating to hardware design belong to us, while the IT rights relating to drive control, motion control and other robotic application technologies belong to the automakers.

- **Linear Joint Modules.** Engineered for high response speeds, the linear joint modules function as the core actuation units for joint movement, delivering the precision required for advanced dynamic robot control. We proprietorially developed all core components (including the reverse planetary roller screws, frameless torque motors and motor drivers) used in the linear joint modules, and are currently customizing the same linear joint module assembly for a leading domestic new-energy automaker, with the first batch of samples delivered in June 2025.
- **Micro Ball Screws.** Designed specifically for dexterous hands of humanoid robots, the micro ball screws leverage miniaturized manufacturing technologies to provide millimeter-level force control precision. We have provided samples to several customers, all of which are currently under validation.

Furthermore, to solidify our competitive edge in the aforementioned fields and enhance our strategic positioning across the screw industry chain, we proactively expand into advanced equipment manufacturing to supply core CNC grinding machines for screw processing. This initiative is key to establishing end-to-end capabilities throughout the industrial chain, encompassing everything from material selection to final inspection. In January 2025, we completed the strategic acquisition of Wuxi Kezhixin, a company specializing in internal and external cylindrical grinding technologies, internal thread grinding technology, and external thread grinding technology. Its CNC thread grinding machines have reached internationally advanced levels, achieving machining accuracy of C3 to C0, enabling high-efficiency, high-precision processing of components with large length-to-diameter ratios (up to 1:12), significantly reducing both equipment procurement costs and lead times. The acquisition has enhanced the consistency and yield of our screw products while positioning us to provide integrated grinding technology solutions to our customers.

Interior and Exterior Accessories

Our interior and exterior accessories include door panels, vertical pillows, airbags and precision automotive plastic components. Our in-house mold R&D center and strong capabilities in custom design and precision injection molding enable us to develop lightweight solutions, including advanced PEEK material products. With production bases strategically located in Liuzhou, Chongqing, Qingdao, Ningbo, Shanghai, Guangzhou, Jingzhou, Tianjin, Shenyang, Wuhu, and Zhaoqing, we provide localized support to meet the needs of automotive customers across China.

Our Customers

Our industry leadership is built upon the trust and recognition from globally renowned customers. We maintain a stable and high-quality customer base, which includes major automotive OEMs and automakers such as SAIC-GM-Wuling, Nissan, FAW, Great Wall, Ford, Beijing Hyundai and NIO, as well as Tier-1 component suppliers. Furthermore, samples of our key transmission and actuation components for humanoid robots have been provided to a leading humanoid robot

BUSINESS

manufacturer in China and two major new energy automakers. Our leadership is reinforced through close collaboration with our customers, built on a foundation of continuous technological refinement, sustained R&D development, and superior product quality.

Our Financial Performance

During the Track Record Period, we capitalized on the rapid growth of the global and China’s automotive industries, especially the new energy vehicle sector, our product capabilities, established customer base, and effective cost control to deliver strong financial results. Our revenue increased from RMB4,138.8 million in 2023 to RMB5,483.7 million in 2025 representing a growth rate of 32.5%. Our gross profit margin increased from 16.5% in 2023 to 20.3% in 2025. Our operating profit increased from RMB153.2 million in 2023 to RMB571.8 million in 2025, at a CAGR of 93.2%.

STRENGTHS

A key player in Transmission and Drive Components with Established Positions Across Multiple Segments

During the Track Record Period, revenue from our transmission and drive components increased from RMB2,279.7 million in 2023 to RMB3,270.0 million in 2025. In 2025, revenue from this segment amounted to RMB3,270.0 million, representing 59.6% of total revenue. The growth in the revenue of the intelligent transmission and drive which represents the vast majority of our revenue, not only underscores our strategic focus and emphasis on this business segment but has also further solidified and strengthened our position in the industry.

World’s Second and China’s Largest Automotive Seat HDM Manufacturer

We are the second-largest automotive seat HDM manufacturer in the world, with a global market share of 15.1%, and the largest manufacturer of automotive seat HDM in China, with a market share of 32.8%, in terms of revenue in 2024, according to Frost & Sullivan. We possess sufficient in-house R&D capabilities for automotive seat HDMs, with product performance parameters meeting necessary standards. As transmission components for electronic seat adjustment, our automotive seat HDM features compact size, extended service life, high reliability, as well as the low vibration and low noise levels required for in-cabin installation. We have established a complete design, R&D, production and validation system for HDM noise testing, and have mastered core production technologies such as micro-reducer design and manufacturing, multi-start worm cold rolling, trapezoidal thread extrusion polishing, and single-pass roll forming. In response to industry trends of automotive lightweighting and seat intelligence, we have developed mature capabilities in applying PEEK materials, enabling the substitution of metal worms with PEEK to effectively reduce HDM weight while enhancing strength and wear resistance.

World’s Ninth and China’s Third Largest Automotive Wheel Hub Bearing Manufacturer

According to Frost & Sullivan, in terms of revenue in 2024, we are the ninth largest wheel hub bearing manufacturer in the world, with a global market share of 2.2%, and the third largest wheel hub bearing manufacturer in China, with a market share of 6.9%. Our products and services have been well recognized by clients both domestically and internationally. While we continue to rapidly expand our market share among domestic automotive OEMs, our exported products have achieved broad coverage across major international markets, including North America, Europe and Southeast Asia. Concurrently, we have intensified our strategic focus on the new energy sector, with our hub bearing components having been supplied for NEV models from leading domestic automakers. In 2024, we secured multiple new projects with brands such as Avatr, Zeekr, AITO, Dongfeng Nissan, and XPeng. Amongst which, the AITO M8 and Dongfeng Nissan N7 projects have already entered mass production in 2025, supporting our future sales growth.

BUSINESS

We possess sufficient technical expertise in the hub bearing sector, with leading domestic capabilities in specialized technologies such as spin-riveting, low-friction design, and lightweight optimization. Our innovative strength is demonstrated by 58 patents, three national-level key new products, and three National Torch Program key projects related to hub bearings as of December 31, 2025. We have also contributed to the drafting and revision of 15 national and industry standards for bearings as of the same date. Our achievements have been recognized through prestigious awards, including the Hubei Provincial Second Prize for Scientific and Technological Progress for the Development and commercialization of High-Stiffness Long-Life Automotive Hub Bearing Units and the China Machinery Industry Federation Second Prize for Science and Technology for the Research on Treatment and Precision Grinding Technology of Key Hub Bearing Components.

World’s and China’s Largest Company in the New Energy Power System Market for New Energy Vehicle

According to Frost & Sullivan, in terms of revenue in 2024, we ranked the first in the new energy power system market for new energy vehicles in the world, with a market share of 6.4% worldwide and 9.5% in China. Benefiting from the rapid development of the global and Chinese new energy vehicle industry, the gradual mass production of flat wire motor 3-in-1 platforms, and the continued fulfillment of our orders, our revenue generated from the sales of new energy power systems achieved rapid growth during the Track Record Period, increasing from RMB271.5 million in 2023 to RMB948.5 million in 2025, representing a CAGR of 86.9%.

As of December 31, 2025, we hold 45 patents and patent applications related to new energy power systems, including 17 invention patents and patent applications, enabling us to provide diverse new energy power systems solutions. We possesses proprietary R&D and innovation capabilities in the design and manufacturing technologies of flat wire motor 3-in-1 system. The industry is moving toward flat wire motor technology and integrated systems, which represent key development trends in new energy drive motors. Compared to traditional round-wire motors, flat wire motors significantly enhance power density and efficiency, thereby extending the driving range of vehicles. Through integration, the performance of individual components can be fully leveraged, leading to improved system efficiency and reliability.

The new energy power systems market in China is expected to maintain rapid growth, providing broad prospects for the sustained expansion of our new energy power systems business segment. The new energy power systems market in China is projected to reach RMB215.3 billion by 2029, with a CAGR of 19.0% from 2024 to 2029 and the sales value of China’s small EV power system is expected to reach RMB44.1 billion by 2029, with a CAGR of 20.1% from 2024 to 2029, according to Frost & Sullivan.

Commitment to Promote De-Hydraulification

We specialize in the field of transmission and drive components, focusing on the development of more efficient and cost-effective drive technologies to replace traditional hydraulic transmission systems. These innovations are being deployed across a wide range of downstream applications, thereby reshaping demand within the transmission and drive components sector. Through the integration of transmission, drive, and intelligent technologies, we provide comprehensive solutions that deliver de-hydraulification. Our main products include screws for transmission, motors for drive systems, and electronic control units for intelligent applications.

A technological homology exists between automotive seat HDMs and reverse planetary roller screws, and between wheel hub bearings and ball screws, resulting in similar product architectures and shared manufacturing processes. Leveraging our technical expertise and accumulated experience in seat HDM and wheel hub bearings, we are able to rapidly migrate and adapt technologies. Our reverse planetary roller screw design breaks through the transmission limitations of traditional screws, significantly improving load capacity, rotational speed and service life. We have established a pilot production line with an annual capacity of 12,000 sets of planetary roller screw products. The core components of our robotic linear joint module assembly, including reverse planetary roller screws, frameless torque motors, and motor drivers, are all independently

BUSINESS

developed by us. The robotic linear joint module assembly features high integration and high response speed, providing precise support for dynamic control in robotics. We have also established complete processing capabilities and production lines for miniature ball screws used in humanoid robot dexterous hands. These miniature ball screws provide millimeter-level force control precision and quick-responded manipulation capabilities for end-effectors.

We have overcome the technical challenges in grinding high-end screws for humanoid robots and reduced the mass production cost of planetary roller screws. The manufacturing process for reverse planetary roller screws is highly complex, particularly the machining of internal threads, which demands extreme precision and consistency in spiral groove processing. Grinding is the core process for screw finishing and requires specialized thread grinding machines. According to Frost & Sullivan, Chinese enterprises currently highly rely on imported thread grinding machines for the production of reverse planetary roller screws. However, these imported machines come with high costs, long delivery cycles, and a lack of corresponding technical support, making it difficult to meet the cost requirements for mass production of reverse planetary roller screws used in humanoid robots. Our wholly-owned subsidiary, Wuxi Kezhixin, specializes in internal and external cylindrical grinding technology, internal thread grinding, and external thread grinding. Its CNC thread grinding technology has reached internationally leading levels. Internal thread grinding accuracy achieves C3 to C0, enabling high-efficiency, high-precision grinding for internal threads with small length-to-diameter ratios, up to 1:12, significantly reducing equipment procurement costs and lead times. Our CNC thread grinding machine offers high efficiency, high precision and moderate pricing, which are not only used for the R&D and production of our reverse planetary roller screws but are also sold externally and have provided sampling and small-batch production for multiple companies in the industry.

The screw industry offers broad prospects and presents new growth opportunities for us. According to Frost & Sullivan, the sales value of ball screws and planetary roller screws used in intelligent humanoid robots is expected to grow from RMB135.9 million in 2024 to RMB3,886.5 million in 2029, representing a CAGR of 95.6%. Amongst which, planetary roller screws dominate the Chinese humanoid robot screw market, with its corresponding sales value expected to increase from RMB111.9 million in 2024 to RMB3,331.3 million in 2029, representing a CAGR of 97.1%. Due to their exceptional load capacity, precision and durability, particularly in high-stress joints such as knees and hips, this technology is gradually replacing traditional ball screws, reducing costs in critical applications.

Planetary roller screws are core transmission components in humanoid robot joint modules. The Chinese humanoid robot joint module market is expected to grow significantly, from RMB0.8 billion in 2024 to RMB11.0 billion in 2029, representing a CAGR of 69.2%, according to Frost & Sullivan. As planetary roller screw technology matures and manufacturing costs decrease, they are expected to be applied in broader fields beyond humanoid robots, including intelligent vehicles, low-altitude economy and industrial engineering machinery. We believe that our forward-looking products will create broad market prospects and significant growth opportunities for us.

Excellent Record of Technological Innovation and Achievement

We believe that technological innovation is the fundamental driver of market recognition. During the Track Record Period, our research and development expenses amounted to RMB563.9 million totally. As of December 31, 2025, we have obtained 367 patents, including 83 invention patents. Additionally, as of December 31, 2025, we have 811 R&D professionals worldwide, representing 16.6% of our total employees.

We place great emphasis on the establishment of R&D centers and the recruitment of R&D talent. As of the Latest Practicable Date, we operates seven R&D centers, including the Humanoid Robot R&D Center, the Corner Module and Intelligent Chassis R&D Center, the Precision Grinding Machine and Roller Screw R&D Center, the Shanghai Motor R&D Center, the Xiangyang Bearing and Ball Screw R&D Center, the Ninghai Precision Mold and Injection Molding R&D Center, and

BUSINESS

the Ninghai Automotive Seat HDM and Intelligent Actuator R&D Center. Additionally, we have established one academician workstation, two post-doctoral research station, three R&D centers recognized as High-Tech Enterprises, and three laboratories accredited by CNAS.

We emphasize the integration of industry and education through collaboration with universities and have been designated as a pilot enterprise for such integration in Zhejiang Province. By leveraging academic resources, we have achieved significant results in technological innovation. At the same time, we strengthening efforts to attract outstanding technical talent to further enhance our independent innovation capabilities. Our global presence in North America, Thailand and other regions also supports the continuous introduction of highly qualified professionals.

Our R&D personnel participate in ongoing training and professional exchanges to stay pace with the latest industry trends. Through continuous engagement with upgraded technologies and knowledge-sharing within the professional community, our technical teams enhance both their expertise and strengthen our overall innovative capacity, thereby improving our comprehensive technological competitiveness.

We have established mature technological innovation capabilities. We possess full in-house R&D and innovation expertise across multiple domains, including reverse planetary roller screws for humanoid robots, ball screws for humanoid robots, joint modules for humanoid robots, automotive unmanned cabin clamping systems, automatic steering wheel folding actuators, aircraft electric drive products, design and manufacturing of high-precision gears and worm gear sets, ball screw bearing units for automotive braking, 3.5th generation hub bearing units, mid-to-large interior and exterior mold and product technologies, stamping and roll-forming technologies for high-strength steel and aluminum, welding techniques such as laser and arc welding, high-gloss and multi-color injection molding technologies, as well as design and manufacturing technologies for 3-in-1 flat wire motor.

Product Synergy, Cost Efficiency and Reliable Quality

Our automotive components business covers transmission and drive components as well as interior and exterior accessories. We possess strong market competitiveness across multiple segments and have established significant scale and influence, earning broad recognition and affirmation from customers. This enables us to synergistically meet diverse customer needs. As demand for greater smarter features and higher energy efficiency continue to increase, we consistently upgrade our technologies and iterate our products to meet growing customer expectations for performance. We are proactively expanding into key components for transmission and drive systems in humanoid robots, broadening our transmission and drive component portfolio and application fields. Our products feature high load capacity, high precision and long service life, perfectly aligning with the localization needs of core components for humanoid robots. At the same time, we have successfully integrated upstream sectors of the screw industry chain. Our self-developed CNC thread grinding machines have laid the most critical technical foundation in the field of high-precision screw manufacturing, significantly enhancing product consistency and yield rates.

We continuously enhance our capabilities in precise cost control to reduce product costs. We consistently improve digital and intelligent management, refine product design accuracy, upgrade process technologies and innovate production automation. In terms of systems and structural design, we implement platform-based production, company-wide quality and cost control, and lean production, thereby strengthening our precise cost management, continuously lowering product costs, and establishing a leading competitive advantage. We have built a robust and reliable global supply chain system and maintained long-term, stable relationships with major raw material suppliers, enabling us to keep procurement prices within a reasonable range. Through mature and stable production processes as well as advanced production equipment and technology, we are able to ensure high product quality while increasing production efficiency. Our production workshops adopt lean manufacturing methods to minimize production time, reduce in-process inventory, decrease defect rates, and eliminate various forms of waste throughout the production process, resulting in significant cost advantages.

BUSINESS

Since our inception, we have implemented a comprehensive automotive-grade quality management system and standardized quality management practices. We have established a complete and effective system covering corporate quality management, metrology management, environmental management, process and tooling management, and human resource management. We adopt international quality standards and strictly adhere to required design, production, and management processes. We conduct internal audits and management reviews annually to drive continuous improvement and enhance product quality stability. Our high product quality has earned us a strong reputation in both domestic and international markets.

Well-Structured Operations and a Strong, Long-Term Customer Base

We have established a strategically global footprint, with production, research and development, and after-sales service facilities located in key regions including Shanghai, Ningbo, Zhaoqing, Suzhou, Chongqing, Liuzhou, Wuhu, Tianjin, Shenyang, Xiangyang, Jingzhou, Qingdao, Linyi, Wuxi, Jinan, Thailand, and North America. Amongst which, we have established four hub bearing production lines in Thailand to achieve localized production. The entire product series has obtained a certificate of origin issued by U.S. Customs certifying that the products originate from Thailand and has received an e-Ruling certification letter. The Thailand hub bearing plant officially commenced mass production in January 2025, with products being progressively delivered. Meanwhile, we have initiated the construction of a new energy power system plant in Thailand, which has officially received customer project designation and is currently undergoing renovation. By collaborating closely with vehicle manufacturers, we are able to better serve our customers, enhance our rapid response capabilities, and effectively meet customer requirements.

We work with a strong and stable group of global customers, including leading automotive OEMs such as SAIC-GM-Wuling, Nissan, FAW, GWM, Ford, Beijing Hyundai, and NIO, as well as internationally recognized Tier-1 suppliers. Backed by an experienced and professional sales team, we stay closely connected to industry trends and customer needs, allowing us to respond quickly with effective solutions.

Visionary Management Team Distinguished by Profound Industry Expertise

Our management team possesses extensive expertise in automotive and components industry, coupled with distinguished management experience and a profound insight of customer and market demand. Members of our management team generally have decades of experience in the automotive and components. Mr. Wu Jianbin, our chairman and general manager, has served as chairman since November 2004 and brings over twenty years of corporate management experience. He has been honored with numerous awards, including the 7th Ningbo Outstanding Entrepreneur, the 2nd Ningbo Youth Entrepreneurship Award for Management Innovation, 2014 Ningbo May 1st Labor Medal, 2013-2015 Ningbo Model Worker and the “Individual Donation Award” of the 6th Ningbo Charity Award. Mr. Zhang Zisheng, our executive deputy general manager, previously served as deputy general manager at SAIC-GM-Wuling Automobile Co., Ltd. and vice president of Liuzhou SAIC Technology Development Co., Ltd. With years of deep involvement in the automotive industry, he has keen insight into customer and market requirements. Mr. Wei Yong, our deputy general manager and CTO, is a senior engineer with professional qualifications. He also serves as a member of the Fujian Provincial Committee of the Chinese People’s Political Consultative Conference and a member of the Subcommittee on Vehicles Dynamics of the National Technical Committee for Automotive Standardization. He has been recognized with several prestigious honors, including the special allowance from the State Council, the National May Day Labor Medal, the Outstanding Figure in China’s Automotive Industry, and three Science and Technology Progress Awards of the China’s Automotive Industry. In addition, the general managers of our major business departments have strong technical backgrounds and substantial industry experience, providing essential support for the continuous iteration and upgrading of our products and the maintenance of our competitive strength in the market.

Our management team takes a forward-thinking approach and has a clear understanding of industry transformation trends. Under their leadership, we focus on the R&D and production of core transmission and drive components, expanding our product from automotive accessories to key

BUSINESS

components used in transmission and drive systems for humanoid robots. This strategic early positioning enables us to seize opportunities in the global new energy vehicle and humanoid robotics industries. At the early stages of the new energy vehicle industry, our management team recognized the inevitable trends of electrification, intelligent technology and lightweight design, and put in place corresponding strategic plans. Our investments and commercialization progress in areas such as transmission and drive systems, hub bearings, and new energy power systems have secured a market position, demonstrating the foresight of our management. Leveraging our technical and production expertise in automotive components, we have achieved multiple breakthroughs in key parts for humanoid robot transmission and drive systems, positioning us as an early mover in the emerging humanoid robotics industry.

