

BUSINESS

OVERVIEW

Who We Are

We are a supplier of power inductor solutions for advanced process chips used in consumer electronics, automotive electronics, and high-performance computing. Under our design-in business model, we focus on developing and manufacturing power inductors. According to the CIC Report, in 2024, we ranked first among suppliers headquartered in Chinese Mainland and sixth globally in terms of revenue from power inductor solutions for advanced process chips.

We co-develop customized power inductors with our end customers, and manufacture and sell power inductors to ODMs and OEMs of such end customers. Our end customers are primarily global and domestic brands in the consumer electronics, automotive and semiconductor industries. Our sales to ODMs and OEMs are conducted through distributors or via direct sales channels. To meet the requirements of miniaturization and high magnetic permeability in our application scenarios, our customized power inductors feature high magnetic permeability, low loss, high magnetic flux density, high-frequency response, and high reliability, according to the CIC Report. Specifically, our power inductors are able to operate under frequency conditions exceeding 1MHz. As of the Latest Practicable Date, our power inductors have been integrated into several well-known AI chip platforms.

Our Power Inductors

Our power inductors are used in various industries, including consumer electronics, automotive electronics, and high-performance computing. Instead of supplying standardized components, we engage with end customers during the design stage of their product development cycle for customized products. We operate under a collaborative design-in business model, by which we integrate our product development with the technology roadmaps of our end customers and engage in vertically-integrated manufacturing. In the power inductor solutions for advanced process chips industry, co-development cycles typically span several years depending on the end customers’ demands. During such co-development process, we are able to gain access to end customers’ future technology roadmaps and enables our solutions to be integrated at the product design stage, resulting in the integration of our components into end customer product specifications.

Our operations as a power inductor solution provider are supported by five internally-developed technology platforms: application technology platform, design technology platform, materials technology platform, process technology platform, and verification test technology platform. The integration of these five platforms forms our technical architecture for product development and operational synergy.

We have implemented vertical integration across our R&D and supply chain management. This integration encompasses in-house R&D of magnetic materials (such as powder particle size control and nano-coating), development of automated production equipment, precision manufacturing processes, and final product verification test. We have three production bases located in China (Kunshan and Haining) and Thailand (Samut Prakan), of which two production bases in China (Kunshan and Haining) are in operation.

Our R&D centers consist of three segments: systematic quality validation, inductor product design, and magnetic material development. These segments support our technical development and product reliability protocols. Through our manufacturing capabilities and our in-house R&D capabilities of magnetic materials development, we have established long-term partnerships with end customers and provided products with verified compatibility. Specifically, we have produced power inductors compatible with the 3nm node.

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Our Financial Performance

During the Track Record Period, our revenue increased by 20.3%, from RMB362.2 million in 2023 to RMB435.8 million in 2024, and further increased by 8.2% to RMB471.5 million in 2025. For the same years, we recorded a loss for the year of RMB37.8 million, RMB22.3 million, and RMB17.9 million, respectively.

OUR COMPETITIVE STRENGTHS

We believe the following capabilities differentiate us in the power inductor market and support our operational growth:

Specialization in Power Inductor Solutions for Advanced Process Chips

Power inductors form part of the components used in integrated circuits and electronic systems. Over the years, the development of wafer fabrication processes has increased the performance requirements of chips, including CPUs, GPUs, FPGAs, and ASICs. This requires their supporting power inductors to operate at high switching frequencies while maintaining thermal efficiency to ensure stable power supply. Based on our technical development in the power inductor field, we have established capabilities in advanced process technology, product form, and market positioning. These attributes enable us to meet the demand for power inductor solutions compatible with advanced process chips. For GPUs used in AI servers with specific power requirements, power inductors must support high voltage, large current-carrying capabilities, low DC resistance for thermal management, and the ability to withstand high switching frequencies. In advanced process chips designed for high-performance computing and automotive autonomous driving, the limited space of integrated circuits requires miniaturized peripheral power inductors with higher power density to maintain performance specifications within a smaller form factor.

According to the CIC Report, our customized power inductors feature high magnetic permeability, low loss, high magnetic flux density, high-frequency response, and high reliability to support miniaturization and energy efficiency. Our power inductors can operate under frequency conditions exceeding 1MHz. This supports stable inductance values under high current surges and meets the dynamic response requirements of switching frequencies for AI chips. As of the Latest Practicable Date, we had integrated our power inductors into several well-known AI chip architectures.

During the Track Record Period, our revenue is primarily generated from power inductors for advanced process chips. We have produced power inductors compatible with the 3nm node. Leveraging our capacity for stable mass supply, we have integrated our products into the supply chain for advanced process chips used in the advanced computing industry.

Vertically-Integrated R&D Platform for Provision of End-to-End Power Inductor Solutions

Our integrated R&D framework encompasses product design, magnetic material development, and manufacturing processes. This allows for customization capabilities ranging from material-level, component-level to system-level power modules, which is intended to support customers’ product development cycles.

In terms of product design, we have achieved structural developments as follows:

- Magnetic packaging with specific density controls: The magnetic core green density (磁芯坯體密度) of our products reaches a range of 90% to 97% of the theoretical value. This results in increased magnetic permeability and reduced hysteresis loss to improve energy conversion efficiency.

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- Winding structure optimization: Through diversified winding configurations and optimization of winding layout and wire diameter, we have recorded a reduction in DCR, thereby reducing power loss.
- In-house simulation database: We have established a material and process simulation database to support simulation accuracy and R&D efficiency.

In terms of material R&D, we have maintained continuous investment and technological accumulation targeting advanced process chips designed for consumer electronics, automotive electronics, and high-performance computing. It primarily includes precision particle size control and high-pressure molding technology, nanometer-scale coating technology, high-temperature stable material system, next-generation high-frequency magnetic material platform, and AI server power module solutions. We continue to advance our product portfolio by investing in the development of new products such as coupled inductors, flat-core inductors, and power module inductors, in order to provide continued support for advanced process chips used in consumer electronics, automotive electronics, and high-performance computing.

In terms of manufacturing processes, we have established a vertically integrated system covering raw materials to finished products designed to maintain process stability and provide customization flexibility. This infrastructure is supported by our internal capabilities in automated equipment development. In addition, we utilize magnetic packaging to address miniaturization and stability requirements for advanced process chips used in AI servers, 5G base stations, and new energy vehicles.

Design-In Collaboration with End Customers

We collaborate with end customers through a design-in model that integrates our processes into the design-stage of their product development cycle. We participate in product development alongside companies in the global semiconductor industry, providing input on power architecture design for upcoming products. Through this co-development, we integrate our products into end customer supply chains and establish technical compatibility with multiple semiconductor ecosystems.

In the power inductor solutions for advanced process chips industry, co-development cycles typically span several years depending on the end customers’ demands. During such co-development process, we are able to gain access to end customers’ technology roadmaps and enables our solutions to be integrated at the product definition stage, resulting in the integration of our components into end customer product specifications.

We provide customized power modules to power semiconductor manufacturers, designed for stable performance under high-performance platform standards. Once incorporated into reference designs, our solutions could serve as components within end customers’ systems.

In the field of automotive electronics, we comply with industry requirements for safety and reliability. As a supplier of AEC-Q200-qualified inductors, we offer products with low loss, high temperature resistance, and high power density to global automotive enterprises. Our solutions have been adopted in several well-known AI chip platforms and are designed to be utilized in ADAS and cockpit domain controllers. We have established supply relationships with various domestic and international automakers.

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Technology Platforms and Technical Specifications

We have established five internally-developed technology platforms: application technology platform, design technology platform, materials technology platform, process technology platform, and verification test technology platform. See “Business – Five internally-developed technology platforms” for detailed discussion on our five internally-developed technology platforms.

In application technology platform, our power inductors are engineered for VRM applications, with technical specification targeting low loss, saturation current management, and the mitigation of magnetic leakage. Power inductors are utilized in power systems for consumer electronics, automotive electronics, and high-performance computing to facilitate transient response and output stability.

In design technology platform, we utilize simulation throughout the product development cycle. This enables simulation analysis based on specific operating conditions and requirements to evaluate technical feasibility for mass production. To meet energy efficiency requirements in AI computing, we utilize specific material formulations and structural designs intended to mitigate core and winding losses. These characteristics are designed to manage system heat generation and comply with energy efficiency requirements for AI server power systems.

Our materials technology platform is centered on soft magnetic materials, supported by internal R&D capabilities in formulation design, powder processing, and molding process development. With respect to magnetic materials, we develop ultra-fine alloys, amorphous alloys, and nanocrystalline alloys. Our hot-pressing process is utilized to produce materials with a magnetic permeability exceeding 50 μ . This permeability level facilitates increased current carrying capacity within a standard volume or a reduced form factor at equivalent performance levels.

Regarding process technology platform, we maintain key processes and design equipment for the manufacturing cycle, including coil winding, and hot-press molding. This supports quality control from powder preparation to finished product inspection.

Our verification test technology platform comprises material analysis, reliability verification, and failure analysis, all conducted in our internal laboratory facilities, which are utilized for performance and stability testing.

For automotive applications, we utilize high-Tg polymer materials and manufacturing processes designed to withstand temperatures of approximately 180 °C (exceeding the standard AEC-Q200 requirements). These products undergo testing for resistance to thermal cycling and humidity to ensure operational stability in automotive systems, including ADAS and cockpit domain controllers in electric vehicles.

As of the Latest Practicable Date, we held 123 registered patents and 27 registered trademarks in Chinese Mainland. As of the Latest Practicable Date, we had also been granted 13 patents in Taiwan. Utilizing our ‘design-in’ business model, our power inductor solutions are utilized by major technology enterprises and integrated into power supply systems of AI servers, GPU accelerators, and new energy vehicles.