STRATEGIES

We are committed to becoming an indispensable system supplier of transmission and drive components, expanding our role from components to complete system solutions. Focusing on our core business, we have developed a diversified product portfolio from automotive components to key parts for robotic transmission and drive systems and low-altitude aircraft, achieving progress from parts to modules to assemblies and enhancing our overall competitiveness. Through continuous innovation and the advancement of de-hydraulization, we aim not only to reshape the industry landscape but also to empower daily life by driving the realization of intelligent mobility and intelligent services.

Deepen Our Presence in Automotive Components and Maintain Market Leadership

We aim to strengthen and expand our leading automotive components business through long-term commitment to the development of high-quality automotive parts. We plan to increase the production capacity of transmission and drive components, such as new energy power systems, to capture the rapid growth trend of the new energy vehicle market globally, thereby maintaining our leading market position. According to Frost & Sullivan, the global production of NEVs is expected to grow to 48.0 million units in 2029 with a CAGR of 21.1% from 2024 to 2029, and the China’s production of NEVs is expected to grow to 31.0 million units in 2029 with a CAGR of 19.2% from 2024 to 2029. The rapid growth of the new energy vehicle industry is creating strong market demand which provides favorable condition for us to strengthen our leading business and achieve long-term growth.

Accelerate Proactive R&D and Industrialization of Transmission and Drive Components in Emerging Fields, and Continuously Promote De-hydraulization Development

De-hydraulization refers to the adoption of fully electric control and drive technologies in vehicle systems, machinery and equipment to fully or partially replace traditional hydraulic drives. This approach enhances the intelligence, precision and rapid response of vehicles in the era of intelligent driving, and represents one of the key technological trends in the automotive industry. The electric cylinder is the core actuator unit under the de-hydraulization trend. It is an intelligent electro-mechanical actuation system that converts the rotary motion of an electric motor into linear motion through precision transmission mechanisms such as ball screws or planetary roller screws.

Our accumulated expertise in screw-based products and technologies provides us with an advantage in the electric cylinder field. We plan to drive forward-looking technological research and application of transmission and drive components in emerging fields through continuous research, development and innovation, in order to capture future market opportunities and achieve further growth. We intend to increase investment in the research and development of intelligent corner module platforms, electric cylinders, linear modules, automatic steering wheel retractors, vehicle unmanned cabin clamps, electric drive products for aircraft, as well as new e-drive products for new energy vehicles. We evaluate the market performance of existing product lines and monitor industry trends to increase investment in high-margin products with strong growth potential. We have established dedicated R&D teams to encourage technological innovation, introduce new technologies and materials, and promote product innovation. We also accelerate new product development cycles to promptly adapt to market changes and enhance our market competitiveness.

BUSINESS

We have formally entered into a technical cooperation agreement with the School of Vehicle and Mobility at Tsinghua University. Both parties will engage in deep collaborative innovation centered on the topic of Research and Application of Intelligent Corner Module Technology for New Energy Vehicle Intelligent Driving, working together to accelerate the implementation of this cutting-edge technology in the automotive sector.

We intend to jointly develop distributed electric-drive corner-module chassis and axial-flux motor technologies. Under the collaboration agreement, we primarily provide technical input, vehicle platforms, and resources necessary for development and commercialization, while Tsinghua University is responsible for R&D and delivery of the technical deliverables in accordance with agreed milestones. With respect to IP arrangements, each party retains ownership of its respective IP. IP arising from the collaboration, including the corner-module architecture and axial-flux motor optimization schemes, is jointly owned by us and Tsinghua University. We have exclusive commercialization rights to such deliverables, while Tsinghua University retains the right to use the deliverables for academic teaching and scientific research purposes. We also have entered into a strategic cooperation with the School of Electrical Engineering at Southeast University to focus on the research and development of axial flux motors, with key applications in emerging fields such as low-altitude aircraft, humanoid robots and in-wheel motors. Under this agreement, we are responsible for defining project requirements, providing technical inputs and funding, coordinating project management, and accepting deliverables. The Southeast University is responsible for executing R&D work, submitting technical deliverables according to milestones, and providing post-delivery technical support. With respect to IP arrangements, each party retains ownership of its respective IP. IP arising from the collaboration, including the corner-module architecture and axial-flux motor optimization schemes, is jointly owned by us and Southeast University. We have exclusive commercialization rights to such deliverables, while Southeast University retains the right to use the deliverables for academic teaching and scientific research purposes.

We plan to continuously increase our industrial investment in key components for robotic transmission and actuation systems. We will focus our investments on products such as reverse planetary roller screws for humanoid robots, joint modules for humanoid robots, and ball screws for dexterous hands to accelerate the industrialization of related products, capture the market opportunities presented by the development of humanoid robots, and establish a new growth driver for our business. According to Frost & Sullivan, the market size for humanoid robots in China is expected to grow rapidly from RMB2.2 billion in 2024 to RMB24.3 billion in 2029, representing a compound annual growth rate of 62.3%.

We plan to continuously increase our investment in the industrialization of corner modules. As vehicle intelligence accelerates, the chassis system, serving as the core actuation carrier for high-level autonomous driving, is undergoing profound transformation through mechatronic integration, control consolidation, and intelligent electrification. The steer-by-wire integrated chassis has become a clear direction for industry development. As a critical enabler of this technological trend, the chassis corner module innovatively integrates multi-directional (X/Y/Z) actuators such as steer-by-wire systems, brake-by-wire systems, in-wheel motors, air springs, and active dampers into a highly compact unit. This technology achieves integrated control of the driving, steering, braking, and suspension systems. Utilizing standardized interfaces to connect with the vehicle body and electronic/electrical architecture, it can be adapted to diverse wheelbase and track width requirements. Relying on the chassis domain controller, it enables precise and coordinated control over the multi-dimensional motion of the wheels. It not only significantly enhances vehicle safety and efficiency, but also establishes end-to-end seamless integration with intelligent driving systems. It paves the way for the large-scale application of integrated chassis and represents an essential pathway towards future unmanned driving.

We also plan to continuously increase our investments in the industrialization of automotive ball screws. Leveraging the technological homology between hub bearings and ball screw technology, our strategic layout is highly forward-looking. In July 2023, we initiated the ball screw bearing unit project, commencing related R&D and manufacturing activities. Through this project, we have developed a ball screw bearing unit for automotive EHB/EMB and steer-by-wire systems, establishing full forward-development capabilities covering design theory, simulation, testing and

BUSINESS

verification, and achieving prototype performance comparable to leading peers with mass-production readiness. We have also obtained multiple patents and built a foundational design and theoretical validation system that supports future supply to OEMs and strengthens our position in next-generation chassis actuation technologies. We plan to progressively develop products ranging from ball screw bearings for EHB systems to ball screws for EMB systems and ball screw bearings for steering applications, thereby advancing the industrialization process.

We intend to position transmission and drive components as our core business focus. Through technological iteration, we aim to develop transmission and drive solutions that offer dual advantages in efficiency and cost, ultimately replacing traditional hydraulic transmission modes. Capitalizing on their broad applicability across multiple downstream sectors, we seek to lead and reshape the market demand ecosystem for transmission and drive components.

Enhance Global Presence and International Competitiveness

We are fully aware that deepening our global footprint is an essential strategy to enhance our competitiveness in the international market and better serve our customers. We have established strategic cooperative relationships with high-quality global customers to jointly develop new products and markets. We also plan to establish a corresponding supporting service network as our Chinese customers expand into international markets.

We plan to further enhance our global service system by expanding overseas production capacity and establishing an international sales network. In response to the complex and evolving international landscape, our intelligent manufacturing base in Thailand will serve as a pivotal point for our global strategy. We intend to increase investment in production capacity for products such as bearings, power systems, and humanoid robot components in Thailand. Concurrently, we plan to establish sales teams and after-sales service networks in Thailand, Europe, and North America to strengthen relationships with key overseas customers. We also aim to enhance global brand building to increase market recognition of our company brand. Furthermore, we plan to develop partnerships with high-quality distributors in major countries and regions to improve the strength and coverage of our distribution network. Enhancing global production capacity and sales coverage will lay the foundation for increasing our international market share and strengthening our competitiveness in the global market.

Advance Digital Management and Intelligent Manufacturing to Improve Operation Efficiency and Reduce Production Costs

We are steadily advancing our digital and intelligent transformation strategy, consistently increasing investment to strengthen management and operations across key aspects of the business. By building interconnected digital systems and a solid data foundation, we make full use of data assets to support precise management and informed decision-making, thereby improving overall operational efficiency and business performance. All business segments are actively promoting the application of AI across the entire supply-production-sales chain, strengthening intelligent decision-making capabilities. We support intelligent production lines with our self-developed lean production analysis systems and AI-powered visual and acoustic quality inspection models setting new benchmarks for intelligent transformation in the industry. We also plan to continue increase our investment in intelligent manufacturing. By introducing advanced production equipment, optimizing processes, and enhancing employee skills, we aim to improve product reliability, stability and safety while boosting production efficiency, reducing costs and strengthening the competitiveness of our products.

Enhance High-end Equipment Manufacturing Capabilities, Including High-precision CNC Grinding Machines, to Build Core Barriers in Production

We place great emphasis on enhancing our competitive capabilities in the high-end equipment manufacturing sector. High-precision CNC grinding machines have become a critical bottleneck in the R&D and mass production of products with significant market potential, such as planetary roller screws. Achieving independent control over CNC thread grinding machines has laid the most

BUSINESS

crucial technological foundation for our operations in the high-precision screw manufacturing domain. Building on our leading expertise in precision machining equipment manufacturing, we plan to further expand our R&D, design capabilities, and production capacity for high-precision CNC grinding machines. This will help us establish core industry barriers in manufacturing and maintain our leading advantage. Simultaneously, by enhancing our manufacturing capabilities for high-precision CNC grinding equipment, we will further reduce the production costs of high-precision screws, thereby promoting their widespread adoption in intelligent vehicles, robotics, the low-altitude aircrafts and industrial engineering machinery.

Pursue Strategic Investments and Acquisitions to Strengthen Product and Service Offerings

Historically, we have expanded our product matrix through strategic mergers and acquisitions, evolving from automotive accessories and automotive seat HDMs to include hub bearings, new energy power systems, and CNC thread grinding machine. This has enabled us to build a more comprehensive and competitive product ecosystem and create broader value for our customers. Moving forward, we will continue to follow industry trends while executing our own strategy, further strengthening horizontal integration and vertical collaboration across the value chain. In particular, we will focus on strategic investments and acquisitions in overseas markets to comprehensively enhance our product and service capabilities and accelerate our development.

OUR PRODUCTS

We are a manufacturer of transmission and drive components with over 25 years of R&D and manufacturing experience. We design, develop, manufacture and sell a diverse and expanding product portfolio covering (i) transmission and drive components, including transmission components, new energy power systems and hub bearing components; and (ii) interior and exterior accessories. Leveraging our strong and manufacturing capabilities, we deliver products to our customers in the automotive sector while expanding into other areas such as new energy vehicles, low-altitude aircraft, and humanoid robots. Meanwhile, we have earned broad recognition from our customers and built a strong, high-quality customer base that includes leading global automobile OEMs.

The following table sets forth a breakdown of our revenue by business segments and the percentage of total revenue for the periods indicated:

	Years ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Sales of products						
Transmission and drive components	2,279,662	55.1	2,847,765	58.0	3,269,958	59.6
Transmission components	806,762	19.5	866,505	17.6	905,968	16.5
Hub bearing components	1,201,436	29.0	1,306,329	26.6	1,415,479	25.8
New energy power systems	271,464	6.6	674,931	13.8	948,511	17.3
Interior and exterior accessories	1,569,500	37.9	1,763,462	35.9	1,946,082	35.5
Others	282,745	6.8	291,580	5.9	259,906	4.7
Subtotal	4,131,907	99.8	4,902,807	99.8	5,475,946	99.9
Rental income	6,917	0.2	7,688	0.2	7,752	0.1
Total	4,138,824	100.0	4,910,495	100.0	5,483,698	100.0

BUSINESS

Transmission and Drive Components

Our intelligent conventional automotive drive components primarily include transmission components, new energy power systems and hub bearing components. In 2023, 2024 and 2025, we sold 111.1 million, 123.7 million and 132.5 million units of transmission and drive components, respectively. We generated a sales revenue of RMB2,279.7 million, RMB2,847.8 million and RMB3,270.0 million in the same period, respectively.

Transmission components

We offer transmission components, primarily including horizontal drive mechanism (“HDM”), power seat/door motor, flexible shaft and electron control modules.

Starting in 2000, we are among the first domestic private companies to develop and manufacture HDM. HDM is primarily installed in the slide rails at the bottom of automotive seats to enable smooth and automatic adjustment of forward and backward positioning. HDM is made up of precision components, high reliability and strict performance standards. Through continuous technological innovation, process improvements and strict quality control, we have built strong competitiveness in the HDM field. The following diagram shows our key HDM products:



We sold 24.5 million units, 39.8 million units and 31.1 million units of HDM in 2023, 2024 and 2025, respectively. According to Frost & Sullivan, in the automotive seat HDM industry, we ranked second by sales revenue in 2024 globally and first in China for three consecutive years. Our HDMs have been adopted by leading global and regional OEMs and their suppliers, including Great Wall, SAIC-GM-Wuling, Ford, Nissan and NIO.

In addition, our power seat motors, comprised of horizontal slide motors, lift motors, and reclining motors, function as core components of the automotive power seat systems that enables precise and reliable adjustment of seating positions. We specialize in manufacturing angle-modulated, elevating and horizontal motion motors for advanced seat configurations. Our power seat motors are supplied to leading global and regional OEMs and Tier-1 suppliers, including Faurecia, Adient, SAIC, Chery and BYD. In addition to our current product offerings, we are developing upgraded products, including headrest adjusters and high-torque planetary lift motors to address customer needs and capture new market opportunities.

The following diagram shows our key seat motor products:



Horizontal Drive Motor



Lift Motor

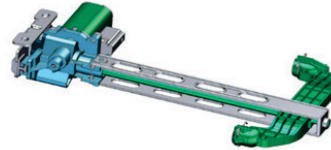


Reclining Motor

BUSINESS



Backrest Adjustment Motor



Electric Headrest Adjustment Assembly

Besides, we offer flexible shafts, which are key innovations in vehicle actuation and system management. These products enhance precision, adaptability and integration in modern automotive systems. Our flexible shafts help transfer power smoothly even in tight or complex spaces. They are widely used in systems such as seat adjustment, and support parts of the drivetrain, ensuring stable and reliable operation. Our electronic control modules act as the brains for different vehicle functions. They manage motors, connect with sensors, and allow users to adjust settings. This makes our products easy to integrate with today’s increasingly advanced electronic and electrical systems.

In 2023, 2024 and 2025, we sold 97.7 million, 108.7 million and 115.1 million units of transmission components, at an average selling price of RMB8.3, RMB8.0 and RMB7.9 per unit, respectively. We generated a sales revenue of RMB806.8 million, RMB866.5 million and RMB906.0 million in the same period, respectively.

New Energy Power Systems

We are committed to becoming a leading new energy power system manufacturer for new energy vehicles in China. 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 19.0% from 2024 to 2029, according to Frost & Sullivan. Following the growth of the new energy vehicle industry and government policy support, we have developed new energy power systems for these vehicles.

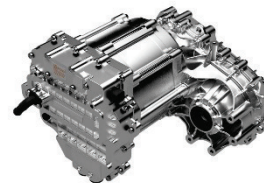
During the Track Record Period, we developed and manufactured components including stators and rotors, which are key components of electric powertrains, stators, rotors, single motors, integrated motors, and all-in-one LRC meters for new energy vehicles. Our stators and rotors support new energy electric power platforms with motor stator outer diameter of 155mm, 180mm, 220mm and 270mm and are compatible with EV motors ranging from 20kW to 260kW power rating. Our single motor products support new energy electric power platforms with motor stator outer diameter of 155mm and 180mm and are compatible with EV motors ranging from 30kW to 120kW. Our electric powertrains support new energy electric power platforms with motor stator outer diameter of 155mm and 180mm and are compatible with EV motors ranging from 30kW to 100kW. The following diagram shows our key new energy power system products:



Stators and Rotors



Single Motor



Electric Powertrain

Our new energy electric powertrains utilize advanced electromagnetic simulation and improved stator and rotor designs. By optimizing the groove structure and adjusting the yoke and teeth with reasonable gap flux density value, our motors deliver smoother torque, higher efficiency and greater power density. The maximum efficiency of our motors reaches 97.5%, which is higher

BUSINESS

than our major competitors’. Moreover, compared with electric motors of the same power rating, our EV motors use fewer materials, are smaller and lighter, generate less noise, dissipate heat more evenly, and achieve higher efficiency and power density.

During the Track Record Period, we offered both 2-in-1 and 3-in-1 electric axle options for new energy power platforms with motor stator outer diameter of 155mm and 180mm. In particular, the 180mm motor stator with 3-in-1 electric axle is a high-performance, integrated electric powertrain solution, that combines power, efficiency and compact design. This solution has been widely adopted by major OEMs such as SAIC-GM-Wuling and FAW for their next-generation electric vehicle platforms.

In 2023, 2024 and 2025, we sold approximately 170,000, 380,000 and 950,000 units of new energy power systems, at an average selling price of RMB1,644, RMB1,756 and RMB998 per unit, respectively. We generated a sales revenue of RMB271.5 million, RMB674.9 million and RMB948.5 million in the same period, respectively.

Hub Bearing Components

Wheel Hubs and Bearings

We develop, manufacture, and sell wheel hubs and bearings of the hub bearing assembly, which are key components located between a vehicle’s brakes and axles. Our wheel hubs and bearings play a vital role in delivering a smooth and safe driving experience. They minimize friction and wear, prevent overheating and enhance the efficiency and durability of wheel rotation. With continued progress in the R&D and production of hub bearing components, we ranked third among automotive wheel hub bearings suppliers in terms in China by sales revenue in 2024, with a market share of approximately 6.9%, according to Frost & Sullivan. We sold 13.2 million, 14.6 million and 16.5 million units of hub bearings in 2023, 2024 and 2025, respectively.

Building on our R&D and production capabilities, and through close cooperation with OEMs, we continuously expand our product offerings to meet the demands of downstream manufacturers. Our product portfolio includes components for vans, passenger cars with ABS systems, and electric vehicles. The following table sets forth the models, key technical specifications, applications and year of sales of our wheel hubs and bearings:

Model	Key Specification	Application	Year
1st Generation 	- Service life, over 30,000 miles - Contact stress, less than 4,200MPa - Stiffness, over 4,000N.m./° - Noise level, less than 50dB	mainly used in vehicle drive wheels	1996
2nd Generation 	- Service life, over 30,000 miles - Contact stress, less than 4,200MPa - Stiffness, over 4,200N.m./° - Noise level, less than 50dB	mainly used in vehicle non-drive wheels	2001
3rd Generation 	- Service life, over 40,000 miles - Contact stress, less than 4,200MPa - Stiffness, over 5,000N.m./° - Noise level, less than 45dB	mainly used in both vehicle drive wheels and vehicle non-drive wheels	2003
3.5th Generation 	- Service life, over 40,000 miles - Contact stress, less than 3,800MPa - Stiffness, over 80,000N.m./° - Noise level, less than 45dB	mainly used in vehicle drive wheels	2025

BUSINESS

Model	Key Specification	Application	Year
4th Generation 	• Service life, over 50,000 miles • Contact Stress, less than 3,800MPa • Stiffness, over 10,000 N.m./° • Noise level, less than 45dB	mainly used in vehicle drive wheels	N/A

Through our wholly-owned subsidiary, Hubei Shuanglin Bearing, we possess proprietary R&D and in-house production capabilities that enable us to produce hubs and bearings with higher reliability and resistance, lower friction and power consumption, and longer service life. The service life of our 4th Generation wheel hubs and bearings can reach over 245,000 miles, which is above the industry average. Hubei Shuanglin Bearing was endorsed as one of the first 91 state-certified innovative firms by the Ministry of Science and Technology and one of the first 160 national level automobile and parts export base enterprises by the Ministry of Commerce. Hubei Shuanglin Bearing was also recognized as a national high-tech enterprise, and a national technology innovation demonstration enterprise. To strengthen our R&D capabilities, Hubei Shuanglin Bearing serves as both the Hubei Province Precision Car Wheel Hub Bearing Unit Technology Research Center and the Hubei Province Automotive Wheel Hub Bearing Unit Engineering Technology R&D Center, focusing on innovation in wheel hubs and bearings. As of December 31, 2025, Hubei Shuanglin Bearing had registered 58 patents, and contributed to the drafting and revision of 15 national and industry standards for bearings.