Seasoned Management and R&D Teams

Our management team possesses international management experience and industry knowledge, and is responsible for the execution of corporate strategies and capital operations. Our management team consists of members with backgrounds in the electronic components sector. Individuals within the team have previously held positions in international corporations, with experience in technical R&D, corporate governance, and capital market operations. Their expertise in industry trends, technological trajectories, and market demands is utilized in our strategic planning and execution.

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Our core founding team has experience in the magnetic components industry covering material R&D, product design, and manufacturing. Since our inception, we have maintained a development path integrating material technologies with power inductor solutions. Our chairman, Mr. Chao, has over 20 years of experience in the power inductor industry. He has experience in the design, R&D, and management of magnetic electronic components and has participated in technology development and product roadmap planning. Our R&D investment and product development activities are guided by his experience in industry trends and technological evolution.

Our R&D team includes professionals with over 20 years of experience in electronic components, who have participated in patent and product line developments. The team’s expertise encompasses magnetic materials, power inductor design, automated manufacturing, and chip application, facilitating cross-disciplinary integration.

OUR STRATEGIES

Expansion of Market Share within the High-Performance Computing Sector

While maintaining our market share in consumer electronics and automotive electronics, we will prioritize the deployment of resources toward AI-related applications and the expansion of customized power inductor solutions in sectors including new energy vehicles.

Participation in the reference designs of power semiconductor manufacturers facilitates our technical integration and the introduction of power module products for high-performance computing applications.

At the technical level, our development is directed toward the requirements of integrated power supply systems for AI servers, GPU accelerator cards, ADAS, and cockpit domain control systems for new energy vehicles. Consequent to the transition of AI server architecture from traditional 12V to 48V/800V high voltage direct current (HVDC) architectures, we aim to integrate discrete components into board-level systems to facilitate power supply efficiency.

Regarding our product portfolio, we aim to offer inductors compatible with DDR, SSD, CPO, and smartphones. For AI server applications, we aim to develop a board-level power supply system engineered for HVDC architectures and high dynamic response requirements to manage energy conversion stages and power supply efficiency for high-power AI/GPU applications.

We will monitor the development of AI data center and server power architectures to adjust our technical capabilities in magnetic components and expand our product matrix. By incorporating design concepts and industry requirements into our research and development, we aim to support our market position in the AI server and new energy vehicle sectors.

Exploration in Semiconductor Devices to Enhance Technical Capabilities and Product Offerings

Our long-term development strategy involves the expansion of our operations into the upstream industrial chain through the development of power semiconductor devices. We aim to develop customized semiconductor devices designed for board-level power supply systems. Through this integration, we plan to provide integrated solutions covering both magnetic components and semiconductor power modules to enhance the energy efficiency of board-level power supply systems. Our expanded product portfolio is designed to meet the technical specifications of applications in AI data centers and new energy vehicles. Supported by our five technology platforms, we aim to establish a technical framework covering devices, modules, and systems by integrating chip development capabilities.

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Exploration in Board-Level Power Management Solutions

We plan to further explore business opportunities in the downstream industrial chain, in particular, board-level power management solutions, targeting four sectors: AI computing, new energy vehicles, humanoid robotics, and high-end consumer electronics. We aim to utilize our technical capabilities in high power density, high integration, and high reliability to provide power management solutions through resource allocation, technical specification, and end-to-end delivery.

The development of humanoid robotics and autonomous driving drives demand for board-level power systems. As a component of board-level power supply systems, our power inductors for advanced process chips can facilitate us to participate as a supplier in the board-level power supply market. To meet the technical requirements for autonomous driving perception platforms (such as LiDAR and high-performance computing chips), we provide power inductors engineered for specific performance specifications. We plan to leverage on our R&D capacity, such as our five internally-developed technology platforms, for future development of board-level power management solutions to meet power supply requirements in complex motion scenarios.

International Expansion and Supply Chain Management

To provide localized support to our customer base and manage supply chain logistics, we are implementing an international development strategy. This strategy involves the establishment of a cross-border delivery and service framework to facilitate operations across different geographic regions.

We have established a production facility in Thailand, marking our first overseas manufacturing site. This facility aims to diversify our production capacity and is designed to mitigate risks associated with changes in international trade dynamics. This production site provides delivery support for our customers and meet the supply chain security and responsiveness requirements of international customers.

We plan to develop our international operational management framework by prioritizing resource integration. By establishing an international customer service infrastructure, we plan to provide technical support and after-sales services that correspond to the research and development cycles of international technology and automobile manufacturers.

OUR PRODUCTS

Overview

We offer various types of power inductors solutions for advanced process chips used in consumer electronics, automotive electronics, and high-performance computing. Our power inductors are designed for advanced process chips, with a portion for 3nm advanced process chips having already been produced and sold. According to the CIC Report, our customized power inductors feature high magnetic permeability, low loss, high magnetic flux density, high-frequency response, and high reliability. Additionally, we provide our customers with automated production line equipment, covering automated winding, welding, and molding processes, to support their large-scale manufacturing requirements. The product life cycle of our power inductors typically ranges from several months to several years, aligning closely with the upgrade cycles of advanced process chips.

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The following table sets forth our revenue by product types and application scenarios during the Track Record Period:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Power Inductor	348,344	96.2	425,145	97.6	470,705	99.8
– Consumer Electronics	229,588	63.4	290,531	66.7	318,076	67.5
– Automotive Electronics	91,804	25.4	105,204	24.1	106,312	22.5
– High-Performance Computing	26,952	7.4	29,410	6.8	46,317	9.8
Others ⁽¹⁾	13,864	3.8	10,616	2.4	745	0.2
Total	362,208	100.0	435,761	100.0	471,450	100.0

Note:

(1) Others mainly include sales of equipment.

During the Track Record Period, we operated as one single business segment. Revenue from the sales of power inductors represented substantially all of our revenue during the Track Record Period, and can be categorized by application scenarios, being consumer electronics, automotive electronics and high-performance computing. See “Financial Information – Results of Operations” for detailed discussion on fluctuations of our revenue. See Note 6 of the Accountants’ Report in Appendix I of this Document for revenue and business segment information and revenue recognition policies for our business segment in details.

Power Inductor

Leveraging our expertise in magnetic materials R&D, we integrate inductor design simulation and automated manufacturing capabilities to provide global customers with end-to-end technical services spanning material development, product design and mass production, empowering the development of efficient and compact power modules.

The following details set forth the key characteristics of our power inductors.

- **High Magnetic Permeability**

In response to the growing demand for miniaturized and high-performance components, we develop ultra-compact power inductors, measuring just 1.0*0.5*0.36mm and meeting stringent PCB layout requirements while delivering high magnetic permeability. This technical innovation achieves a balance between scale and high performance.

- **High Magnetic Flux Density**

Our power inductors mark an advancement in current capacity and magnetic saturation resistance. Our power inductors support a maximum current of 125A. Additionally, we develop strong magnetic saturation resistance in our magnetic product, maintaining stable performance under high-load conditions. For example, our power inductors can handle strong DC currents without significant loss of magnetic performance (>70% retention at 250 Oe). This feature meets the current demands in the end-market applications, such as high-performance computing and automotive electronics.

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- **Low Loss**

Our magnetic materials are characterized by low loss and high efficiency, with a core loss below 900mW/cm³ at 1MHz and a magnetic flux density of 30mT. This enables our power inductors to maintain high performance while generating less heat and consuming less energy.

- **High-Frequency Response**

As vehicles become smarter and more autonomous, chips are becoming faster and smaller. At high frequencies, power inductors face the challenge of reduced efficiency and energy loss. Our thermal compression process, combined with flat wire and special magnetic materials, aims to provide a solution to this. For example, our 2016 series inductor (2.2*1.8*1.2 mm) achieves over 90% conversion efficiency with minimal loss.

- **High Reliability**

The instability of components under extreme or specific operating conditions may result in equipment malfunction or safety hazards, causing significant concerns for modules manufacturers and end consumers. Our thermal compression process and flat wire structural design aims to avoid product appearance and electrical instability caused by coil deformation. In addition, our specialized soft magnetic metal powder materials technology enables a wide operating temperature range, ensuring stable electrical and mechanical performance even in harsh environments. For example, our automotive-grade 2016 series inductors (2.2*1.8*1.2 mm) comply with AEC-Q200 reliability requirements for automotive applications and operate over a temperature range of -55°C to +165°C. This extended temperature range ensures sufficient stability under extreme conditions, providing enhanced safety assurance for end customers. Our MPFB-0530-XXX-MR series inductors are used in notebook GPU control systems. These power inductors operate over a temperature range of -55°C to +125°C and meet reliability requirements, including MSL 1, with a high-temperature load variation rate of ±10%, and a variation rate of ±10% after 1,000 hours of testing at 85°C/85% RH.

The table below sets forth the breakdown of the selling volume and average selling price of our power inductors by application scenarios for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	Selling Volume (kps)	Average Selling Price (RMB)	Selling Volume (kps)	Average Selling Price (RMB)	Selling Volume (kps)	Average Selling Price (RMB)
Consumer Electronics	718,851.9	0.32	948,239.8	0.31	1,083,305.7	0.29
Automotive Electronics	187,172.0	0.49	226,701.3	0.46	246,948.5	0.43
High-Performance Computing	35,482.6	0.76	40,440.8	0.73	52,594.2	0.88
Total	941,506.5	0.37	1,215,381.9	0.35	1,382,848.4	0.34

See “Financial Information” for detailed discussion on fluctuations of our average selling price and selling volume.