We provided our wheel hubs and bearing products to OEMs in Chinese Mainland and our products are used in vehicles produced by Dongfeng Nissan, GM Wuling and Changan Automobile. Our Thailand plant started mass production in June 2025. With a global outlook, we have expanded our production overseas and supply to OEMs in North America, Europe and Southeast Asia. To support this growth, we established a hub bearing manufacturing plant in Thailand. As of the Latest Practicable Date, we have established four production lines in Thailand. As of December 31, 2025, our total monthly production capacity for hub bearing was approximately 1.6 million units, including 158,080 units per month from our plant in Thailand. As of the latest Practicable Date, products from our factories in Thailand had obtained the certificate of Thai-Origin from the United States Customs and Border Protection for export purposes, and our factories in Thailand had also obtained ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certificates for manufacturing and workplace safety, and IATF 16949 certificate for product quality management.

Driven by the rapid growth of electric vehicles, we have expanded our hub bearing products to the customers in the electric vehicle market. Our wheel hub bearing products are used in electric vehicles of Great Wall, FAW, Avatr and Dongfeng Nissan. Our 3.5th Generation hub bearing products have been adopted in multiple new energy vehicle models. We have also gained strong industry recognition, receiving awards such as Best Partner 2023 from Advance Auto Parts, Inc. and Excellent Supplier from Great Wall Motor.

In 2023, 2024 and 2025, we sold 13.2 million, 14.6 million and 16.5 million hub bearing components, at an average selling price of RMB90.9, RMB89.2 and RMB86.1, respectively. We generated a sales revenue of RMB1,201.4 million, RMB1,306.3 million and RMB1,415.5 million in the same period, respectively.

Ball Screws

We started offering ball screw products in 2023. In automotive brake and steering systems, ball screws, composed of screws, nuts, reversing devices and steel balls, are transmission components in automobiles which convert rotary motion into linear motion or torque into axial force. Automotive ball screw bearing units integrate the outer sleeve of the ball screw with the inner ring of a single-row ball bearing, forming a compact assembly primarily used in brake and steering systems.

BUSINESS

Our ball screws offer key advantages such as low friction, high transmission efficiency, strong axial rigidity and reversibility. Compared with the products of other domestic manufacturers, our products demonstrate better NVH performance (1.1-1.5g versus 1.8-2.5g) and higher stop pin strength (108-113 Nm versus 64.9 Nm). Our ball screws also achieve greater efficiency (78% versus 76%) and superior stroke accuracy (P1-P5 versus P3-P5). Through third party assessment, our ball screw products were proved to perform better than ball screws produced by other major domestic manufacturers, leading to improved EHB assembly response speed and reliability. During the Track Record Period, we developed and started mass production of ball screws for electro-hydraulic brakes (EHB), which are used in both commercial vehicles and passenger cars. As of the Latest Practicable Date, our EHB ball screws achieved a conversion efficiency of over 90% and C3 level precision, with a service life of over 2.2 million revolutions, contact stress below 4,200 MPa and noise level under 50dB. These results demonstrate durability, safety, precision and efficiency of our automotive ball screw products.

According to Frost & Sullivan, the market for automotive ball screws is fast growing, driven by electrification and intelligent innovations. We have developed ball screw products for emerging new energy vehicle markets, including ball screws for electro-mechanical brakes (EMB) used in electric vehicles.

Building on our proven R&D and applications in automotive EHB and EMB ball screws, we successfully adapted our precision grinding technology for use in new energy vehicle ball screws and further optimized it for humanoid robot dexterous hands. Our miniature ball screws achieve precision levels up to C3, and as high as C1, with inner diameters as small as 3mm and leads as fine as 0.5mm, meeting the compact space and fine-motion requirements of dexterous hands. They also deliver transmission efficiency above 85%, back-drive force below 3.5 Newtons, and an average service life of over 100,000 cycles, ensuring low starting force, high efficiency and long-lasting performance. With our advanced miniature ball screw manufacturing technology and superior product performance, we are able to meet the stringent space and micron-level precision control needs of humanoid robot dexterous hands.

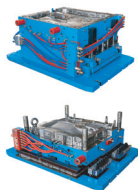
Interiors and Exteriors Accessories

We design, develop and manufacture a wide range of interior and exterior accessories, including door panels, vertical pillars, airbags and precision automotive plastic components. In 2023, 2024 and 2025, we sold 182.5 million, 199.3 million and 209.8 million units of interiors and exteriors accessories, at an average selling price of RMB8.6, RMB8.9 and RMB9.3 per unit, respectively. We generated a sales revenue of RMB1,569.5 million, RMB1,763.5 million, and RMB1,946.1 million in the same period, respectively.

Our interior and exterior accessories are designed to provide functionality, reliability, structural strength, helping OEMs build distinctive brands and deliver better user experiences. We supply these products to leading global OEMs, including SAIC-GM-Wuling and Changan Automobile. With our technological innovations, such as tack molds, high-gloss molds, gas-assisted molding and low-foam molding, we provide customized interior and exterior accessories that meet high standards of performance, safety and quality.

BUSINESS

According to Frost & Sullivan, global automobile production increased from 76.9 million units in 2020 to 92.7 million units in 2024, representing a CAGR of 4.8%. It is further expected to reach 99.7 million units by 2029, with a projected CAGR of 1.5% from 2024 to 2029. The following diagram shows our key interior and exterior accessories products:



Mold



Door Panel



Air Bag Cover



PEEK Precision Automotive Plastic Component

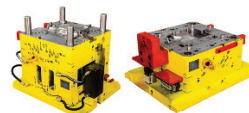
We supply precision automotive plastic components to customers, primarily including airbag covers, oil buckets, ignition coils, precision gears, engine-related parts and automotive sensors. These components play a critical role in key automotive systems such as safety devices, ignition systems and actuation mechanisms, where reliability and precision are essential. With ongoing technological improvements and strict quality control, our precision plastic components have earned recognition from leading OEMs and Tier-1 suppliers in both domestic and international markets.

We also provide high-performance automotive injection molds, which are essential tools for manufacturing critical and complex automotive parts. With in-house mold design and production capabilities, we maintain strict quality control, shorten product development cycles, and deliver customized solutions for specialized applications. Our molds are built to meet the durability, precision and performance standards required by leading global OEMs and their Tier-1 suppliers. By integrating mold manufacturing with component production, we improve supply chain efficiency and strengthen our position as a comprehensive supplier in the automotive industry.

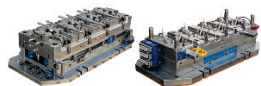
The following diagram shows our key automotive injection molds:



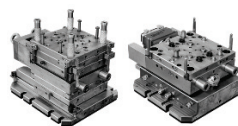
Door Panel Injection Mold



Airbag Cover Injection Mold



Sensor Housing Injection Mold



Worm Gear Injection Mold

We have established in-house mold R&D center, which consists of a trial mold center and a joint innovation laboratory. The center has strong development capabilities in interior and exterior trim products such as door panels, bumpers, instrument panels, sunroofs, long glass fiber door base plates, and large dual-color molds. It also focuses on components such as plastic gears, airbag covers, fuel supply systems, and water/gas chambers.

BUSINESS

RESEARCH AND DEVELOPMENT

Technology innovation has always been at the core of our R&D efforts. We have built a strong in-house R&D team and work closely with research institutes, universities and OEMs in developing new products.

Our product development process includes the following stages: (i) market and technical research, (ii) concept development and approval, (iii) project planning, (iv) technical solution planning, (v) product design, development and verification, (vi) process design, development and verification, and (vii) mass production with ongoing improvement. For products outside our current portfolio, we begin with market and technical assessments to evaluate whether they align with our business strategy, production capabilities and market potential. Once a project is initiated, we set technical, quality and financial benchmarks to guide evaluation before moving into mass production. Depending on the product, our R&D cycle may take from three months to three years. Throughout the process, our R&D staff work closely with the sales team to ensure smooth progress of development projects.

We have established a strategic technology center at our headquarters and seven R&D centers across Chinese Mainland, focusing on the design and development of our products. Our technology center focuses on frontier technologies and applications and provides guidance to our seven dedicated R&D centers. Our technology center oversees and coordinates these seven R&D centers. The Shanghai Motor R&D Center focuses on the development of electric drive systems for new energy vehicles, covering NEV motors, axial-flux motors and motors for flying vehicles. The Xiangyang Bearing and Ball Screw R&D Center concentrates on high-precision hub bearing and ball-screw transmission technologies to enhance chassis and braking system performance and reliability. The Corner Module and Intelligent Chassis R&D Center is dedicated to corner-module architecture research and integrated design, steer-by-wire systems and distributed electric drive actuation technologies. The Ninghai Automotive Seat HDM and Intelligent Actuator R&D Center focuses on electric seat actuators and high-load intelligent execution systems, including planetary roller-screw mechanisms. The Humanoid Robot R&D Center focuses on core actuation technologies for humanoid robots, covering linear and rotary joints, axial-flux motors and dexterous hands. The Precision Grinding Machine and Roller Screw R&D Center focuses on high-precision manufacturing equipment and reverse planetary roller-screw systems. The Ninghai Precision Mold and Injection Molding R&D Center focuses on precision molding and lightweight injection technologies to support the application and adoption of new materials in automotive interior and structural components.

As of December 31, 2025, our R&D team included 811 members. In addition to our in-house R&D team, we collaborate with research institutes and universities to drive technological innovation. As of the same date, we had set up one academician workstation, two postdoctoral research workstations, three high-tech enterprise R&D centers, and two nationally accredited laboratories. We also work closely with leading OEMs in product testing to optimize functionality and gather market feedback, supporting sustainable growth.

During the Track Record Period, we incurred R&D costs of approximately RMB175.0 million, RMB168.5 million and RMB220.3 million in 2023, 2024 and 2025. As of December 31, 2025, we had registered 278 utility model and 83 invention patents. See “Appendix IV — Statutory and General Information” for more information.

As part of our R&D efforts, we have strengthened our focus on transmission and drive components, and interior and exterior accessories to align with the evolving landscape and national industrial policies supporting emerging industries, such as new energy vehicles, humanoid robot and low-altitude aircraft.

BUSINESS

Humanoid Robots

We began exploring humanoid robot applications in 2023, focusing on roller screw and ball screw technologies. Roller screws use rollers to transfer load and are generally suitable for high-load, high-precision scenarios. We are conducting R&D on reverse planetary roller screws and have established a pilot line, which has produced 1,500 sets as of the end of 2025. A new production line with an annual capacity of 100,000 sets is currently under installation and is scheduled to be put into operation in June 2026.

We have developed core products for humanoid robots, including linear joint modules, dexterous hand pushrod modules, reverse planetary roller screws, miniature ball screws, frameless torque motors and coreless motors. We have also established cooperation with a number of leading robot enterprises, completed multiple batches of prototype deliveries, and gained recognition from our customers.

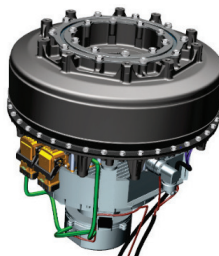
We also developed ball screw prototypes for dexterous hands and provided samples to customers for testing. In addition, we are developing micro ball screw products for dexterous hands with two PRC automotive-related companies. We are responsible for the development, manufacturing, quality control, delivery, and debugging of the specified micro ball screw products, while the automakers are responsible for providing technical inputs and acceptance testing. The IP rights owned by each party prior to the collaboration remain with their respective owners. For any jointly-developed results arising from the collaboration, the IP rights relating to hardware design belong to us, while the IP rights relating to drive control, motion control and other robotic application technologies belong to the automakers. As of December 31, 2025, we had not generated revenue from these products but had completed relevant processing capabilities and trial production lines.

We have in-house design, simulation, manufacturing and testing capabilities for humanoid robot linear joint module assemblies and completed customized prototype deliveries to two PRC humanoid robot companies in April 2025.

Low Altitude Aircraft

We also explored applications in the low-altitude aircraft sector during the Track Record Period. We developed prototype aircraft electric motor products with power outputs ranging from approximately 30kW to 250kW and worked with a customer on a 230kW oil-cooled solution. As of the Latest Practicable Date, we had completed and delivered the prototype. These developments are intended to support potential applications in low-altitude aircraft.

In 2024, we conducted R&D on a vehicle-mounted drone clamping driver system that enables drones to be launched and retrieved from vehicles. The clamping driver adopts a plastic-metal structural design through injection molding, and was tested for noise and durability performance. As of October 2024, the driver passed the qualification process of a PRC new energy vehicle manufacturer and was integrated into certain vehicle models. We plan to continue working with the customer and explore additional application scenarios, including potential low-altitude aircraft use. In the collaboration, each party retains ownership of its respective IP rights. The technical deliverables arising from the joint development of the oil-cooled solution are jointly owned by both parties. We retain the rights to apply such deliverables in industries other than the aviation sector, while the customer enjoys exclusive rights to apply the deliverables in the aviation sector.

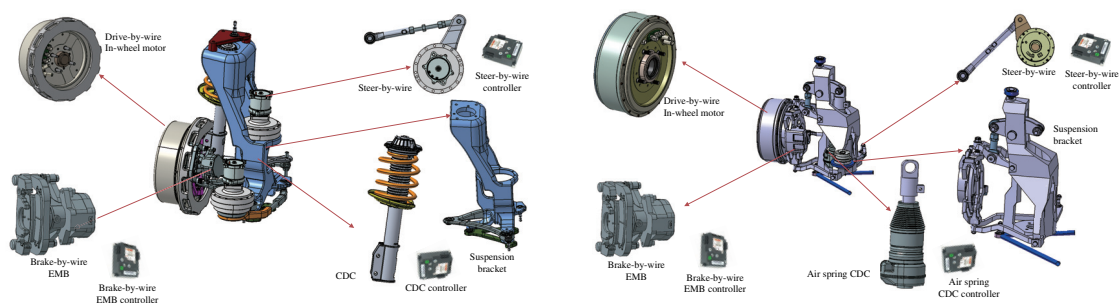


BUSINESS

Corner Module

With the acceleration of automotive intelligence, chassis systems are moving toward mechatronic integration, centralized control and full electrification. The corner module serves as a core carrier of this trend, integrating steer-by-wire, brake-by-wire, in-wheel motors, air springs and active dampers into a highly compact unit. Through integrated design of driving, steering, braking and suspension, and with standardized interfaces that can adapt to different wheelbases and track widths, the corner module enables multi-dimensional collaborative control via a chassis domain controller. This not only enhances vehicle safety, economy and handling performance, but also establishes seamless connection with autonomous driving systems, paving the way for the large-scale adoption of intelligent and autonomous driving.

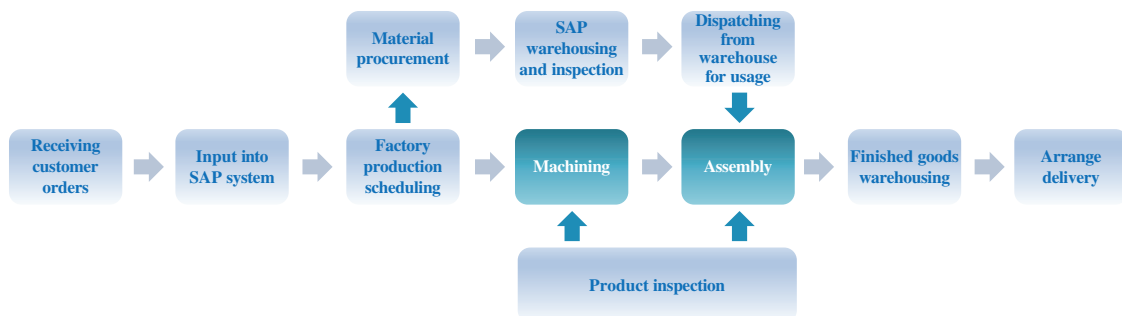
We commenced the R&D of corner modules in the first half of 2025 and have entered into a collaboration with the School of Vehicle and Mobility of Tsinghua University to jointly advance the research and application of intelligent driving corner module technology for new energy vehicles. We intend to jointly develop distributed electric-drive corner-module chassis and axial-flux motor technologies. Under the collaboration agreement, we primarily provide technical input, vehicle platforms, and resources necessary for development and commercialization, while Tsinghua University is responsible for R&D and delivery of the technical deliverables in accordance with agreed milestones. With respect to IP arrangements, each party retains ownership of its respective IP arising from the collaboration, including the corner-module architecture and axial-flux motor optimization schemes, is jointly owned by us and Tsinghua University. We have exclusive commercialization rights to such deliverables, while Tsinghua University retains the right to use the deliverables for academic teaching and scientific research purposes.



MANUFACTURING

Manufacturing Process and Management

We manufacture products based on sales orders. Upon receiving customer orders, the sales department input them into our SAP system. The production facilities then evaluate the orders through the SAP system, while the logistics department communicates with customers to finalize daily, weekly, and monthly rolling production plans. Each factory organizes production according to the shipment plans derived from orders and schedules deliveries accordingly. The following flowchart illustrates the manufacturing process.



BUSINESS

Production is organized on a factory-by-factory basis. Each factory has its own primarily functions and focuses, covering all processes, from raw material procurement and processing (including stamping, roll forming, injection molding, machining, coating, and assembly) to inspection, packaging, warehousing, and shipping. This model enables each production facility to focus on the type of products it ordinarily manufactures and facilitates the accumulation of manufacturing experience and technological know-how. This model also allows us to effectively allocate production resources and enhances overall production efficiency, which in turn enables us to continuously lower our production costs.

Under very few circumstances, we may outsource the manufacturing of certain products that involve relatively simpler manufacturing processes to external manufacturers due to cost consideration. During the Track Record Period, the revenue from products manufactured by external manufacturers in each year accounted for approximately 0.6%, 0.4% and 0.3% of our total revenue in each respective year. For transmission components, we generally outsource the cutting and external cylindrical grinding of screw rod blanks. For hub-bearing components, we typically outsource the forging of inner and outer flanges and small inner rings, as well as rough turning and drilling processes, and we only outsource manufacturing for a very small portion of hub-bearing components. For new energy power systems, we primarily outsource surface treatment processes for stamped parts, including blackening, electrophoretic coating and electroplating. For interior and exterior accessories, we generally outsource injection molding, over-molding and painting processes.

Below are the salient terms of our agreements entered into with outsourced manufacturers:

<i>Delivery obligations and logistics</i>	Suppliers are required to deliver products in accordance with our purchase orders, quantities and timelines. Delivery terms typically place transportation, insurance and related risks on suppliers until acceptance at our designated location or warehouse.
<i>Inspection and acceptance</i>	We inspect products upon receipt and during subsequent use. We may reject and return any defective products and require suppliers to rectify, replace or compensate us for losses.
<i>Quality and standards</i>	Products must comply with national and industry standards and our technical specifications, drawings and quality assurance requirements. Suppliers remain fully responsible for the quality of materials they procure unless specified otherwise.
<i>Liability and remedies</i>	Suppliers must compensate us for losses caused by delayed delivery, quality defects or other breaches, including production stoppage, replacement costs and customer claims.
<i>Use of customer-provided materials and tools</i>	When we provide materials, molds, tooling or other entrusted property, suppliers must safeguard such assets, use them only for our production, and return them upon request.
<i>Confidentiality and IP protection</i>	Suppliers must protect our confidential information and IP and may not use our proprietary materials, technology or designs for third parties.
<i>Sub-contracting restrictions</i>	Subcontracting is generally prohibited without our prior written consent, and suppliers remain responsible for the performance of approved subcontractors.