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Consumer Electronics

Our power inductors are widely used in consumer electronics, encompassing notebook computers, display panels, smartphones, and network communication products. Benefiting from their characteristics such as high magnetic permeability, low loss, thermal resistance and high reliability, our power inductors have enhanced performance and are deployed in dense electronic configurations such as those in notebook computers. We serve manufacturers and brand customers across the consumer electronics value chain, customizing our products to the specific standards in functionality, reliability and design integration.

- ***Notebook Computer***

We are embedded in the supply chain of the global notebook ecosystem, establishing long-term partnerships with a global leading PC brand. We launched the CoilForce brand in 2018 to further expand our presence in the PC market, and our products gradually entered the global PC supply chain through ODM partners. We also provide power inductors for AI PCs in our product portfolio.

As digital productivity devices continue to evolve toward higher computing performance, greater motherboard integration and thinner form factors, internal space within notebook systems become increasingly constrained, while thermal management challenges intensify. Given the highly integrated and space-constrained motherboard layouts of modern notebook computers, our power inductors achieve sufficient inductance and current-carrying capability within compact package sizes. Besides, power inductors applied in notebook computers frequently operate under sustained high-load conditions within compact thermal environments, imposing high requirement on product high-temperature resistance. Our power inductors have passed high-temperature reliability and aging resistance testing, ensuring stable core material performance even under high-temperature operation.

- ***Others***

Our other consumer electronics products encompass display panels, smartphones, and network communication. We supply complementary components for certain flagship smartphone models of a global leading smartphone brand. Leveraging our established manufacturing capabilities and technical expertise, our products are compatible with mainstream industry processes and environmental standards, and thereby are incorporated into end customer supply chain ecosystem through our design-in model.

Automotive Electronics

Our power inductors can be widely deployed across multiple functional domains within automotive electronic systems. These include ADAS and cockpit domain controllers. Our products provide stable and efficient power management capabilities for advanced process chips operating in high-EMI operations environments, thereby helping ensure the safe and stable operation of automotive electronic systems.

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Due to the reliability and safety requirements of automotive electronics, inductors are generally not interchangeable components that can be replaced at a later stage. Instead, they are typically selected through a design-in process during the early stages of vehicle development, where component models and suppliers are determined and subsequently integrated into the vehicle supply chain. In July 2025, our products obtained the certification of IATF 16949 (International Automotive Task Force), confirming that our quality management system is applicable to the design and manufacturing of surface-mount magnetic core power inductors. In these applications, power inductors are required to possess high saturation current capability to prevent core saturation that could lead to battery overcharge or over-discharge, thereby improving the safety and stability of battery systems in new energy vehicles.

We have years of expertise in the power inductor solutions for automotive electronic field. We established manufacturing facilities in Kunshan and conducted research and development in magnetic material systems, automated manufacturing processes and production line construction. We have been expanding our presence in the domestic new energy vehicle market, aiming to become a competitive domestic supplier of automotive inductors traditionally supplied by international manufacturers.

High-Performance Computing

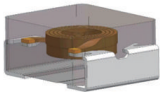
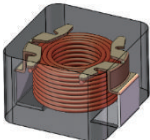
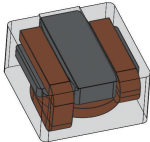
We focus on providing power inductor solutions for high-performance computing, addressing the infrastructure needs of next-generation computing systems. Driven by the principles of high efficiency, high current carrying capacity, and modular design, we have made ongoing R&D investment into high performance computing infrastructure solutions. Our products are deployed in modules including CPUs and GPUs, meeting the demands of high-performance computing for current handling, transient response, and reliability.

From an application perspective, our high-performance computing sector aims to serve the following primary application scenarios: (i) computing boards such as GPU-based AI accelerator cards, (ii) DDR memory modules, and (iii) AI servers.

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Key Products

The following table sets forth our key products and their respective characteristics.

Application Scenario	Our Product	Characteristics
Consumer Electronics		In the consumer electronics sector, our end applications, such as thin laptops, emphasize compact design, portability and user experience, while maintaining strict cost control requirements. Therefore, miniaturization, high current carrying capability, cost efficacy and low noise are prioritized. Our products offer ultra-compact packaging as small as 1.0*0.5*0.36mm, enabling high-density PCB layouts in consumer electronic devices. Despite the compact size, our products support high current carrying capacity and low core losses, meeting the design and value requirements of consumer electronics. This is largely attributed by our in-house R&D ability, enhancing overall user experience.
Automotive Electronics		In the automotive electronics sector, the onboard power systems and electronic control units operate under complex conditions, including wide temperature ranges, vibration and mechanical shock, and are required to maintain stable performance through a vehicle’s lifecycle. This imposes requirements on inductors’ high reliability, high current carrying capacity and long lifespan. To address this demand, our products have obtained AEC-Q200 certification, and are capable of withstanding wide temperature variations and mechanical stress. In addition, our inductors can handle strong DC currents without significant loss of magnetic performance (>70% retention at 250 Oe), meeting the high-current power supply and long-cycle reliability requirements of automotive applications.
High-Performance Computing		In the high-performance computing sector, equipment like AI servers are prevalent to operate under high-frequency and high-power load conditions, placing requirements on inductors capabilities of frequency compatibility, power loss control and current-carrying capacity. Correspondingly, our products are designed with a focus on these characteristics, supporting stable operation under high-frequency conditions (with core loss below 900mW/cm³ at 1MHz and a maximum current of up to 125A). This characteristic boasts high-power output and sustained high-load operation, supporting high-performance computing systems with energy efficiency and operational stability.