BUSINESS

Transmission and Drive Components

Transmission components

The manufacturing of our transmission components integrates precision engineering with rigorous testing to ensure stable reliability and performance. For the HDMs, it involves the precise machining of core components, followed by automated cleaning, meticulous assembly, and the end of line of noise, vibration and harshness check. Similarly, the production of power seat motors encompasses the lamination and winding of armatures and manufacture of the stators, the assembly, and the end of line performance checking. The fabrication of flexible shafts focuses on the coiling of high-strength cores and the application of the protective flock, tested for rotational efficiency and durability. Our electronic control modules are manufactured through digitalized automation, thus significantly enhance manufacturing precision, efficiency, and the traceability of the products.

Hub Bearing Components

Our manufacturing process of our hub bearing components involves third-party steel forging, followed by in-house turning, proprietary heat treatment, precision grinding, and assembly procedures to ensure high durability and low friction. For ball screws and reverse planetary roller screws, we utilize proprietary grinding and heat treatment processes to produce high-precision components capable of efficient motion conversion and high-force transmission, with rigorous testing conducted to verify performance, longevity and noise control.

New Energy Power Systems

Our new energy power systems manufacturing process begins with strict material selection and inspection of key components. We then employ automated precision assembly, integrating advanced welding and molding techniques to ensure structural integrity and performance reliability. Each system will undergo comprehensive testing for functional safety and energy efficiency before delivery in order to meet the standards required for electric vehicle.

Interior and Exterior Accessories

The manufacturing process for interior and exterior accessories, and for precision plastic components made via injection molding, consists of seven stages, which includes design and drawing, mold making, injection molding, painting, on-site assembly, packaging for shipping or warehousing.

Manufacturing Facilities

As of December 31, 2025, we operate 20 manufacturing facilities in Chinese Mainland, including our plants in Zhaoqing, Qingdao, Linyi, Jining, Wuhu, Wuxi, Ningbo, Shanghai, Tianjin, Chongqing, Suzhou, Liuzhou, Shenyang, Xiangyang, and Jingzhou.

We are also expanding our production capacity overseas by localizing manufacturing through our facility in Thailand. During the Track Record Period, we have established two manufacturing plant in Thailand, which has six production lines. All products produced in our Thailand factories have obtained Thai-Origin certification from the U.S. Customs and Excise Department and received e-Ruling certification. We obtained ISO9001/14001/45001 system certification in December 2024 and IATF16949 certification and officially started mass production in January 2025, with product deliveries underway.

BUSINESS

The following table sets forth the details of our manufacturing facilities as of the Latest Practicable Date.

	Chinese Mainland			Thailand		
	Number of production lines	Total GFA	Markets served	Number of production lines	Total GFA	Markets served
		(sq.m.)			(sq.m.)	
Transmission and Drive Components						
– Transmission components	402	62,358	Chinese Mainland, Mexico, Poland, France and India	–	–	–
– Hub bearing components	43	214,997	Chinese Mainland, Mexico, Canada, Germany, Belgium and Denmark	6	19,500	the U.S.
– New energy power systems	11	84,147	Chinese Mainland	–	–	–
Interior and Exterior Accessories	576	293,840	Chinese Mainland, France, Germany, Spain, Czechoslovakia, the U.S. and Mexico	–	–	–

Production Capacity and Utilization

The following table sets forth our production volume, production capacity and utilization rate by product line for the periods indicated.

	For the Years Ended December 31,								
	2023			2024			2025		
	Volume	Capacity	Utilization Rate	Volume	Capacity	Utilization Rate	Volume	Capacity	Utilization Rate
	(units '000)	(units '000)	(%)	(units '000)	(units '000)	(%)	(units '000)	(units '000)	(%)
In Chinese Mainland									
Transmission and Drive Components									
– Transmission components	146,860	155,810	94.3	167,400	176,200	95.0	137,938	186,482	74.0
– Hub bearing components	11,940	15,000	79.6	13,670	15,000	91.1	15,610	16,810	92.9
– New energy power systems	200	230	87.0	430	490	87.8	960	1,020	94.1
Interior and Exterior Accessories	206,070	311,520	66.1	226,620	311,470	72.8	210,598	301,000	70.0
Total	365,070	482,560	75.7	408,120	503,160	81.1	365,106	505,312	72.3
In Thailand									
Transmission and Drive Components									
– Hub bearing components	–	–	–	–	–	–	343	1,138	30.1

Notes:

- (1) Under very few circumstances, we may outsource the manufacturing of certain products that involve relatively simpler manufacturing processes to external manufacturers due to cost consideration. When calculating our actual production volume and the utilization rate of our production facilities, such outsourced manufacturing arrangements are not taken into consideration.
- (2) The production capacity of each product category is calculated based on the full production rate of the machines used in the production facilities for the relevant product category, after taking into account the working hours of our manufacturing staff as well as the appropriate time required for machinery maintenance and replacement for the relevant product category.
- (3) The utilization rate is calculated based on the actual production volume of the relevant product category divided by the production capacity of the same product category.

BUSINESS

The utilization rate in 2025 decreased a bit compared to 2024. Although orders were increasing during this period, we had newly invested in additional production lines, which expanded our capacity. As a result, while both actual output and capacity increased, the utilization rate appeared lower due to the ramp-up of new capacity. The utilization rate for the production of interior and exterior accessories remained relatively low because we phased out certain production equipment, but the capacity of such equipment continued to be included in our capacity calculation.

Thread Grinding

Our manufacturing capabilities also include the precision machining tools we possess for surface finishing, which are required to produce screws with micro-level tolerances and used in products including humanoid robots and low-altitude aircraft. We obtained screw thread grinding technology and machinery through acquiring 100% equity in Wuxi Kezhixin in January 2025. We therefore possess internationally leading computer-numerical-control thread grinding technology and the ability to achieve accuracy levels from C3 to C0, according to Frost & Sullivan.

Through the acquisition of Wuxi Kezhixin, we integrated resources from the upstream supply chain in the planetary roller screw industry and are capable of efficient and precise internal thread grinding with large length-to-diameter ratios (up to 1:12), which has significantly reduced our equipment procurement costs and lead times. We possess external thread with 400mm and 1,500mm travel versions. The 400mm model is primarily used for processing small components such as solar screws and rollers for humanoid robots, whereas the 1,500mm model is designed for large components such as automotive steering mechanism screws, engineering machinery screws and machine tool screws. These machines feature adopts top-tier configurations including marble beds, linear motors, and hydrostatic spindles, which ensure high precision, efficiency and stability. Moreover, our 300mm travel internal thread grinding machine specializes in processing nuts for reverse-type planetary screws used in humanoid robots and miniature ball screw nuts used in dexterous hands. Equipped with proprietary technologies, such as elbow grinding rods and 120,000 RPM high-speed spindles, this machine can produce internal threads with large length-to-diameter ratios and miniature internal threads, achieving accuracy levels of C3 to C0.

Quality Control

We ensure the quality of our products by implementing a comprehensive and standardized quality management system. We adhere to domestic and international quality standards and requirements in our production processes. We obtained ISO/TS16949 certification in 2004 and transitioned to IATF16949 in 2017. We have also received multiple management system certifications, including ISO14001 Environmental Management System, ISO45001 Occupational Health Management System, ISO27001 Information Security Management System, ISO10012 Measurement Management System, and GB/T29490 Intellectual Property Management.

During the Track Record Period, we implemented stringent quality control processes for in-house and outsourced production, including regular site inspection and product sampling tests. For in-house production, we implemented a three-tier management system which includes decision making, execution and operation. Decision-making level management includes a General Manager overseeing quality strategy planning and leading execution departments, and several Deputy General Managers assisting the General Manager in implementing quality control measures. Execution-level management includes (i) dedicated quality center dedicated to system operation, product inspection and testing and supplier/customer quality control, (ii) technical center responsible for product R&D, process design, and technical standard formulation; and (iii) production departments responsible for quality control during the production process. The operation level includes designated quality inspectors responsible for onsite inspection.

Depending on the business segment, the inspection process may consist of (i) incoming inspection, where the warehouse keeper submits an inspection request in the system, accompanied by the supplier’s self-inspection report, (ii) in-process inspection, where the inspector performs a

BUSINESS

full-item inspection on the first produced article and seals it as a reference sample after a product changeover, a machine stoppage exceeding certain hours or a process adjustment, and conducts checks every few hours; and (iii) final inspections, where a full performance test is conducted before warehousing and packaging and labeling are verified before shipment.

For outsourced production, we usually only involve third party manufacturers for certain processes, such as the electroplating of interior and exterior accessories. All outsourced processes are monitored by our quality team. To ensure third-party manufacturers adhere to our manufacturing standards, we implemented *Supplier Audit Management Standards* and *Supplier Performance Evaluation Management Standard*. In addition to conducting audits to examine the qualifications of potential suppliers, evaluating suppliers’ quality control process and product qualities, carrying out unannounced onsite visits, for third party manufacturers conducting outsourced process, we applied specialized continuous quality improvement (CQI) initiatives developed by the Automotive Industry Action Group (AIAG) to ensure proper production process as well as product quality.

In addition, all three of our laboratories are accredited by the China National Accreditation Service for Conformity Assessment (CNAS). We have established comprehensive and effective systems encompassing enterprise quality management, metrology management, environmental management, process and tooling management, and human resources management, which were accredited by the Ningbo Municipal Government Quality Innovation Award in 2022.

RAW MATERIALS, COMPONENTS AND SUPPLIERS

Our Raw Materials

We procure raw materials including plastic pellets, steel, chemical materials, magnetic steel, purchased components, and standard auxiliary parts. During the Track Record Period, approximately 98.5%, 99.9% and 99.2% of our raw materials in each period were procured within China, and approximately 1.5%, 0.1% and 0.8% were of our raw materials in each period were procured overseas.

Our procurement process includes internal project application, pre-selection of suppliers by the procurement department, evaluation of technology and capabilities, supplier confirmation, bidding or price comparison, confirmation by the procurement committee, implementation of a system-specific fixed-point process, contract signing with suppliers, feedback to the production plant, production plant placing orders based on demand, and inspection and warehousing. We also make purchases through agents, mainly for overseas equipment and production materials which is in line with general industry practices.

In addition, we leverage digital platforms and strategic negotiations to build and maintain a roster of qualified suppliers while continuously expanding the pool of potential suppliers. Working closely with the technical and quality teams, our procurement department conducts regular audits and evaluations based on project and order requirements. This ongoing optimization of supplier resources strengthens our ability to manage costs and ensure reliable delivery. Moreover, to effectively adapt to the changing market demands, our procurement department aligns procurement plans with external suppliers based on rolling demand forecasts and weekly production schedules of our production facilities. This approach, combined with maintaining a strategic safety stock of critical materials, ensures flexible and efficient delivery of our products. We closely monitor supply prices of major raw materials we need to procure for production. If we anticipate that there will be increases in prices of raw materials, we will lock in prices through advance orders to mitigate the risks of market price fluctuations or supply chain instability. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant shortage or delay in the supply of raw materials.

BUSINESS

Our Top Five Suppliers

During the Track Record Period, our major suppliers primarily included (i) suppliers of raw materials for our production; (ii) suppliers of equipment for our R&D and manufacturing process and (iii) service providers. During the Track Record Period and up to the Latest Practicable Date, we did not encounter any material dispute with our suppliers or any material breach of our purchase agreements.

Our purchases from our five largest suppliers in each year during the Track Record Period were RMB281.3 million, RMB442.8 million and RMB458.8 million and accounted for approximately 10.2%, 14.0% and 12.8%, of our total purchases for the respective years. Purchases from our largest supplier were RMB66.2 million, RMB140.0 million and RMB118.1 million in 2023 and 2024 and 2025, respectively, accounting for approximately 2.4%, 4.4%, and 3.3%, of our total purchases for the respective periods.

The following table sets forth details of our key top five largest suppliers during the Track Record Period.

Supplier	Background	Registered Capital	Products/service provided	Purchase Amount	% of Total Purchase	Commencement of business relationship	Payment Method	Credit terms
(RMB'000)								
In 2023								
Henan Jiyuan Iron & Steel (Group) Co., Ltd. (河南濟源鋼鐵(集團)有限公司)	A large-scale integrated steel enterprise founded in 1958 with special steel smelting as its core business, and also engaged in diversified businesses such as steel processing equipment manufacturing and engineering construction.	RMB1,000 Million	Special steel	66,211	2.4	2019	Wire transfer	Approximately 30 days
Supplier A	A Hubei special steel manufacturing enterprise established in 1913 and specialized in the research and development, production and sales of high-quality special steel.	RMB2,072 Million	Special steel and bearing steel	64,042	2.3	2020	Wire transfer	Prepayment
Supplier C	A Guangdong high-tech enterprise established in 1993 and specialized in the research and development, production and sales of high-performance new materials which are widely used in the automotive, home appliance and new energy industries. It is currently listed on the Shanghai Stock Exchange.	RMB2,637 Million	Plastic particle	56,945	2.1	2022	Bank acceptance	Approximately 90 days
Nanjing Jinshan Automotive Engineering Plastics Co., Ltd. (南京金杉汽車工程塑料有限責任公司)	A Jiangsu high-tech enterprise specialized in research and development, production and sales of engineering plastics and components for automobiles.	RMB31 Million	Plastic particle	52,298	1.9	2021	Supply chain negotiable instrument	Approximately 30 days
Supplier D	An Fujian enterprise specializing in the design, manufacture and sale of precision gears, providing supporting services to various mechanical equipment and the automotive industry	RMB58 Million	Gears and shaft teeth	41,800	1.5	2022	Bank acceptance	Approximately 30 days

BUSINESS

Supplier	Background	Registered Capital	Products/service provided	Purchase Amount	% of Total Purchase	Commencement of business relationship	Payment Method	Credit terms
(RMB'000)								

In 2024

Supplier E	An Anhui new energy power equipment enterprises focused on the research and development, production and sales of electric drive systems and core components for new energy vehicles	RMB491 Million	Motor controller	140,021	4.4	2023	Bank acceptance	Approximately 60 days
Henan Jiyuan Iron & Steel (Group) Co., Ltd. (河南濟源鋼鐵集團)有限公司	A large-scale integrated steel enterprise founded in 1958 with special steel smelting as its core business, and also engaged in diversified businesses such as steel processing equipment manufacturing and engineering construction.	RMB1,000 Million	Special steel	91,852	2.9	2019	Wire transfer	Approximately 30 days
Supplier A	A Hubei special steel manufacturing enterprise established in 1913 and specialized in the research and development, production and sales of high-quality special steel.	RMB2,072 Million	Special steel and bearing steel	82,519	2.6	2020	Wire transfer	Prepayment
Supplier C	A Guangdong high-tech enterprise established in 1993 and specialized in the research and development, production and sales of high-performance new materials which are widely used in the automotive, home appliance and new energy industries. It is currently listed on the Shanghai Stock Exchange.	RMB2,637 Million	Plastic particle	75,510	2.4	2022	Bank acceptance	Approximately 90 days
Chongqing Huasu Technology Co., Ltd. (重慶華塑科技)有限公司	A high-tech enterprise in Chongqing specialized in the research and development, production and sales of high-performance engineering plastics, providing solutions for industries such as automotive electronics and electrical appliances	RMB1,000 Million	Plastic particle	52,909	1.7	2019	Bank acceptance	Approximately 90 days

Supplier	Background	Registered Capital	Products/service provided	Purchase Amount	% of Total Purchase	Commencement of business relationship	Payment Method	Credit terms
(RMB'000)								

In 2025

Supplier E	An Anhui new energy power equipment enterprises focused on the research and development, production and sales of electric drive systems and core components for new energy vehicles	RMB491 Million	Motor controller	118,114	3.3	2023	Bank acceptance	Approximately 60 days
Henan Jiyuan Iron & Steel (Group) Co., Ltd. (河南濟源鋼鐵集團)有限公司	A large-scale integrated steel enterprise founded in 1958 with special steel smelting as its core business, and also engaged in diversified businesses such as steel processing equipment manufacturing and engineering construction.	RMB1,000 Million	Special steel	112,962	3.1	2019	Wire transfer	Approximately 30 days

BUSINESS

Supplier	Background	Registered Capital	Products/service provided	Purchase Amount	% of Total Purchase	Commencement of business relationship	Payment Method	Credit terms
(RMB'000)								
Supplier A	A Hubei special steel manufacturing enterprise established in 1913 and specialized in the research and development, production and sales of high-quality special steel.	RMB2,072 Million	Special steel and bearing steel	84,489	2.4	2020	Wire transfer	Prepayment
Supplier C	A Zhejiang enterprise focused on the research and development, production and sales of high-performance copper alloy new materials and products. A high-tech enterprise established in 1993 and specialized in the R&D, production and sales of high-performance new materials.	RMB2,637 Million	Plastic pellets	74,318	2.1	2022	Bank acceptance	Approximately 90 days
Anhui Dadixiong New Materials Co., Ltd. (安徽大地熊新材料股份有限公司)	A high-tech enterprise established in 2003 and specialized in the research and development, production and sales of high-performance sintered Ndfeb permanent magnetic materials. It is currently listed on the Shanghai Stock Exchange with stock code 688077.	RMB114 Million	Alnico	68,936	1.9	2017	Bank acceptance	Approximately 90 days

Framework agreements

We entered into long-term framework agreements with our suppliers in procurements of production materials, which are typically renewed on a yearly basis. Terms and conditions of the agreements are as following: we purchase raw materials, components, and auxiliary supplies by issuing stamped purchase orders, which specify the quantity, specifications, and price. Suppliers are required to confirm orders within three working days. Product prices are based on price agreements with suppliers. Payments are typically made by bank acceptance draft within three to four months after valid VAT invoices are received. We may deduct amounts relating to defective goods, penalties, or damages from the payable balance. Suppliers deliver products to our designated locations, bearing transportation and related costs. Title and risk pass to us upon acceptance into our warehouse. Products must comply with national standards and our technical requirements. We have the right to inspect upon delivery and during use, and may reject, return, or claim compensation for defective goods. Warranty periods generally follow legal requirements or our customers' specifications. Intellectual property in the designs, specifications, and materials we provide remains our property. Suppliers may not use or disclose our trade secrets without authorization, and confidentiality obligations continue after termination. Suppliers that delay delivery or fail to supply as agreed are liable for penalties and compensation. We may terminate contracts in the event of prolonged supply interruption or other material breaches.

Inventory management

Our planning and logistics department is responsible for setting and managing safety inventory levels for finished goods, semi-finished products and raw materials. The department conducts quarterly reviews, usually by the 20th day of the last month of each quarter, taking into account historical usage data, forecasted demand, batch production sizes, procurement lead times and minimum order quantities, with the proposed levels finalized through cross-departmental discussions with production and procurement. Once approved, the updated safety inventory levels are uploaded into our system and used in daily operations, while the planning and logistics department monitors inventory in real time through an alert mechanism to ensure that stock remains within the defined target range.

BUSINESS

CUSTOMERS, SALES AND MARKETING

Our Sales and Marketing

We primarily sell our products through direct sales. Our key customers are primarily automotive OEMs and Tier-1 suppliers of these vehicle manufacturers. Our products are sold in China and with the support of a team of sales specialists overseas, we also sell into markets including the United States and Mexico.

During the Track Record Period, we had over 540, 550, and 635 customers, respectively. We have successfully executed over 1,200 projects during the Track Record Period, which collectively contributed to the majority of our total revenue. Such projects are typically structured with a term of one to three years and are subject to renewal. The table below sets forth our revenue breakdown by customer type (on consolidated basis) for the years indicated.

	Years Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Tier 1 and Tier 2 suppliers . . .	2,418,146	58.4	2,675,508	54.5	2,568,314	46.8
OEM and automakers	1,558,855	37.7	1,955,375	39.8	2,364,951	43.1
Others	161,823	3.9	279,613	5.7	550,433	10.1
Total	4,138,824	100.0	4,910,495	100.0	5,483,698	100.0

We also expand our business through authorized distributors. We grant them the right to market and sell our products. We sell our products to distributors, who in turn sell them onward. We either deliver the goods directly to the distributors or ship them to customers designated by the distributors. Our distributors are generally permitted to engage sub-distributors. Adherent to our sales policies including *Trade Business Management Standards*, we manage our sales to distributors through valuating the qualifications of the distributors, assessing potential profits before formal engagements, specifying major terms in contracts, managing financial and other risks and keeping records of the transactions. We did not set mandatory sales targets for distributors but provide sales incentives. We mainly sell our products through direct sales. Our distributors engage in aftermarket auto part sales, and sales through this channel complement our direct sales. Our revenue generated from distributors are recognized under the revenue from the sales of products. Generally, distributors may only request returns in cases of product quality issues, in which case we will process the corresponding refund. They are required to (i) accept preliminary review from us, including assessments of their business operations, production capacity and overall performance; and (ii) follow the purchase and sale framework agreements which specify credit term, production quality requirements, product return policies and other basic terms.

During the Track Record Period, our sales generated from distribution amounted for 3.8%, 2.7% and 2.3% of the total revenue of each period, respectively. The number of our distributors was five, six, six and three in each period, respectively. In 2023, we did not enter transactions with three distributors we collaborated in 2022 and on boarded four new distributors; in 2024, we did not enter transactions with one of the distributors we collaborated in 2023 and on boarded one new distributor; and in 2025, we did not enter transactions with three of the distributors we collaborated in 2024. We did not enter transactions with certain distributors during the Track Record Period, mainly because the distributors we collaborated focused on aftermarket sales of auto parts and the orders were placed on an as-needed basis. All of our distributors are independent third parties.

BUSINESS

The following sets forth a summary of the major terms from an agreement we entered into with a distributor in March 2024: **Pricing:** The products will be sold at prices agreed upon by both parties. Prices will not change during the first 12 months of the agreement. After that, a price change can be negotiated, but not more than once every twelve months. The party requesting a price change must give 90 days' written notice, and the receiving party has 30 days to reply. **Products and Sales Conditions:** We will supply products to the distributor's designated freight forwarder. The distributor will place orders specifying quantity, price, and delivery dates, and the orders are only effective after being signed by both parties. For private label products, we must use the labels and packaging provided by the distributor. The distributor is restricted from promoting or selling products from other vendors to the customer for which we are the exclusive product provider. **Payment:** The payment is due by wire transfer 90 days after the bill of lading date. A deposit has been paid by the distributor, which will be returned within 60 days of the agreement's termination. The distributor has a credit limit with us. **Termination:** The agreement will automatically extend for one year after expiry unless a party provides a written notice of termination 120 days before the expiration date.

Additionally, we commissioned a sales representation to collaborate with a major auto parts retailer in the U.S, which has an extensive network of stores and warehouses across the country. The following sets forth a summary of the major terms from the agreement we entered into with the sales representative in July 2019: **Pricing and Commission:** We provide commission to the retailer based on payments received for products sold within the specified territory. The commission structure is as a base rate and additional rate depending on the sales amount. **Payment:** Commissions are paid every six months, with payments due every six months upon the parties mutually agreeing on the amount. All commissions are paid in U.S. currency. **Term and Termination:** The initial term of the agreement is 36 months. After the initial term, either party can terminate the agreement with or without cause by providing at least six months' written notice. The Retailer also has the right to terminate the contract if there is a change in our senior management.

Based on our long-term relationships with OEM manufacturers over the years, we established a formal process for sales project management. When the sales team secures an order, a dedicated project group is formed to manage the order through its lifecycle. The project manager coordinates the entire product development process, ensuring that the design and production align with the customers' requirements. The logistics team tracks the order volume and schedule, reviews production facilities and issues production plans to the manufacturing team. Once the production is completed and the products are warehoused, the logistics team handles packaging and shipping according to the customer's requirements. Upon delivery, the customer conducts an initial inspection and provides a temporary storage receipt or delivery confirmation. On a monthly basis, the finance team verifies orders with customers and issues invoices accordingly. Meanwhile, the sales team monitors payment status and addresses any customer feedback throughout the sales process to ensure customer satisfaction. The sales team maintains a credit rating system of customers, which categorizes customers based on creditworthiness and assigns credit terms accordingly. While we grant credit terms to some customers, we may require advance payment before delivery for certain customers.

We have entered framework agreements with our OEM customers, which mainly specify the terms of payment, delivery, product quality, product acceptance and intellectual properties. In addition, we negotiate the sales price with each customer every year under the framework agreement, staying au courant with the sales strategies of OEM manufacturers and shifting consumer preferences. Depending on the project requirements, sales volume from the previous year and vehicle model, we may offer discounts to our customers.

BUSINESS

The following sets forth a summary of the major terms from an agreement we entered into with an OEM manufacturer in September 2023: **Pricing and Payment:** Prices include all associated costs like packaging and transport. The quantity of an order is a forecast, and the actual delivery amount is based on the OEM manufacturer’s production plan. We must provide 90 days’ notice for price increases. Payment is on a rolling basis, beginning three months after the OEM manufacturer accepts the invoice. **Quality and Liability:** We are responsible for product quality and must meet all technical standards and laws. We can refuse or reject defective parts and have the right to demand compensation for all direct and indirect losses, including production line interruptions. The contract specifies penalties for major quality issues, with compensation for “unpredictable losses” depending on the severity of the problem. **Termination and Breach of Contract:** We can terminate the agreement if the OEM manufacturer fails to comply with its terms. Penalties for various breaches are detailed, including fines for quality issues, production line stoppages, and unauthorized use of intellectual property. If the OEM manufacturer unilaterally stops supplying products, it faces a penalty and may forfeit certain amount of payments. The contract also includes clauses on confidentiality and intellectual property.

We market our products through advertising, participating in industry exhibitions and working closely with OEM manufacturers. When a customer chooses us for new projects, we assess viability and may offer product testing for the new projects.

Pricing

We generally adopt a cost-plus pricing policy for our products and solutions. In determining the selling prices, we take into account a range of factors, including the cost of raw materials, processing cost, labor cost, administrative expenses, financial expenses, selling expenses and a reasonable profit margin. In our pricing process, we also reference prevailing market prices and competitor offerings, and make adjustments based on product type, technology sophistication, market position and customer profile. During the quotation process, we usually conduct multiple rounds of discussions with customers to optimize our pricing proposals while ensuring that the prices adequately reflect our costs and meet our financial targets. We also review and adjust our pricing strategy from time to time to respond to changes in raw material costs, market demand and competitive landscape.

Our Top Five Customers

Our revenue generated from our top five largest customers in each year during the Track Record Period were RMB2,188.7 million, RMB2,775.3 million and RMB2,830.4 million and accounted for approximately 52.9%, 56.5% and 51.6% of our total revenue for the respective years. Revenue generated from our largest customer were RMB828.5 million, RMB1,314.9 million and RMB1,432.9 million for the year ended December 31, 2023, 2024 and 2025, respectively, accounting for approximately 20.0%, 26.8% and 26.1% of our total revenue for the respective periods.

During the Track Record Period and up to the Latest Practicable Date, all of our five largest customers in each year during the Track Record Period are independent. We cultivated strategic partnerships with our five largest customers through a combination of introductions from industry associations, networking at industry exhibitions and direct outreach initiatives prompted by emerging market opportunities. As of the Latest Practicable Date, none of our Directors, their respective associates or any of our shareholders (who owned more than 5% of our issued share capital) had any interest in any of our five largest customers. During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with these customers.

BUSINESS

Customers	Background	Registered Capital	Products/service provided	Sales Amount	% of Total Revenue	Commencement of business relationship	Payment Method	Credit terms
(RMB'000)								
<i>In 2023</i>								
Customer A	One of the largest automobile manufacturing groups in China, mainly engaging in the production and sales of automotive vehicles (passenger cars and commercial vehicles), as well as automotive parts, mobility services, automotive finance and other full industry chain businesses. It is currently listed on the Shanghai Stock Exchange.	RMB11,492 Million	Wheel hubs and bearings, injection molded components and electric motors.	828,501	20.0	1997	Bank acceptance	One to three months
Customer B	A leading OEM in China, mainly engaging in the R&D, production, and sales of complete vehicles (passenger cars and commercial vehicles), as well as the manufacturing of core components such as engines.	RMB20,000 Million	Wheel hubs and bearings, injection molded components and electric motors.	552,781	13.4	2007	Bank acceptance	Three to four months
Customer C	A French automotive parts technology company, focusing on four key business areas, namely, automotive seats, interior systems, automotive electronics and green intelligent transportation (zero-emission hydrogen energy solutions). It is currently listed on the Paris Stock Exchange.	RMB107 Million	Seat HDMs	387,378	9.4	2021	Bank acceptance and wire transfer	Two to four months
Brose Fahrzeugteile SE & Co. KG, Coburg	A German family-owned automotive supplier and mechatronics specialist, globally renowned for developing and producing electronic mechanics systems for vehicle doors and seats, as well as electric motors and drives.	N/A	Injection molded components and stamping components	220,760	5.3	2005	Wire transfer	Three to five months
Customer D	A China's leading automotive parts supplier, mainly engaging in the R&D, production and sales of the engine management systems, transmission control systems and hybrid and electric drive control systems.	RMB1,200 Million	Precision functional components and ignition coil	199,233	4.8	1998	Bank acceptance and wire transfer	Three months

BUSINESS

Customers	Background	Registered Capital	Products/service provided	Sales Amount	% of Total Revenue	Commencement of business relationship	Payment Method	Credit terms
(RMB'000)								
<i>In 2024</i>								
Customer A	One of the largest automobile manufacturing groups in China, mainly engaging in the R&D, production, and sales of complete vehicles (passenger cars and commercial vehicles), as well as automotive parts, mobility services, automotive finance, and other full industry chain businesses. It is currently listed on the Shanghai Stock Exchange.	RMB11,492 Million	Wheel hubs and bearings, injection molded components and electric motors.	1,314,915	26.8	1997	Bank acceptance	One to three months
Customer B	A leading OEM in China, mainly engaging in the R&D, production, and sales of complete vehicles (passenger cars and commercial vehicles), as well as the manufacturing of core components such as engines.	RMB20,000 Million	Wheel hubs and bearings, injection molded components and electric motors.	552,098	11.2	2007	Bank acceptance	Three to four month
Customer C	A French automotive parts technology company, focusing on four key business areas, namely, automotive seats, interior systems, automotive electronics and green intelligent transportation (zero-emission hydrogen energy solutions). It is currently listed on the Paris Stock Exchange.	RMB107 Million	Seat HDMs	373,174	7.6	2021	Bank acceptance and wire transfer	Two to four months
Customer D	A leading automotive parts supplier in China, mainly engaging in the R&D, production and sales of engine management systems, transmission control systems and hybrid and electric drive control systems.	RMB1,200 Million	Precision functional components and ignition coil	277,725	5.7	1998	Bank acceptance and wire transfer	Approximately three months
Brose Fahrzeugteile SE & Co. KG, Coburg	A German family-owned automotive supplier and mechatronics specialist, globally renowned for developing and producing mechatronic systems for vehicle doors and seats, as well as electric motors and drives.	N/A	Injection molded components and stamping components	257,435	5.2	2005	Wire transfer	Three to five months

BUSINESS

Customers	Background	Registered Capital	Products/service provided	Sales Amount	% of Total Revenue	Commencement of business relationship	Payment Method	Credit terms
(RMB'000)								
<i>In 2025</i>								
Customer A	One of the largest automobile manufacturing groups in China, mainly engaging in the R&D, production, and sales of complete vehicles (passenger cars and commercial vehicles), as well as automotive parts, mobility services, automotive finance, and other full industry chain businesses. It is currently listed on the Shanghai Stock Exchange.	RMB11,492 Million	Wheel hubs and bearings, injection molded components and electric motors.	1,432,938	26.1	1997	Bank acceptance	One to three months
Customer B	A leading OEM in China, mainly engaging in the R&D, production, and sales of complete vehicles (passenger cars and commercial vehicles), as well as the manufacturing of core components such as engines.	RMB20,000 Million	Wheel hubs and bearings, injection molded components and electric motors.	533,640	9.7	2007	Bank acceptance	Three to four months
Customer C	A French automotive parts technology company, focusing on four key business areas, namely, automotive seats, interior systems, automotive electronics and green intelligent transportation (zero-emission hydrogen energy solutions). It is currently listed on the Paris Stock Exchange.	RMB107 Million	Seat HDMs	366,928	6.7	2021	Bank acceptance and wire transfer	Two to four months
Customer D	A leading automotive parts supplier in China, mainly engaging in the R&D, production, and sales of engine management systems, transmission control systems hybrid and electric drive control systems.	RMB1,200 Million	Precision functional components and ignition coil	304,715	5.6	1998	Bank acceptance and wire transfer	Approximately three months
Brose Fahrzeugteile SE & Co. KG, Coburg	A German family-owned automotive supplier and mechatronics specialist, globally renowned for developing and producing electronic mechanics systems for vehicle doors and seats, as well as electric motors and drives.	N/A	Injection molded components and stamping components	192,162	3.5	2005	Wire transfer	Three to five months

OVERLAPPING CUSTOMERS AND SUPPLIERS

During the Track Record Period, certain of our five largest customers in each period of the Track Record Period also served as our suppliers, and vice versa.

Customer A, one of our largest customers during the Track Record Period, was also our supplier in the same period. Revenue generated from our sales to Customer A in each year during the Track Record Period amounted to RMB828.5 million, RMB1,314.9 million and RMB1,432.9 million, and accounted for 20.0%, 26.8% and 26.1% of our total revenue for the respective year. Our purchases from Customer A amounted to RMB0.1 million, RMB0.6 million and RMB11.4 million

BUSINESS

in the same years, respectively. We sold our wheel hubs and bearings, injection molded components and electric motors to Customer A in the same period and procured finished steel products and plastic from Customer A during the Track Record Period.

Customer B, one of our largest customers during the Track Record Period, was also our supplier in the same period. Revenue generated from our sales to Customer B in each year during the Track Record Period amounted to RMB552.8 million, RMB552.1 million and RMB533.6 million and accounted for 13.4%, 11.2% and 9.7% of our total revenue for the respective year. Our purchases from Customer B amounted to RMB22,949, nil and nil in the same years, respectively. We sold our wheel hubs and bearings, injection molded components and electric motors to Customer B and procured oil material from Customer B during the Track Record Period.

Customer D, one of our largest customers during the Track Record Period, was also our supplier in the same period. Revenue generated from our sales to Customer D in each year during the Track Record Period amounted to RMB199.2 million, RMB277.7 million and RMB304.7 million, and accounted for 4.8%, 5.7% and 5.6% of our total revenue for the respective year. Our purchases from Customer D amounted to RMB16.5 million, RMB23.5 million and RMB23.2 million in the same years, respectively. We sold our precision functional components and ignition coil to Customer D and procured metal parts and electrical components from Customer D during the Track Record Period.

Our customer Brose Fahrzeugteile SE & Co. KG, Coburg, one of our largest customers during the Track Record Period, was also our supplier in the same period. Revenue generated from our sales to Brose Fahrzeugteile SE & Co. KG, Coburg in each year during the Track Record Period amounted to RMB220.8 million, RMB257.4 million and RMB192.2 million, and accounted for 5.3%, 5.2% and 3.5% of our total revenue for the respective year. Our purchases from Brose Fahrzeugteile SE & Co. KG, Coburg amounted to RMB18.0 million, RMB20.9 million and RMB16.6 million in the same years, respectively. We sold our injection molded components and stamping components to Brose Fahrzeugteile SE & Co. KG, Coburg and procured plastic particle from Brose Fahrzeugteile SE & Co. KG, Coburg during the Track Record Period.

Supplier E, one of our largest suppliers during the Track Record Period, was also our customer in the same period. Our purchases from Supplier E in each year during the Track Record Period amounted to RMB41.3 million, RMB140.0 million and RMB118.1 million and accounted for 1.5%, 4.4% and 3.3% of our total purchase for the respective year. Our revenue generated from our sales to Supplier E amounted to nil, RMB5,512.0 and RMB8.9 million in the same years, respectively. We procured our motor controls from Supplier E and sold electric machine to Supplier E during the Track Record Period.

The total revenue generated from the sales to our overlapping customers and suppliers, which were also one of our five largest suppliers during the Track Record Period, amounted to nil, RMB5,512.0 and RMB8.9 million in each period, accounting for nil, 0.0% and 0.2 of our total revenue for each period of the Track Record Period, respectively, and the gross profit of such sales were nil, RMB1,325.6 and RMB165,891.9, respectively, accounting for nil, 0.0% and 0.0% of our respective gross profit. The total purchases from our overlapping customers and suppliers, which were also one of our five largest customers during the Track Record Period amounted to RMB34.6 million, RMB44.9 million and RMB51.2 million, accounted for approximately 1.3%, 1.4% and 1.4% of our total purchase for each period of the Track Record Period, respectively.

According to Frost & Sullivan, the overlapping of customers and suppliers is common in the automotive components industry. This is because OEMs may designate or directly provide the raw materials or key components required in the manufacturing process to us in order to ensure their own production quality, which is consistent with the industry norm, according to Frost & Sullivan. Our Directors are of the view that the transactions with the overlapping customers and suppliers were conducted at arm's-length and under normal commercial terms.

BUSINESS

PRODUCT RETURN AND WARRANTY

For after-sales services, we have dedicated after-sales engineers responsible for inspection, analysis and identification of quality issues and engage third party testing institutes for testing when necessary. In compliance with relevant laws and regulations, we implemented product return and warranty policies allowing customers to return or exchange components for quality issues. During the Track Record Period, we did not experience any material product returns (more than 0.5% of our total revenue). The amount of our product returns were RMB24.4 million, RMB25.4 million and RMB16.5 million in 2023, 2024 and 2025, respectively.

For product warranties, we have implemented after-sales product warranty policy, customer claim policy, customer complaint management policy, customer return management policy and product recall policy. Our after-sales product warranty policy specifies protocols for product warranty liability determinations, handling of post-sales faulty parts, disposition of faulty parts, post-market failure analysis and improvement requirements. Our customer claim policy delineates departmental duties and standardizes the process for handling customer claims, which primarily include confirmation of customer claims, negotiation, internal reporting, liability analysis and settlement. Our customer complaint management policy covers scenarios such as label errors caused by objective factors, surface defects caused by inspection errors and dimensional deviation caused by mold malfunction. Our customer return management policy specifies terms for product returns and ensures all cases are meticulously documented. We strictly comply with the standard requirements of the Implementation Measures for the Regulations on the Recall of Defective Automotive Products (Order No. 176) “《缺陷汽車產品召回管理條例實施辦法》(總局令176號)” issued by the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) and the Regulations on the Recall of Defective Automotive Products (State Council Order No. 626) “國務院《缺陷汽車產品召回管理條例》(國務院令第626號)” issued by the State Council.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any product recalls, any material customer complaints or product returns, nor were we subject to any product liability claims which would have a material and adverse effect on our financial condition or results of operations.

SEASONALITY

During the Track Record Period and up to the Latest Practicable Date, we carried an extensive product line for customers including OEMs. Our product sales are affected by the inherent seasonal demand fluctuations in the automotive industry. We experienced highest sales volume in the fourth quarter as our OEM customers closed for the Chinese New Year holiday in the beginning of the year and closed for holidays and/or model year changeovers in the summer during the Track Record Period. However, the historical seasonal fluctuations we experienced during the Track Record Period have not had a material adverse effect on our operational results and we believe that our ongoing and planned expansion of product offerings into emerging markets will substantially reduce any potential impact of such seasonality.

COMPETITION

The automotive components industry in which we operate is competitive and rapidly evolving. We compete with automobile parts manufacturers specialized in the production of automotive components and with the manufacturing capability and expertise to cater for the demands of multinational renowned brands and/or well-established automakers, both in China and globally. We compete principally on product quality, pricing, reputation, product design and development skills, manufacturing techniques, research and development, production capacity, delivery and relationship with customers. Despite the fierce competition in our industry, we believe that we are well-positioned to effectively compete in such market.