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Case Study

Inductors Developed for AI PCs

For a well-known AI chip platform, we developed inductors for AI PCs power delivery. The following outlines the details of this development.

- **Application area:** AI PCs and high-performance computing systems.
- **Customer requirement and pain point:** The platform demands power delivery that can handle ultra-fast P-core/E-core switching, machine learning load classification technology, and per-tile power gating with zero leakage, all within a relatively small size.
- **R&D focus:** We focused our R&D on four pillars: (i) miniaturized and highly integrated design; (ii) high-frequency, low-loss magnetic materials; (iii) low-resistance, high-efficiency conductors; and (iv) high-reliability encapsulation protection.
- **Product feature:** Our products are characterized by (i) ultra-thin design ($\leq 1.0\text{-}1.2\text{ mm}$), (ii) high-frequency compatibility ($\geq 1\text{ MHz}$), (iii) high saturation current ($\geq 10\text{a}$), (iv) ultra-low DC resistance ($\leq 15\text{ m}\Omega$), and (v) high efficiency ($\geq 95\%$).
- **Product iteration:** Compared to the last generation inductors, our product features a 50% reduction in overall dimensions and an approximately 2% improvement in energy conversion efficiency.

Inductors for GPU Power Delivery on a Well-known AI Chip Platform

For a well-known AI chip platform, we developed inductors for GPU power delivery. The following outlines the details of this development.

- **Application area:** High-performance computing on the platform, AI training and inference servers, data center GPU accelerator cards, advanced graphics workstations, and next-generation gaming graphics cards.
- **R&D focus:** We focus on three pillars: (i) optimize product design; (ii) innovate capable magnetic materials; (iii) low loss with high frequency.
- **Product feature:** Our product is characterized by (i) its compact design ($5.0*5.0*6.0\text{mm}$), (ii) large current capability ($50\text{-}55\text{A}$), (iii) high saturation current capability (a peak transient current of up to 92A), (iv) low loss (loss below 500mW/cm^3 at 700kHz and 30mT), and (v) maximum operating temperature of up to 155°C .
- **Product iteration:** Compared to the last generation GPU inductor, our product has achieved an overall 38% improvement in power density.

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Others

To achieve a high degree of control over production, we have established a dedicated automation team focused on the design and development of automated equipment. We have independently developed various automated production equipment, including automatic winding machines and inspection systems, with full capability for complete line planning and delivery. With a focus on improving production efficiency and quality stability, we gradually expanded our automation capabilities from single-equipment development to integrated manufacturing solutions covering entire production lines. This approach supported clients ramping up mass production. These automation solutions not only support our automated manufacturing operation but also serve as a standalone business line for external sales.

In the development of our automotive electronics sector, constrained by funding conditions, we established a business model centered on sales of equipment forming production lines. Under this model, we complete automated line development, and sell the full automated production lines to customers.

RESEARCH AND DEVELOPMENT

R&D Strategy

To maintain our market competitiveness, we focus on technological innovation in high-frequency and high-current power inductors, while advancing our patent portfolio to support product iteration and expansion into new applications. In 2023, 2024, and 2025, our research and development expenses amounted to RMB25.7 million, RMB28.8 million, and RMB28.3 million, respectively, accounting for 7.1%, 6.6%, and 6.0% of our revenue for the same years. These expenses primarily consisted of employee benefit expenses and raw materials consumed.

R&D Team

We have established a stable R&D team and implemented equity-based incentive plans for core technical personnel to enhance long-term retention. As of December 31, 2025, our R&D team consisted of 124 professionals, many with over 20 years of experience in electronic components. Our R&D team has spearheaded numerous technical patents and product line developments. For talent recruitment, we collaborate with universities to run customized training programs for campus hiring, complementing online recruitment of experienced R&D professionals and engaging external experts through industry-academia partnerships. In talent development, we simultaneously implement university training and internal mentorship, organize regular skill-sharing sessions, and encourage R&D staff to participate fully in project implementation and cross-functional collaboration to strengthen their integrated capabilities.

R&D Model and Process

Our R&D Model

Our R&D model is built upon three pillars:

- **Customer-centric development:** We maintain close collaboration with end customers in consumer electronics, automotive electronics, and high-performance computing sectors through regular technical exchanges. This ensures our innovations are directly aligned with market needs.

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- **In-house R&D capabilities:** We have internally established five internally-developed technology platforms to strengthen our in-house R&D capabilities: application technology platform, design technology platform, materials technology platform, process technology platform, and verification test technology platform. This vertically integrated ecosystem enables us to control the entire production chain, ranging from magnetic powder particle size control to fully automated packaging.
- **Forward-looking planning:** By anticipating future market trends and industry evolution, we partner with industry leaders to define our medium-to-long-term product roadmap. We invest in power inductor solutions innovation, evolving from meeting current production needs to driving changes in our customers’ manufacturing processes.

We have established integrated R&D centers covering magnetic material development, inductor product design and comprehensive quality validation, providing a solid technical foundation and hardware support for core technology advancement, product innovation and reliability assurance. We currently have three R&D centers: magnetic materials R&D center, product R&D center and testing center.

- **Magnetic materials R&D center:** Our magnetic powder R&D center is equipped with pilot-scale development and testing facilities, including complete process equipment such as planetary mixers, granulators, grinding and drying systems, and spray passivation units, as well as specialized testing instruments. The center supports formulation development, and performance optimization of magnetic materials, enabling full-cycle technical verification from material formulation to pilot-scale production.
- **Product R&D center:** Our product R&D center focuses on structural design and performance simulation. It provides customized design and precise performance tuning based on diverse downstream application scenarios, ensuring strong product-application compatibility.
- **Testing center:** Our testing center serves as a comprehensive shared testing platform. The facility comprises dedicated functional areas, including environmental testing laboratories, materials analysis laboratories and failure analysis laboratories, and is equipped with advanced testing and analytical instruments from internationally recognized brands. The center conducts multi-dimensional testing services, including failure mechanism analysis, reliability validation, and comprehensive electrical performance testing, in compliance with industry standards such as AEC-Q200. Core equipment includes 2D X-ray systems, high-temperature and high-humidity chambers, and thermal shock chambers, supporting reliability validation under vibration, shock and combined temperature-humidity-vibration conditions of up to 20G.

Five Internally-Developed Technology Platforms

We have internally built five internally-developed technology platforms: application technology platform, design technology platform, materials technology platform, process technology platform, and verification test technology platform.

- **Application technology platform:** Leveraging our products’ performance in low loss, saturation current management, and the mitigation of magnetic leakage, our power inductors have been used in consumer electronics, automotive electronics, and high-performance computing. We have accumulated years of expertise in the power inductor solutions industry, formulating a comprehensive power inductor portfolio applicable to diverse end-products application scenarios.

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- **Design technology platform:** One of our representative design technologies is our ability to integrate simulation technologies into the entire product design process. We have built standardized simulation processes, including structural modeling, parameter configuration, simulation computation, result analysis, structural optimization and validation iteration. Through precise simulation and structural optimization, we validate the technical feasibility of our products, securing our product performance in mass production.
- **Materials technology platform:** We have established a comprehensive materials technology platform centered on magnetic materials and their applications. We possess full-chain in-house R&D capabilities covering fundamental formulation design, powder processing, and molding process development. Core materials technologies primarily include integrated molding materials technology, and copper-iron co-firing materials technology.
- **Process technology platform:** We possess key process technologies across the entire manufacturing process, including magnetic core forming, coil winding, and hot-press molding. These technologies support quality control from powder preparation to finished product inspection.
- **Verification test technology platform:** Our testing center comprises several specialized laboratories, including a materials analysis laboratory, a reliability laboratory and a failure analysis laboratory. Our testing center is equipped with a number of precision testing instruments from internationally recognized brands and possesses full-process testing capabilities covering material analysis, product reliability verification and failure analysis.

For automotive applications, we utilize high-Tg polymer materials and manufacturing processes designed to withstand temperatures of approximately 180 °C (exceeding the standard AEC-Q200 requirements). These products undergo testing for resistance to thermal cycling and humidity to ensure operational stability in automotive systems.

Core R&D Process

Our R&D process is structured around key phases: feasibility assessment, product design and development, process design and development and product and process validation. Our typical R&D cycles are around 2 years.

- During the feasibility assessment stage, we conduct a comprehensive evaluation of material processes, manufacturing processes, technical indicators, and resource needs to ensure technical viability and scalable production.
- In the product design and development stage, we develop the product architecture, specifications, and dimensional parameters in line with customer requirements, followed by prototype validation.
- The subsequent process design and development stage focuses on formulating and reviewing manufacturing flows, key process parameters, and reliability performance to establish a stable production foundation.
- Product and process validation stage involves assessing process capability, yield rates, and consistency to confirm readiness for volume production before final ramp-up.

To ensure product reliability and performance stability throughout our R&D process, we have established a structured, multi-stage product validation system covering EVT (engineering validation test) and DVT (design validation test). Each stage serves a distinct purpose and progresses sequentially, forming a closed-loop product validation framework across the product lifecycle.