BUSINESS

We have become a trusted and highly competitive automotive parts system suppliers by leveraging R&D capabilities, product manufacturing capabilities and brand reputation. Additionally, we possess strong market competitive advantages by several factors below:

- *Strong R&D and Innovation Capabilities in Automotive Parts.* We consistently invest in training our R&D personnel, keeping them updated with the latest industry technologies and insights. We also continuously attract and retain high-caliber, professional and talented employees domestically and from overseas including the United States and Thailand, to improve our overall technical competitiveness.
- *Advantages across Product Categories.* We have a diversified product portfolio which includes (i) transmission and drive components, such as transmission components, new energy vehicle drive systems and hub bearing components; and (ii) interior and exterior accessories, which meet diverse demands of our customers.
- *Quality Advantages.* We have established a comprehensive quality management system covering quality management, metrology, environmental, and human resources management to implement standardized quality control. Additionally, we have annual internal audits and management reviews which are carried out to continuously improve and enhance product quality stability.
- *Cost Control.* We have ensured precise cost control and continuously reduced product costs by improving precision in product design, improving techniques used in manufacturing process, implementing digital platform-based production and maintaining a lean production team.
- *Customer-centered Approach and High-quality Customer Base.* We have built production facilities and placed operation teams near our customers so that we are able to timely and effectively address the demand of our customers. Through years of collaborations, we have accumulated a stable and high-quality customer base. Our products are sold to leading automakers in China and globally renowned Tier-1 automotive component suppliers.

EMPLOYEES

As of December 31, 2023, 2024, and 2025, we had a total of 4,840, 4,819 and 4,890 employees, mostly based in China. As of December 31, 2025, we had 4,830 employees in China, 55 employees in Thailand and five employees in other areas. The following table sets forth the number of our employees by function as of December 31, 2025:

Functions	Employees	Percentage
Production	2,064	42.2
Sales	59	1.2
Research and Development	811	16.6
Finance	97	2.0
Administration	125	2.6
Management Staff	742	15.2
Supporting Staff	992	20.3
Total	4,890	100.0

Sharing success with employees and empowering them to grow is one of the core elements of our corporate culture. In line with our talent development plans, we dedicated our talent development department in recruiting talents based on the requirements of the position, the employee’s experience and qualification and the prevailing market conditions. We recruit our employees through online platforms, recruiting agencies and job fairs. We train new employee both online and offline.

BUSINESS

We incentivize our employees by ensuring a transparent promotion channel. We offer competitive remuneration packages and various benefits, including share-based incentive plans, to attract and retain talented professional employees. Our salary structure is tied to performance and divided into fixed pay, variable pay and bonuses. We have implemented policies specifying employee salary management and performance standards, as well as salary adjustment criteria. We strive to provide employees with comprehensive social benefits, a safe working environment and diverse career development opportunities. We also provide continual education and training programs to our employees to improve their skills and knowledge, supporting their employees’ career progression. During the Track Record Period, we offered 499, 440 and 524 training courses in 2023, 2024 and 2025 for our employees, primarily focused on training R&D personnel. We also conduct professional skill certification and training for frontline technicians. In addition, we have built an online learning platform for knowhow sharing and optimize the content from time to time.

We have also entered contracts with our employees in accordance with labor laws and contribute to relevant mandatory social security funds for employees, including endowment insurance, work-related injury insurance, maternity insurance, medical insurance and unemployment insurance. We also strictly adhere to the laws, regulations and standards on workplace safety in relevant countries and regions. We have established labor unions for our employees and maintained a good working relationship with our employees and labor unions. During the Track Record Period and up to the Latest Practicable Date, we did not experience any strikes, protests or labor disputes that could have a material and adverse effect on our business, financial conditions, or results of operations or has any difficulty recruiting and retaining senior employees.

PROPERTIES

Our corporate headquarters is located in Ningbo, Zhejiang Province, China. During the Track Record Period, we owned and leased certain properties which were primarily used as our production facilities, warehouses and offices.

Owned Land and Properties

As of December 31, 2025, we had rights to use 29 parcels of land in Chinese Mainland, with an area of approximately 969,210 square meters in aggregate. As of the Latest Practicable Date, our PRC Legal Advisors confirmed that our rights to use such construction land were lawful and valid, and there were no disputes or potential disputes over the land use right of such land. As of the Latest Practicable Date, we did not obtain land certificates for one parcels with an area of approximately 120,001 square meters in aggregate, primarily due to the failure to carry out plant construction in accordance with the contractual terms or failure to meet the acceptance criteria for the relevant indicators. As advised by our PRC Legal Advisor, the absence of land certificates may affect our rights as the owner of occupier of these properties. As of December 31, 2025, we owned 51 properties in Chinese Mainland, with an area of approximately 0.6 million square meters in aggregate. The properties are primarily used for manufacturing, production, warehousing, R&D and office purposes. As of the Latest Practicable Date, we did not receive any claims from third-parties disputing the land use right of these properties.

Leased Properties

As of Latest Practicable Date, we had 18 leased properties in Chinese Mainland, with a GFA of approximately 49,409 square meters in aggregate, primarily for warehouse, production and residence purposes. As of the Latest Practicable Date, six of our lease agreements had not been registered with the local housing authority as required under PRC laws and regulations, with a GFA of approximately 13,532.41 square meters in aggregate and representing 27.39% of our total lease properties, primarily due to a lack of cooperation from the property owners in completing the registration process. According to our PRC Legal Advisor, failure to register these lease agreements within the prescribed period may result in administrative penalties ranging from RMB1,000 to

BUSINESS

RMB10,000 per agreement. The estimated total penalty for the non-registration of the six lease agreements is approximately RMB6,000 to RMB60,000, with RMB60,000 being the maximum potential penalty. Our PRC Legal Advisor has further confirmed that the failure to register these lease agreements does not affect their validity under PRC law and regulations. During the Track Record Period and up to the Latest Practicable Date, we had not received any notifications or warnings from regulatory authorities regarding potential administrative penalties for the non-registration of these agreements. For further details, please see “Risk Factors — Risks Related To The Local Laws And Regulations Of The Jurisdictions Where We Conduct Business — Failure to renew our current leases or locate desirable alternatives for our facilities could materially and adversely affect our business.”

As of the Latest Practicable Date, we had not received any registration request from or become subject to any such fine levied by the relevant government authorities. We will take all practicable and reasonable steps to ensure that the relevant leases are registered and continue to communicate with such lessors to seek their cooperation to complete the registration and filing process. Considering the relevant laws, regulations and regulatory policies, as well as the facts stated above, our Directors are of the view that the failure to register these lease agreements would not materially and adversely affect our business operations. Based on the foregoing, our Directors believe that such defects and non-compliances would not have any material adverse effect on our business or results of operation.

We have enhanced our internal control measures with respect to our leased properties, including requiring the relevant employees to check the title certificates and other relevant documents evidencing the rights of lessors to lease the properties, reviewing the compliance of leased properties with applicable laws and regulations, requiring the relevant employees to conduct the lease registration and filing in a timely manner and recording detailed information of the lease agreements. Based on the foregoing, our internal control consultant and our Directors are of the view that the above-mentioned remedies and internal control measures our Group implemented are adequate and effective.

As of December 31, 2025 and up to the Latest Practicable Date, no single property interest forming part of our Group’s property activities had a carrying amount of 1% or more of our total assets and no single property interest forming part of our Group’s non-property activities had a carrying amount of 15% or more of our total assets. According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

INTELLECTUAL PROPERTY

Intellectual property rights are important to our success and competitiveness. As of December 31, 2025, we owned 367 patents covering core automotive component technologies, including precision gear and worm gear design, ball screw bearing units, face spline hub bearing units, stamping and rolling technologies, and laser welding technologies. In addition to relying on IP laws and regulations, we also protect our IP rights through confidentiality agreements and contractual arrangements with employees, suppliers, customers and other parties. When encountering infringement, we will conduct relevant investigations, obtain proper evidence, take appropriate action such as warnings and legal proceedings to protect our legal rights and interests. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any legal proceedings in relation to infringement of IP rights which would have material adverse impacts on our business, financial conditions, and results of operations.

BUSINESS

CYBERSECURITY, DATA PRIVACY AND PROTECTION

As a global leader in automotive transmission and drive components, we take measures to manage data throughout lifecycle. The security of data and the protection of personal information are integral to our corporate governance and operational integrity.

The data we collect in our business operations can be categorized into employee data, customer and supplier data, R&D data, and operational system log data. For all processing activities involving personal information, we strictly adhere to the requirements of China’s Personal Information Protection Law (PIPL). This entails obtaining explicit prior consent from data subjects, with separate, specific consent secured for the processing of any sensitive personal information.

Our approach to data privacy and security is built upon a robust internal control framework, overseen by a dedicated governance structure that includes a senior management-led Information Security Committee. We have set up the Information Security Management Procedure, which clarifies the laws or standards for the protection of personal information and important business data, also the risk monitoring and risk response strategy related to cybersecurity, data privacy and protection.

We have also established the Supplier Relationship Information Security Management Standard in 2022, which specifies that the suppliers and/or its employees, agents and subcontractors are obliged to comply with all legal requirements and our policies related to data protection (including intellectual property and copyright), clarifying the obligation to maintain personal data protection, confidentiality obligations, access rights of third-party technology providers to user data and regulations on data protection responsibilities. We enforce comprehensive policies and technical safeguards — such as data encryption, network segmentation, multi-factor authentication, and regular security audits — across the company. To ensure compliance, all employees are required to complete mandatory security training, and we hold third-party data processors to stringent contractual and oversight obligations.

Moreover, all data generated from our operations within Chinese Mainland is stored exclusively within the country, utilizing either company-owned data centers or certified domestic cloud services. Overseas branches, such as the facility in Thailand, comply with local data residency laws. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, no personal information or important data collected in China was transferred overseas. Any minimal, non-sensitive data transferred for global management purposes is conducted under strict protocols to ensure compliance with relevant cross-border data transfer regulations.

As confirmed by our PRC Legal Advisor, as of the Latest Practicable Date, we had complied in all material respects with relevant Chinese cybersecurity, data security and personal information protection laws. Specifically, we are not classified as a Critical Information Infrastructure operator, since our main business does not involve processing important or core data, and our data processing activities comply with the Cybersecurity Law, Data Security Law, and Personal Information Protection Law. Furthermore, we have not been subject to any administrative penalties related to these laws. Regarding cross border data transfer, our data transfers involve only general business data and are exempt from regulatory requirements such as declaring a data exit security assessment, concluding a standard contract for personal information or passing a certification for the protection of personal information. Finally, we are not required to, and has not been notified to, undergo a cybersecurity review for the [REDACTED], which is in Hong Kong and thus not considered an “overseas listing” mandating such a review under the current rules. Our Directors further confirm that during the track record period and up to the last practicable date, we had not experienced any material data breaches, losses or unauthorized use of personal information. We remain committed to upholding the standards of data security, as evidenced by our adherence to international standards including ISO 27001 and Trusted Information Security Assessment Exchange (TISAX), and we are committed to maintaining the integrity and compliance of our global operations.

BUSINESS

AWARDS AND RECOGNITION

During the Track Record Period, we received awards and recognition in respect of our products, innovation and market position. The following table sets forth the significant awards and recognition we obtained during the Track Record Period:

Date	Award/Recognition	Awarding Institution
December 2025	Provincial Enterprise Technology Center	Economy and Information Technology Department of Zhejiang
September 2025	5th Place, Ningbo Top 100 Competitive Enterprises (寧波市競爭力百強榜第五名)	Ningbo Enterprises Confederation, Ningbo Entrepreneurs Association, Ningbo Federation of Industrial Economics
June 2025	China’s Key Mould Enterprise (中國模具重點骨幹企業) (2025-2028)	China Die & Mould Industry Association
June 2025	Top 20 Ningbo listed companies in 2024 (2024寧波上市公司20強)	Ningbo Municipal Government
April 2024.	2024 “Outstanding Quality Award” & “Excellent Supplier Award” (傑出質量獎與優秀供應商獎)	ZF Friedrichshafen AG, Asia Pacific
March 2023	2022 Ningbo Management Innovation Benchmark Enterprise	Economy and Information Technology Department of Zhejiang

LICENSES AND PERMITS

The following table sets forth the details of material licenses, permits and approvals we obtained as of the Latest Practicable Date:

Licenses/permits/approvals	Right holder	Issuing authority	Valid until
Customs Registration Receipt for Consignors (海關進出口貨物收發貨人備案回執)	Shuanglin Co., Ltd.	Ninghai Customs, PRC	N/A ⁽¹⁾
Fixed Pollution Source Discharge Permit (固定污染源排污登記回執)	Shuanglin Co., Ltd.	–	March 26, 2030
Fixed Pollution Source Discharge Permit (固定污染源排污登記回執)	Shuanglin Mould	–	August 12, 2029
Customs Registration Receipt for Consignors (海關進出口貨物收發貨人備案回執)	Shuanglin Investment	Xiangyang Customs, PRC	N/A ⁽¹⁾
Pollutant Discharge Permit (排污許可證)	Hubei Shuanglin Bearing	Xiangyang High-Tech Zone Ecological Environment Bureau	December 21, 2026
Fixed Pollution Source Discharge Permit (固定污染源排污登記回執)	Wuhu Shuanglin	–	November 7, 2030
Fixed Pollution Source Discharge Permit (固定污染源排污登記回執)	Hangzhou Bay Shuanglin	–	May 19, 2030
Pollutant Discharge Permit (排污許可證)	Jingzhou Shuanglin	Linyi Ecological Environment Bureau	April 27, 2029
Pollutant Discharge Permit (排污許可證)	Qingdao Shuanglin	Yubei District Ecological Environment Bureau	September 22, 2027
Fixed Pollution Source Discharge Permit (固定污染源排污登記回執)	Chongqing Wanglin	–	September 9, 2026
Pollutant Discharge Permit (排污許可證)	Liuzhou Wanglin	Administrative Approval Bureau of Liuzhou City	June 13, 2027

BUSINESS

Licenses/permits/approvals	Right holder	Issuing authority	Valid until
Fixed Pollution Source Discharge Permit (固定污染源排污登記回執)	Wuxi Kezhixin	–	August 23, 2030
Fixed Pollution Source Discharge Permit (固定污染源排污登記回執)	Shanghai Chengye	–	March 23, 2030
Fixed Pollution Source Discharge Permit (固定污染源排污登記回執)	Shanghai Chonglin	–	March 25, 2030

Note:

- (1) No expiration unless we are dissolved, liquidated, declared bankrupt, deregistered, have our business license revoked annulled, or are ordered to shutdown in accordance with the PRC law or the provisions of articles of association.

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

INTRA-GROUP TRANSACTIONS

Structure of Intra-Group Transactions

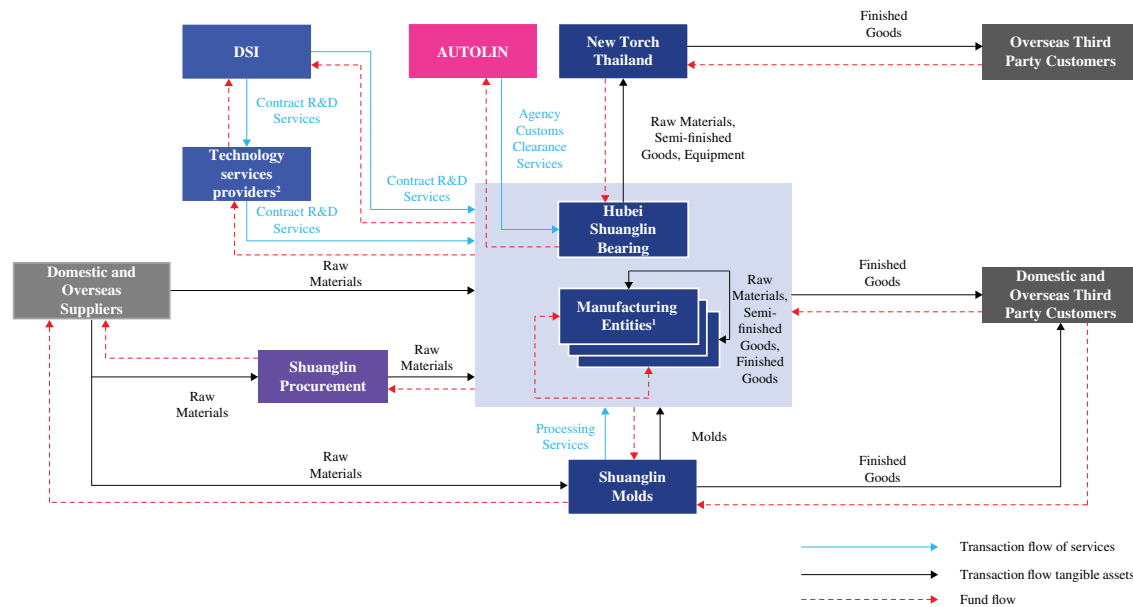
During the Track Record Period, our business was mainly carried out through our Company and our subsidiaries, including domestic manufacturing entities, a domestic procurement entity, a domestic technology services entity, New Torch Thailand, DSI Holdings Pty Limited (“**DSI**”), and Autolin Inc. (“**Autolin**”). Among them, our Company, the domestic manufacturing entities, and New Torch Thailand acted as the manufacturing and sales entities; the domestic procurement entity served as a procurement entity; and the domestic technology services entity, DSI, and Autolin acted as service providers.

The following table sets forth a breakdown of the intra-group transactions:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Thailand			
Intra-group cross-border transactions (Product purchase and sales transactions)	624	1,306	54,170
Percentage of total intra-group transactions	0.07%	0.13%	4.18%
The United States			
Intra-group cross-border transactions (Service transactions)	5,287	3,018	5,733
Percentage of total intra-group transactions	0.59%	0.30%	0.44%
Australia			
Intra-group cross-border transactions (Services transactions)	16,268	5,512	–
Percentage of total intra-group transactions	1.81%	0.55%	–

BUSINESS

The chart below illustrates the principal intra-group transactions during the Track Record Period:



1. Manufacturing entities refer to our Company, Xincheng Auto Parts; Chongqing Wanglin; Tianjin Shuanglin; Suzhou Shuanglin Auto Parts; Qingdao Shuanglin; Hangzhou Bay Shuanglin; Liuzhou Technology; Liuzhou Manufacturing; Wuhu Shuanglin; Shanghai Chengye; Ningbo Chengye; Shuanglin Investment; Shandong Disheng; Shandong Shuanglin; Liuzhou Wanglin; Shuanglin Transmission; Jingzhou Shuanglin; Wuxi Kezhixin, Zhaoqing Shuanglin.
2. Technology services providers refer to our Company, Shanghai Chonglin and Shandong Shuanglin.

As illustrated in the chart, our key intra-group transactions included:

- (a) Sales of finished goods (for follow-up sales) and raw materials among manufacturing entities;
- (b) Sales of semi-finished goods among manufacturing entities (for follow-up production);
- (c) Sales of molds from Shuanglin Molds to manufacturing entities;
- (d) Sales of raw materials from the procurement entity to manufacturing entities;
- (e) Contract R&D services provided by the technology services entity to manufacturing entities;
- (f) Transfers of rights to use tangible assets within the Group;
- (g) Intra-group financing transactions;
- (h) Processing and labor services within the Group;
- (i) Sales of grinding machines from Wuxi Kezhixin to manufacturing entities;
- (j) Other intra-group transactions;
- (k) Agency customs clearance, market development services, and procurement of finished goods provided by Autolin to related parties;
- (l) Contract R&D services provided by DSI to related parties;
- (m) Purchases of raw materials, semi-finished goods, and equipment by New Torch Thailand from related parties.

BUSINESS

Transactions with Major Related Party Outside the Consolidation Scope

During the Track Record Period, we engaged in transactions with Shuanglin Electronics, a related party outside the consolidation scope. These transactions included transfers of ownership of goods and equipment and transfers of rights to use tangible assets, such as plant leasing. Shuanglin Electronics acted as a manufacturing and sales entity.

Transfer Pricing Assessment

The Organisation for Economic Co-operation and Development (“OECD”), an international organization of international cooperation, has issued transfer pricing guidelines for multinational enterprises and tax administrations (the “OECD Transfer Pricing Guidelines”). In line with the OECD Transfer Pricing Guidelines, intra-group transactions should follow the arm’s length principle to avoid distorted taxable income in different jurisdictions. Our subsidiaries in China, the United States, Australia and Thailand adhere to this principle.

In order to ensure assess compliance with the relevant transfer pricing regulations, we engaged an independent transfer pricing consultant to review our intra-group transactions and transactions with major related party outside the consolidation scope during the Track Record Period, in accordance with PRC transfer pricing regulations and the OECD Transfer Pricing Guidelines. Our transfer pricing consultant’s review was based on transaction data, arrangements and their business rationale. A systematic approach was adopted, classifying transactions across four tax jurisdictions (China, the U.S., Australia and Thailand) and further analyzing domestic and cross-border related party transactions. Our transfer pricing consultant categorized the transactions type based on related party transaction condition, business rationale and pricing policies. For the major transaction types, our transfer pricing consultant selected related-party transactions with larger scales from each category, then analyzed and tested the profit levels of the tested entity’s relevant segment financials. For different types of transactions, our transfer pricing consultant selected appropriate transfer pricing methods to conduct transfer pricing analysis.

Summary of Tested Transactions and Results

Jurisdiction of Transaction Tested	Transaction Tested	Transfer Pricing Method
PRC	(I) Sales of finished goods and raw materials among manufacturing entities	Transactional net margin method
PRC	(II) Sales of semi-finished goods among manufacturing entities	Transactional net margin method
PRC	(III) Sales of molds from Shuanglin Molds to manufacturing entities	Transactional net margin method
PRC	(IV) Sales of raw materials from procurement entity to manufacturing entities	Transactional net margin method
PRC	(V) Contract R&D services provided by technology services entity	Transactional net margin method

BUSINESS

Jurisdiction of Transaction Tested	Transaction Tested	Transfer Pricing Method
PRC	(VI) Transfers of rights to use tangible assets within the Group	Comparable uncontrolled price method
PRC	(VII) Intra-group financing transactions	Comparable uncontrolled price method
PRC	(X) Sales of grinding machines from Wuxi Kezhixin to manufacturing entities	Comparable uncontrolled price method
PRC	(XI) Transactions with Shuanglin Electronics	Comparable uncontrolled price method
U.S.	Services provided by Autolin (agency customs clearance, market development, procurement)	Comparable uncontrolled price method
Australia . . .	Contract R&D services provided by DSI	Transactional net margin method

Transfer Pricing Methods

According to the OECD Transfer Pricing Guidelines, the transactional net margin method examines the net profit relative to an appropriate base, including costs, sales, assets, which a taxpayer realizes from a controlled transaction. The transactional net margin method relies much less on the consistency in accounting standards from various countries or regions or transaction similarities since it is applied on net profit level basis. For the PRC tested transaction (I), (II), (III), (IV), (V), as well as the Australia tested transaction, it is relatively easy to obtain financial data of third-party companies performing identical or similar functions and risks of tested parties in public market. Furthermore, The transactional net margin method provides greater flexibility since it can be applied by recourse to different profit level indicators, depending on the specific circumstances on the transactions and the tested parties. Therefore, the transactional net margin method is considered to be the appropriate method to analyze whether the above tested transactions are in compliance with arm’s length principle.

Furthermore, according to the OECD Transfer Pricing Guidelines, the comparable uncontrolled price method compares the price charged for property or services transferred in a controlled transaction to the price charged for property or services transferred in a comparable uncontrolled transaction in comparable circumstances. The comparable uncontrolled price method is a particularly reliable method where an independent enterprise sells the same product as is sold between two associated enterprises. For the PRC tested transaction (VI), (VII), (X) and (XI), price information regarding uncontrolled transactions that have identical or similar characteristics of related transactions between the tested party and its related parties can be obtained in the open market. For the U.S. tested transaction, our related party was engaged in identical or similar transactions with third parties under identical or similar circumstances. Therefore, the comparable uncontrolled price method is considered to be the appropriate method to analyze whether the above tested transactions are in compliance with arm’s length principle.

BUSINESS

Conclusion

Under the transactional net margin method, our Transfer Pricing Consultant compared the profit level indicator (“PLI”) of tested parties with the inter-quartile range for the comparable companies. As the PLIs of tested parties fall within the inter-quartile range, our Transfer Pricing Consultant concluded that tested transactions were consistent with arm’s length principle. Under the comparable uncontrolled price method, our Transfer Pricing Consultant compared the price of related party transactions with the arm’s length range for third party transactions. As the price of related party transactions fell within arm’s length range, our Transfer Pricing Consultant concluded that tested transactions were consistent with arm’s length principle.

Based on the above analysis, our Transfer Pricing Consultant concluded that, in accordance with China’s transfer pricing regulations and the OECD Transfer Pricing Guidelines, our intra-group transactions or major related-party transactions outside the consolidation scope were consistent with the arm’s length principle.

Compliance

For our obligation to notify the relevant tax authorities, as advised by the Transfer Pricing Consultant, the subsidiaries involved in the intra-group transactions need to comply with the applicable laws and regulations in the relevant jurisdictions in which these subsidiaries operate imposing requirements on transfer pricing documentation. As advised by the Transfer Pricing Consultant, the requirements on Transfer Pricing in the relevant jurisdictions generally follow, or are considered to be consistent with the OECD Transfer Pricing Guidelines, subject to the local-specific requirements for the preparation of the transfer pricing documentation. According to the OECD Transfer Pricing Guidelines, a three-tiered approach has been introduced to transfer pricing documentation, including (i) a Master File; (ii) a Local File; and (iii) a Country-by-Country Report.

During the Track Record Period and up to the Latest Practicable Date, in all tax jurisdictions where our subsidiaries were required to comply with relevant transfer pricing documentation requirements, such subsidiaries have been in full compliance. These transfer pricing documentation requirements do not constitute any investigation or enquiry by the relevant tax authorities. In addition, during the Track Record Period and up to the Latest Practicable Date, we were not aware of any queries, audits, or investigations from tax authorities in China, the United States, Australia, or Thailand in relation to the above transactions.

Our Directors thus further confirmed, with the view of our Transfer Pricing Consultant that, during the Track Record Period and up to the Latest Practicable Date, our intra-group transactions with transfer pricing arrangements complied with applicable laws and regulations in Chinese Mainland, the United States, Australia and Thailand.

We believe the above reflects a reasonable interpretation of PRC transfer pricing regulations and the OECD Transfer Pricing Guidelines. However, this does not constitute a binding view of any tax authority and cannot be regarded as assurance that we will not face potential transfer pricing challenges. See “Risk Factors — Risks relating to Our Business and Industry — We may face risks in relation to our transfer pricing arrangements.”

In addition, we have established the *Regulations on the Management of Internal Transaction Pricing* to standardize the pricing principles and methods of internal transactions. In most cases, internal transaction pricing is determined using the market price pricing method based on the average price of similar businesses in the recent period or the average price of similar businesses in the opening market. When there is a lack of market reference prices for the same or similar products, the cost plus pricing method is used to determine the transaction price of the related parties’ transaction based on the reasonable cost (such as standard cost, product project initiation cost, etc.) plus appropriate profits. In addition, to assess compliance with the relevant transfer

BUSINESS

pricing regulations, we have engaged an independent transfer pricing consultant, KPMG Advisory (China) Limited Hangzhou Branch, to review the reasonableness of the identified related-party transactions to be tested during the Track Record Period in accordance with the China’s transfer pricing regulations and the OECD Transfer Pricing Guidelines. Therefore, our Directors confirmed that the measures are effective and sufficient.

INSURANCE

We maintain insurance policies include property insurance and insurance for international transactions in accordance with relevant laws and regulations and based on our assessment of the needs of our operations and industry practices. We do not maintain any insurance coverage for product liability. In accordance with PRC regulations, we provide social insurance including pension insurance, unemployment insurance, work-related injury insurance and medical insurance for our employees based in China. We believe our insurance coverage is in line with industry practice and adequate to cover our operations. During the Track Record Period and up to the Latest Practicable Date, we did not file any material insurance claims.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE POLICY

Sustainable development is one of our core strategies and we are committed to creating sustainable value for our stakeholders. We set clear, relevant goals and integrate community sustainability into our corporate growth by actively embracing social responsibilities.

ESG Governance and Management Framework

We recognize that our business will be affected by ESG-related risks and therefore continually optimize our ESG risk management and opportunity identification system. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material administrative penalties for violating health, safety, or environmental regulations.

Governance Structure

The Board sets our strategic direction, ensuring alignment between its ESG strategy, values, and core businesses. The ESG strategy is developed through evaluating, prioritizing, and managing these issues and risks. The Board will adopt the following approach to manage material ESG issues: **Identify** — The Board will engage internal and external stakeholders to identify material ESG issues, as it believes open dialogue is crucial for business sustainability. **Strategic Planning** — The Board will set up risk management and internal control systems, which are designed to meet our Group’s business needs and minimize its risk exposure. **Assess** — Beyond stakeholder discussions, the Board will engage an independent third party to assess our Group’s performance in environmental protection and climate change. **Review** — The Board will annually review progress against ESG goals to improve performance. A systematic risk management framework ensures effective financial, operational, compliance, and asset management controls.

To drive sustainability, the Board assigns ESG matters to our Strategic Committee, which includes leaders from smart manufacturing, R&D, and supply chain management. This grounds our strategy in the realities of designing and producing components. The Committee reports to the Board regularly on ESG performance and social responsibility. Furthermore, we are committed to building a diverse Board with a mix of gender, age, cultural background, and professional experience, including expertise in automotive and smart technology and industrial manufacturing. To further strengthen our governance, the Board shall receive regular ESG competency training to enhance relevant skills and knowledge. The Remuneration Committee assists the Board in determining executive remuneration policy and structure, evaluating performance, reviewing incentive schemes and service contracts, and fixing remuneration packages for all Directors and senior management. Currently, ESG metrics are not yet factored into Directors’ pay, but we are actively looking to include climate change issues in executive remuneration.

BUSINESS

Climate-Related Risks and Opportunities

As an automotive and smart manufacturing company, we face climate-related risks from both our physical operations and the transition to a low-carbon economy. These include direct threats to our facilities and supply chain from extreme weather, as well as regulatory and market shifts driven by evolving climate policy. However, these challenges also present opportunities to innovate our products, enhance resilience, lead in sustainable technologies, and create long-term value. Our identified climate risks and opportunities are discussed below.

Physical Risks

Our business relies on interconnected manufacturing facilities, precision machinery, and supply chains, making us vulnerable to climate-related physical risks. These include extreme weather events like floods and typhoons and longer-term climate shifts. Such events can disrupt infrastructure, halt production, and delay material deliveries. Rising temperatures further compound these challenges by increasing cooling demands, which elevates energy costs and introduces challenges in precision manufacturing processes.

Transition Risks

We also face transition risks from global climate action, including new regulations impacting the automotive industry. Growing climate awareness means customers prioritize environmentally responsible partners; neglecting this can cause reputational damage. Policy changes like stricter emissions standards and carbon taxes influence product design and costs. In the market, our automotive clients face pressure to electrify; failure to provide low-carbon components could lose contracts, while energy price volatility impacts our expenses. Any perceived environmental lag can drive away partners, especially among leading EV manufacturers.

Mitigation of Physical and Transition Risks

To mitigate physical risks, we have implemented business continuity plans across our manufacturing operations. This includes reinforcing critical infrastructure, diversifying our supplier base, and holding inventories of key materials. These procedures effectively minimize downtime during power outages or infrastructure disturbances. To mitigate transition risks, our legal department ensures we stay current with evolving regulations while we explore sustainable technologies to minimize our carbon footprint. By embedding climate considerations into our decision-making, we aim to ensure compliance and protect our market reputation.

Opportunities

In addition to developing mitigation measures, we have explored opportunities arising from climate change to strengthen our resilience and adapt to the low-carbon economy. We are conducting research to develop more innovative automotive products, explore new markets, increase resource efficiency, and shift to partnerships with more sustainable suppliers.

A. ENVIRONMENTAL POLICIES

We prioritize green development and continuously innovate our production and management to embed sustainable practices across our operations. To this end, we comply with all environmental laws and regulations governing hazardous materials in our manufacturing process, including their use, storage, discharge, and disposal.

These requirements span a wide range of legislative areas. In atmospheric and climate protection, we adhere to standards including the Law of the PRC on the Prevention and Control of Atmospheric Pollution, the Integrated Emission Standard of Air Pollutants, the Vienna Convention for the Protection of the Ozone Layer, the Management Regulations on the Consumption of Ozone

BUSINESS

Depleting Substances, and the Interim Regulations on the Administration of Carbon Emissions Trading. Our water management practices are guided by the Water Law of the PRC, the Water Pollution Prevention and Control Law of the PRC, the Integrated Wastewater Discharge Standard, and various Regulations on Water Conservation. Regarding waste management, we follow the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste, the Management Measures for the Prevention and Control of Pollution from Electronic Waste, the Management Measures for the Transfer of Hazardous Waste, the Standard for Pollution Control on Hazardous Waste Storage, and the Technical Specifications for the Setting of Identification Marks for Hazardous Waste. Finally, our commitment to energy conservation and management is upheld through compliance with the Energy Conservation Law of the PRC, the Renewable Energy Law of the PRC, the Energy Law of the PRC, the Measures for the Administration of Electricity Conservation, the Ningbo Municipal Regulations on Energy Conservation, and the Circular of the State Council on Further Strengthening the Work of Eliminating Backward Production Capacity.

During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material fine, claim or administrative penalties arising from non-compliance with applicable environmental laws and regulations.

Environmental Management

Climate Change, Greenhouse Emission, and Waste Management

As of December 31, 2024, we have completed carbon emission and disclosure surveys for our facilities and planned to implement ISO14064 standards to further reduce emissions. We have increased internal testing frequency and purchased a portable VOC detector for daily monitoring, allowing us to compare results with online data. Additionally, we test our exhaust gas activated carbon adsorption equipment quarterly; if adsorption capacity falls below 95 percent, we coordinate with the manufacturer to perform high-temperature regeneration. In November 2023, we obtained national-level green plant certification, demonstrating our adherence to stringent environmental standards.

Energy Efficiency and Emissions Management

In line with China’s carbon peaking and carbon neutrality goals, we installed distributed photovoltaic power stations in our Hangzhou Bay and Shuanglin Molds plants. The power stations generated power of approximately 4.70 million and 4.60 million KW/H, and saving approximately RMB4.2 million and RMB3.7 million in energy costs in 2023 and 2024 respectively. We also completed a carbon emissions and disclosure survey for its Ninghai plant and passed the national green factory certification in November 2023. To achieve sustainable development, we made energy conservation and emission reduction efforts in accordance with ISO14064 standards, including managing the use of raw materials, upgrading production line and using green electricity.

Significant Impacts on the Environment and Natural Resources

As a manufacturing enterprise, we responsibly manage our significant energy consumption and specific waste streams. Our energy use includes electricity for equipment, diesel for forklifts, natural gas for boilers, and fuel for our fleet. We track all consumption and emissions to drive improvements, including phasing out older machinery and prioritizing eco-friendly raw materials, which has already reduced hazardous waste. For unavoidable hazardous waste, we use a strict protocol, partnering with certified specialists for disposal and documenting all steps via our five-part manifest system. We also reduce water consumption by recycling treated wastewater, installing water-saving valves, and conducting water balance tests. Our water comes from municipal supply and local reservoirs.

BUSINESS

Our raw materials are subject to strict controls on toxic substances. We comply with universal regulations, national standards like “GB/T 30512-2024: Requirements for Prohibited Substances on Automobiles”, as well as critical client-specific standards such as “BT/SGWMWJ 0849-2015: Requirements for Prohibited Substances on Automobiles”, “Q/CAM-266-2022: Requirements for Prohibited Substances on Automobiles”, and “Q/LP YJC 0001-2023: Requirements for Prohibited and Restricted Substances of Automobile Parts and Materials”. These standards govern the restricted substances, such as lead (Pb), cadmium (Cd), mercury (Hg), hexavalent chromium (Cr(VI)), polybrominated biphenyls (PBBs), and polybrominated diphenyl ethers (PBDEs). All of the Group’s products are tested by third-party vendors and are verified to be in full compliance with these applicable standards.

Regarding the management of hazardous materials, the Group has implemented a comprehensive environmental management system with strict protocols for use, storage, and disposal, as listed in the Waste Management sub-section of the Environmental Policies section. Furthermore, our plan to reduce consumption is integrated into long-term targets and daily operations. Initiatives include phasing out older machinery, investing in environmentally friendly equipment, and prioritizing eco-friendly raw materials, an approach that has already significantly reduced consumption and waste generation. Our efforts in energy saving, pollution reduction, and sustainable manufacturing have been recognized through honors such as the “National Green Factory” title and the “Clean Production Demonstration Enterprise” award.

Environmental Metrics and Targets

Greenhouse Gas Emissions

The following table shows our greenhouse gas emissions for the periods indicated:

Scope of Greenhouse gas emissions	Emission Sources		2025 (tCO ₂ eq.)	2024 (tCO ₂ eq.)	2023 (tCO ₂ eq.)
Scope 1 emission¹	Combustion of fuels in stationary sources	Natural Gas	1,121.3	742.1	298.9
		Liquefied Petroleum Gas	351.5	459.1	445.4
		Diesel	23.2	62.3	94.7
	Combustion of fuels in mobile sources	Petrol	57.2	84.9	87.3
		Diesel	87.7	95.1	152.2
	Release of refrigerants from the operation of equipment and systems		1,024.9	1,778.8	1,269.4
	Assimilation of carbon dioxide through tree planting		(740.3)	(644.9)	(104.0)
Scope 2 emission²	Purchased electricity ³		83,267.3	52,221.0	73,273.3
Scope 3 emission^{4, 5}	Paper waste disposal at landfills		17.0	37.5	18.2
	Electricity used for freshwater and sewage treatment		258.0	235.5	381.8
	Business air travel by employees ⁶		180.7	223.1	225.1
	Category 1: Purchased goods and services		164,162.7	101,703.3	100,397.2
	Category 2: Capital goods		24,231.3	9,137.6	9,234.4
	Category 6: Business travel (Excluding business air travel)		36.1	73.3	108.4
	Category 7: Employee commuting		95.7	158.9	242.3
Total⁷			274,174.3	166,367.7	186,124.6
Scope 1 + Scope 2 Emissions Intensity (tCO₂eq./Million RMB of Operating Income)			14.1	11.1	14.5
Total Emissions Intensity (tCO₂eq./Million RMB of Operating Income)			45.5	33.7	35.6

BUSINESS

- Note 1:** As pursuant to Appendix 2 of “How to Prepare an ESG Report” set out by Hong Kong Exchanges and Clearing Limited, Scope 1 greenhouse gas emissions refer to direct emissions from equipment and operations that are owned or controlled by our Group.
- Note 2:** As pursuant to Appendix 2 of “How to Prepare an ESG Report” set out by Hong Kong Exchanges and Clearing Limited, Scope 2 greenhouse gas emissions refer to energy indirect emissions resulting from the generation of purchased or acquired electricity, heating, cooling, and steam consumed within our Group.
- Note 3:** According to The Ministry of Ecology and Environment of People’s Republic of China: Emission factor of 0.6205 tCO₂e/MWh was used for purchased electricity from the National Grid of the PRC in 2025, 2024 and 2023; Emission factor of 0.5366 tCO₂e/MWh was used for purchased electricity from the National Grid of the PRC in 2022.
- Note 4:** Scope 3 GHG emissions were calculated based on available emission factors referred by Appendix 2 of “How to Prepare an ESG Report” set out by Hong Kong Exchanges and Clearing Limited, as well as based on the “Technical Guidance for Calculating Scope 3 Emissions (version 1.0)” published by Greenhouse Gas Protocol, unless stated otherwise.
- Note 5:** Data for other categories of scope 3 emissions have not yet been collected, and our Group currently does not have the capability to conduct data collection for these categories; however, our Group shall endeavour to dedicate resources to complete scope 3 emissions disclosure in due time.
- Note 6:** CO₂ emissions from the Group’s business air travels were reported in accordance with the International Civil Aviation Organisation (ICAO) Carbon Emission Calculator.
- Note 7:** Total GHG Emissions may not equal total sum of emission sources due to rounding errors.

Resources Consumption

In terms of energy consumption, our Group mainly consumed electricity, natural gas, liquefied petroleum gas, diesel, and petrol for business purposes during the track record period. The following table shows the breakdown of our energy consumption for the periods indicated:

	Unit	2025	2024	2023
Electricity Consumption	kWh	144,135,912.3	90,394,624.0	118,087,508.0
Natural Gas Consumption	m ³	550,436.4	364,309.5	146,753.4
Liquefied Petroleum Gas Consumption	kg	116,507.8	152,174.8	147,617.0
Diesel Consumption	litres	42,378.2	60,168.3	94,325.0
Petrol Consumption	litres	21,448.3	31,813.1	32,704.4
Total Energy Consumption	kWh	151,814,406.8	97,000,228.8	122,828,563.8
Total Energy Consumption Intensity	kWh/Million RMB of Operating Income	25,182.7	18,299.6	23,502.0

Note: Conversion factors were referred to IEA Energy Statistics Manual and 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

In addition to energy consumption, we also utilize water in our operations. The following table outlines our water usage for the periods indicated.

	Unit	2025	2024	2023
Water Consumption	m ³	578,711.1	502,770.0	609,222.0
Water Consumption Intensity	m ³ /Million RMB of Operating Income	96.0	101.8	116.6

BUSINESS

Industry Peer Comparison

Our Group has selected Minth Group (0425.HK) (“**Minth**”) and Johnson Electric Holdings (0179.HK) (“**Johnson**”) as its ESG performance peers since we believe they serve as a meaningful and relevant comparison. Firstly, all three entities are classified within the same “Hang Seng Automotive Parts” industry, thus providing a standardized sectoral benchmark. Furthermore, Johnson’s focus on drive systems aligns with the Group’s transmission and drive intelligent components division, while Minth’s expertise in automotive body parts mirrors the Group’s automotive decorative business, meaning that the core business activities of these selected industry peers are comparable to our key business activities. The following table compares relevant environmental data from the above-mentioned industry peers of our Group over their two most recently completed reporting periods.

Data	Company	Unit	2024	2023	2022
Scope 1 + Scope 2 emissions	Group	tCO ₂ e	54,798.5	75,517	65,343
	Minth		480,335	458,701	420,996
	Johnson		146,073	245,122	319,672
Scope 1 + Scope 2 emissions intensity ³	Group	tCO ₂ e/employee	11.4	15.6	13.9
	Minth		18.7	20.6	19.7
	Johnson		4.3	6.9	8.3
Energy consumption	Group	kWh	97,000,229	122,828,564	122,388,170
	Minth ¹		968,469,642	920,999,471	659,559,397
	Johnson ²		857,112,222	822,820,000	791,487,778
Energy consumption intensity ³ . . .	Group	kWh/employee	20,128.7	25,377.8	25,968.2
	Minth		37,738.0	41,280.1	30,920.2
	Johnson		25,135.3	23,142.8	18,682.7
Water consumption ⁴	Group	m ³	502,770	609,222	585,427
	Minth		5,721,416	5,758,449	5,979,876
	Johnson		2,622,000	2,580,000	2,780,000
Water consumption intensity ³	Group	m ³ /employee	104.3	125.9	124.2
	Minth		222.9	258.1	280.3
	Johnson		76.9	72.6	72.2
Hazardous Waste Generation	Group	kg	467,291	459,188	398,490
	Minth		14,269,000	15,576,000	14,752,000
	Johnson		8,508,000,000	9,545,000,000	9,320,000,000
Hazardous Waste Generation intensity ³	Group	kg/employee	97.0	94.9	84.6
	Minth		570.0	698.1	691.6
	Johnson		249,501.5	268,464.9	242,008.8
Non-Hazardous Waste Generation .	Group	kg	32,549,919	26,938,743	21,790,803
	Minth		52,653,000	57,400,000	43,039,000
	Johnson		99,696,000,000	100,530,000,000	99,176,000,000
Non-Hazardous Waste Generation intensity ³	Group	kg/employee	6,754.5	5,565.9	4,623.6
	Minth		2,051.7	2,572.7	2,017.7
	Johnson		2,923,636.4	2,827,530.0	2,575,264.2

Note 1: Since energy consumption at Minth is expressed in “Tonnes of Standard Coal”, a conversion factor of “1 tonne of coal equivalent = 8141 kilowatt hours” has been applied to their energy consumption figures.

Note 2: Since energy consumption at Johnson Electric is expressed in “GJ”, a conversion factor of “1 GJ = 277.778 kilowatt hours” has been applied to their energy consumption figures.

Note 3: Since intensities at Minth and Johnson Electric are expressed in terms of “per RMB10,000 of output value” and “per US\$ million sales” respectively, their intensities have been recalculated to be expressed in terms of “per employee” for easier comparison, with employee figures referenced from their ESG/sustainability report of the corresponding reporting year.

Note 4: Given that total water consumption at Minth and Johnson Electric is defined as “total water withdrawal minus total water discharge”, total water withdrawal figures from these companies are used for an equivalent comparison with our Group’s water consumption figures.

BUSINESS

Based on available environmental data, it can be seen that we have significantly less total Scope 1 + Scope 2 emissions, energy consumption, water consumption, hazardous waste generation, and non-hazardous waste generation which may be attributed to the smaller scale of operations of our Group as compared to Minth and Johnson. In terms of environmental data intensity, our Group has outperformed Minth in almost all aspects across the three reporting periods, with the exception of non-hazardous waste generation intensity. Whereas for Johnson, our Group has consistently recorded higher Scope 1 + Scope 2 emissions intensity and water consumption intensity across the three reporting periods, as well as higher energy consumption intensity for 2023 and 2022. However, we believe that our industry peers performed better in certain environmental aspects due to better economies of scale and operational efficiency resulting from their larger scale of operations. As our Group implements further environmental initiatives and grows its operations, as well as looking at past trends of our Group, we expect to record lower environmental data intensity than our industry peers in the future.

Environmental Targets and Plans to Achieve Targets

We prioritize environmental protection and sustainability. Our Group has established environmental targets aligned with our business strategy, which are regularly reviewed to ensure continuous improvement. These targets demonstrate our commitment to proactively mitigating our environmental impact.

Targets and Plans

- **GHG Emissions:** Reduce year-on-year total Scope 1 and Scope 2 greenhouse gas emission intensity by 10%, with 2025 as the base year. Plans include improving energy efficiency, researching sustainable technologies, and collaborating with industry partners.
- **Energy Efficiency:** Reduce year-on-year total energy consumption intensity by 5%, with 2025 as the base year. This will be pursued by purchasing efficient equipment, monitoring office energy use, training employees, and accelerating the installation of new solar power stations.
- **Water Efficiency:** Reduce year-on-year water consumption intensity by 5%, with 2025 as the base year. This will be achieved by increasing employee awareness, implementing wastewater recycling systems, and prioritizing water-efficient infrastructure.
- **Waste Reduction:** Reduce hazardous and non-hazardous waste generation intensity by 10% within 10 years, with 2025 as the base year. This will be accomplished by phasing out outdated machinery, prioritizing eco-friendly raw materials, and implementing strategies to decrease raw material consumption.

Furthermore, in alignment with China’s Dual Carbon 3060 plan, our Group has also set the target of becoming carbon neutral by 2060. To achieve this, we may purchase carbon certificates, plant trees, and commit to other measures to sequester unavoidable GHG emissions.

B. SOCIAL POLICIES

Human Resources

Our Group has strictly complied with the relevant laws and regulations to ensure employees’ interests are protected. These include, but are not limited to the Labor Law of the PRC, the Labor Contract Law of the PRC, Regulations on Paid Annual Leave for Employees, PRC Law on the Protection of Disabled Persons, the Trade Union Law of the PRC, PRC Law on the Protection of Women’s Rights and Interests, Special Rules on the Labor Protection of Female Employees, and Provisions on the Prohibition of Using Child Labor. Beyond legal compliance, we have comprehensive policies on compensation, dismissal, equal opportunities, anti-discrimination, and training. We ensure fair remuneration based on job value and performance, with compensation linked to performance appraisals. Our termination procedures are compliant, and recruitment

BUSINESS

follows the principles of “Openness, Equality, Competition, and Selection on Merit,” with clear promotion paths for high performers. We are committed to equal opportunities regardless of race, gender, or age, and strictly prohibit discrimination. In accordance with national labor laws, we implement a standard eight-hour workday and 44-hour workweek, with overtime strictly controlled. We attract talent with a comprehensive benefits package, including social insurance, housing fund, paid leave, meal subsidies, health checkups, and accident insurance. Beyond formal policies, we foster a cohesive atmosphere through workplace safety and employee celebrations. We effectively communicate our HR management system, salary structure, and code of conduct to all employees, upholding a culture of equality, diversity, and zero tolerance for discrimination.

See below for the detailed breakdown of our workforce for the periods indicated:

Total Workforce as of:	December 31, 2025	December 31, 2024	December 31, 2023
By Gender			
Male	3,091	2,949	2,925
Female	1,799	1,870	1,915
By Age Group			
18-25	341	311	307
26-35	1,241	1,233	1,345
36-45	2,079	1,997	1,968
46-55	1,056	1,088	1,038
56 or above	173	190	182
By Geographical Location			
Chinese Mainland	4,830	4,810	4,814
Australia	1	6	22
Thailand	55	3	1
United States	4	N/A	3
Total	4,890	4,819	4,840

Note 1: Senior Management is defined as any employee at or above Management Level Four, Middle Management is defined as any employee at Management Level Two or Three.

See below for the detailed breakdown of turnover rate by employee group of our workforce for the periods indicated:

Turnovers as of:	December 31, 2025		December 31, 2024		December 31, 2023	
	Number	Turnover Rate	Number	Turnover Rate	Number	Turnover Rate
By Gender						
Male	631	20.4%	630	21.4%	611	20.9%
Female	376	20.9%	401	21.4%	424	22.1%
By Age Group						
18-25	147	43.1%	173	55.6%	156	50.8%
26-35	345	27.8%	361	29.3%	354	26.3%
36-45	302	14.5%	303	15.2%	325	16.5%
46-55	167	15.8%	159	14.6%	168	16.2%
56 or above	46	26.6%	35	18.4%	32	17.6%
By Geographical Location						
Chinese Mainland	999	20.7%	1,014	21.1%	1,032	21.4%
Australia	5	500.0%	16	266.7%	2	9.1%
Thailand	3	5.5%	1	33.3%	0	0.0%
United States	0	0.0%	N/A	N/A	1	33.3%
Total	1,007	20.6%	1,031	21.4%	1,035	21.4%

BUSINESS

Occupational Health and Safety

Our Group strives to provide and maintain a safe and healthy working environment whilst complying with all applicable laws, regulations, and standards. These include, but not limited to the Labor Contract Law of the PRC, the Law of the PRC on the Prevention and Treatment of Occupational Diseases, and the Work Safety Law of the PRC. We aim to provide a safe and healthy workplace and implement an effective management system to prevent and reduce operational hazards. Our occupational health and safety system is built upon standardized procedures, including the Environmental Health and Safety (“EHS”) Operational Control Procedure, the Procedure for Hazard Identification, Risk Assessment, and Risk Control Planning, the EHS Monitoring and Measurement Control Procedure, the Emergency Preparedness and Response Control Procedure, the Occupational Health Management Standard, the Product and Process Environmental Safety Management Standard, and the Work Safety Inspection Management Standard.

To ensure effectiveness, we conduct regular point inspections, mandatory EHS training, and internal audits. Our commitment to employee health is demonstrated through annual occupational health screenings, regular distribution of personal protective equipment, and strategic placement of first-aid supplies. Furthermore, we maintain a rigorous schedule of annual equipment certifications and systematic hazard identification. Our corporate safety requirements promote safe manufacturing, and each plant establishes its own rules to minimize site-specific hazards. During the Track Record Period and up to the Latest Practicable Date, we are not named as defendants in any pending lawsuits pertaining to labor injury and strikes. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material accidents involving personal injury or property damage, and we were not subject to any material claims, lawsuits, penalties or disciplinary actions as a result of any material accidents.

See below for the detailed breakdown of occupational health and safety data for the periods indicated:

Occupational Health and Safety Data as of:	December 31, 2025	December 31, 2024	December 31, 2023
Work related fatality	0	0	0
Fatality Rate	0.0%	0.0%	0.0%
Work injury cases >3 days	24	30	20
Work injury cases ≤3 days	0	1	6
Lost days due to work injury	1,359	1,839	1,865

Labor Standards

Our Group strictly follows relevant laws and regulations such as the Labor Law of the PRC, the Labor Contract Law of the PRC, and the Law on the Protection of Minors to manage labor practices. Our internal management systems provide a rigorous framework to enforce this commitment. Our Recruitment and Employment Management Policy explicitly prohibits hiring anyone under 16, and our Personnel Affairs Management Regulations mandate immediate cancellation of employment for those with forged identification or below legal working age. To prevent exploitative practices, we prohibit collecting deposits or withholding identity cards. We uphold fair working conditions through an 8-hour workday and 44-hour workweek, with monthly overtime strictly limited to 36 hours. All overtime must be voluntary and initiated by employee application.

Screening and background checks are performed when recruiting new employees to verify age and identity documents. We have also established an effective whistleblowing mechanism, including a dedicated email channel for reporting violations. If child labor is identified, we will immediately terminate the employment, arrange a medical examination, return the minor to their parents, pay all wages due, and provide financial support if necessary to ensure completion of

BUSINESS

compulsory education. Finally, we will conduct a thorough investigation and provide regular training to prevent recurrence. No child labor, forced, or compulsory labor was reported and/or identified within any workplace of our Group during the Track Record Period and up to the Latest Practicable Date. Additionally, our Group shall also be implementing measures to minimize the chances of child labor, forced, or compulsory labor within its supply and value chain.

Supply Chain Management

The Group has a robust system of internal controls to manage ESG risks throughout our supply chain. This is governed by our “Supplier Performance Evaluation Management Standard,” which integrates ESG criteria into supplier management. The Standard mandates annual evaluations on key ESG metrics, including environmental performance, labor rights, and business ethics. These factors contribute to an ESG score affecting a supplier’s total performance, with poor scores leading to remedial actions or removal from our supplier list. This creates a direct financial incentive for partners to adhere to our standards. We reinforce this through contractual obligations prohibiting child labor and ensuring timely wages. Our control process tracks defect rates and ESG non-conformities. We classify suppliers by risk level, with immediate escalation for underperformers. Conversely, high-performing partners receive preferential treatment, including shorter payment terms and larger order allocations. This supplier management system is our primary mechanism for controlling ESG risks in outsourced manufacturing and is critical for addressing Scope 3 emissions. Through policy integration, contractual enforcement, risk-based monitoring, and economic incentives, the Group has implemented a comprehensive control system governing ESG risks across our value chain.

Product Responsibility

Product Quality

Our Group is committed to ensuring the quality of its offered products, and it has complied with all applicable laws and regulations regarding product responsibility. These include, but not limited to the Law of the PRC on the Protection of Consumer Rights and Interests and the E-commerce Law of the PRC. To ensure product quality and customer satisfaction from development through delivery, we have implemented a structured framework of industry-standard procedures. This includes the Advanced Product Quality Planning control procedure, the Production Part Approval Process standard, and foundational statistical process control documents. Further assurance is managed through Failure Mode and Effects Analysis, Control Plan standards, and a procedure for continuous improvement. Our customer-centric approach is formalized through standards to handle complaints, monitor satisfaction, and manage returns. During the Track Record Period and up to the Latest Practicable Date, there had been no material number of products sold or shipped subject to recalls for safety and health reasons.

Customer Complaints

As a manufacturer of automotive and smart manufacturing components, our customer interactions are transactional and product-focused, involving the delivery of physical goods. Consequently, all feedback and complaints received during the Track Record Period pertain directly to product attributes such as quality or performance. No service-related complaints were recorded, as our operational model does not involve end-user-facing service delivery. We received 108, 137 and 112 product-related complaints in 2023, 2024 and 2025, respectively.

The predominant complaints fall into several key areas. Appearance-related defects, including surface scratches, color mismatches, and coating imperfections, represent a significant portion. Assembly problems, such as missing components or loose fittings, follow closely. Functional failures are also frequent, particularly in electronic components, mechanical issues, and abnormal noises. Dimensional inaccuracies, material defects, and labeling errors round out the common categories. Resolution follows a structured two-tier approach. The vast majority of issues have been

BUSINESS

successfully closed with immediate temporary measures (e.g., sorting inventory, replacing faulty products) and permanent corrective actions (e.g., mold repairs, process optimizations, enhanced training). A smaller portion remains in progress, typically involving complex solutions like mold redevelopment. While minimal cases are delayed, often due to awaiting customer approval, this response demonstrates our strong commitment to quality.

Anti-Corruption

We regard knowledge and compliance with laws and regulations as the foundation of its business. We require that all employees conform to the Law Against Unfair Competition of the PRC, Criminal Law of the PRC, and other laws, regulations, and regulatory documents related to commercial bribery. This commitment is implemented through an anti-corruption framework with four components. First, a supervision system establishes the internal audit department as responsible for oversight, operating under a “one position with dual responsibilities” principle. This includes audits of high-risk areas, with findings reported to the Board and tracked through a rectification mechanism. Second, our institutional development includes policies such as the “Whistleblowing Management System” and “Employee Handbook” that cover prevention and accountability. Third, anti-corruption training utilizes internal and external cases and is provided to employees and the Board regularly. Finally, our Group raises awareness of its anti-corruption position through internal corporate platforms.

We have established whistleblowing procedures with reporting channels including email, telephone, and in-person meetings. Reports should include subject details, factual descriptions, and evidence. The Audit Department conducts screening, with investigation initiation requiring leadership approval. Confidentiality protocols are maintained, and reports are categorized for appropriate handling. Implementation is monitored through three mechanisms. Internal audit supervision executes audit plans to examine operations and controls, with tracking of remediation. Whistleblowing supervision includes confidentiality protection and incentives for substantiated reports. External supervision involves work with external auditors and communication with regulatory and law enforcement agencies, with protocols for handling suspected criminal activity. During the Track Record Period and up to the Latest Practicable Date, we have not aided, abetted, assisted, or colluded with any individual who has committed, or conspired to commit any unlawful activities. No non-compliance with relevant laws and regulations that have a significant or material impact on us relating to corruption, bribery, fraud and money laundering had been identified during the Track Record Period and up to the Latest Practicable Date.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had complied in all material respects with the applicable laws and regulations relating to our business operations. However, we may from time to time become a party to various legal, arbitration, or administrative proceedings arising in the ordinary course of business. For details, please see “Risk Factors — Risks Relating to Our Business and Industry — We may be subject to litigation and other legal proceedings and may not always be successful in defending ourselves against such claims or legal proceedings.” During the Track Record Period and up to the Latest Practicable Date, there was no litigation, arbitration, or administrative proceedings pending or, to our best knowledge, threatened against our Company or any of our Directors which would have a material and adverse effect on our financial condition or results of operations.

BUSINESS

INTERNAL CONTROL AND RISK MANAGEMENT

We have adopted and implemented various policies and procedures to ensure rigorous risk management and internal control, and we are dedicated to continually improving these policies and procedures. We have established a governance structure with the Board of Directors being ultimately responsible for overseeing various aspects of our business operations. This structure ensures that decision-making is transparent and consistent with our strategic objectives, overseeing (i) material corporate matters and connected transactions; and (ii) ongoing monitoring of corporate governance practices.

Financial Reporting Risk Management

To strengthen the supervision and evaluation of internal control activities, effectively manage risks, we have established an audit committee to oversee the comprehensive review and monitoring of our financial reporting, internal audits, and the effectiveness of internal controls. The audit committee also examines financial, operational, compliance, and risk management practices. We have also established an internal audit department, which reports directly to the audit committee. The internal audit department is responsible for inspecting and supervising the implementation of the internal control system, with a particular focus on auditing providing financial guarantees to other parties and related party transactions.

Human Resources Risk Management

We have distributed to our employee handbooks issued by the human resources department, which specified our organizational structure and division functions and internal rules and guidelines. We provide employees with training and resources to keep them abreast of the rules and guidelines. We also have in place anti-corruption and anti-bribery related policies to safeguard our operations. We periodically provide training to senior management and employees on professional behavior and ethics standards to enhance their knowledge and compliance with applicable laws and regulations. Our human resources department is available for our staff to file complaints or report violations. Our internal control department will conduct timely investigation and evidence collection after receiving complaints about and reports on violation of the employee handbooks. We also regularly review our risk management policies and internal management procedures and training materials to ensure maintaining internal accountability.