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- **EVT:** at the EVT stage, we conduct basic functional verification and preliminary reliability testing. As product design remains at its earlier stage, we will perform testing and iterative optimization until baseline design requirements are satisfied.
- **DVT:** at the DVT stage, based on the practical application of components, we conduct comprehensive functional validation and extreme condition testing under long-duration and high-stress circumstance. Meanwhile, we complete industry certifications such as AEC-Q200 and satisfy customer-specific validation requirements at this stage.

R&D Achievement and Core Technologies

To date, we have established a systematic portfolio of core technologies and intellectual property. As of the Latest Practicable Date, we had obtained 123 patent registrations and held 27 registered trademarks in Chinese Mainland, and 13 patent authorizations in Taiwan. Our technology framework spans three key areas: inductor products, magnetic materials, and equipment automation.

In inductor products and magnetic materials development, we have achieved significant progress in low-magnetic-loss materials, reaching magnetic losses below 500 mW/cm³ under 700 kHz/30 mT while balancing permeability and reliability. Combined with our arched-coil structure, this enables high-performance inductors with inductance up to 85 nH, Rdc under 0.3 mΩ, and saturation current handling above 75 A.

We continue to advance our product portfolio by investing in the development of new products, such as coupled inductors, flat-core inductors, and power module inductors, in order to provide continued support for advanced process chips used in consumer electronics, automotive electronics, and high-performance computing.

We set out below the details of certain of our key technologies and major R&D achievements:

Precision Particle Size Control & High-Pressure Molding Technology

We achieve a molding density of up to 7.2 g/cm³ and a permeability up to 90μ through precise magnetic powder particle size control combined with high-pressure molding processes. This provides critical material support for miniaturized power inductors.

Nanometer-scale Insulation Coating Technology

We have developed a nanometer-scale insulation coating technology that achieves high insulation resistance at the GΩ level. This supports low loss and exceptional reliability during high-frequency, high-current operation, empowering next-generation high-efficiency power systems.

High-Temperature Stable Material System

We have developed a high-temperature stable material system that operates beyond 180°C, meeting the stringent requirements for thermal stability in automotive powertrain systems and extreme industrial environments.

Next-Generation High-Frequency Magnetic Material Platform

We have established a next-generation high-frequency magnetic material platform, integrating advanced technologies such as powder sintering, co-fired integration, and amorphous hot pressing. This platform achieves a magnetic permeability of 100μ, in order to support advanced applications driven by the trends of high-frequency operation, miniaturization, and low loss in electronic devices.

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AI Server Power Module Solution

Addressing the high computing power demands of AI servers, we have launched our development of a dedicated power module solution. This solution aims to utilize self-developed nanocrystalline magnetic powder and polymer composite materials, specifically designed for the high transient load requirements of AI chips. It aims to significantly suppress high-frequency switching losses and temperature rise, contributing to a global energy efficiency revolution in AI infrastructure.

Ongoing R&D Projects

As of the Latest Practicable Date, we had 21 ongoing R&D projects, primarily focusing on magnetic materials R&D capabilities, power inductor design and board-level power. Our ongoing R&D projects are targeted at end-use applications in consumer electronics, automotive electronics, and high-performance computing. We aim to secure reference designs with our end customers, achieve product verification tests through their AI chip platforms testing, and ultimately reach mass production.

MANUFACTURING

Manufacturing Facilities

We have three production bases located in China (Kunshan and Haining) and Thailand (Samut Prakan), of which two production bases in China (Kunshan and Haining) are in operation. As of December 31, 2025, the Kunshan production base accommodated 24 production lines, while the Haining production base accommodated 10 production lines. The Thailand production base is planned to accommodate 1 production line. These production bases provide the fundamental foundation for the scale production of our existing operations and subsequent capacity expansion.

In 2025, we had a newly constructed production base in Thailand which is planned for producing power inductors to cover relevant end customer’s orders and has a planned monthly production capacity of approximately 2,000 kps in 2026. As of the Latest Practicable Date, the planned production base in Thailand was in trial operation phase. We expect to commence commercial production in the second half of 2026. The following table sets out details of our production bases as of the Latest Practicable Date.

Facility	Owned/ Leased Properties	Location	Major Products/ Capabilities	GFA	Commencement of production
Kunshan production base	Owned	Kunshan, Jiangsu province, China	Power inductors	Approximately 57,338.3 sq. m.	2014 ⁽¹⁾
Haining production base	Leased	Haining, Zhejiang province, China	Power inductors	Approximately 9,135.0 sq. m.	2018
Thailand production base	Leased	Bangplee, Samut prakarn, Thailand	Power inductors	1,008.0 sq.m.	Expected

Note:

- (1) Our production facilities in the previous leased site in Kunshan commenced operations in 2014. We moved our production facilities to the new production base and officially commenced operations in 2025.

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Set forth below are the production capacity, production volume and utilization rates of our production bases for the periods indicated.

	For the year ended December 31,								
	2023			2024			2025		
	Production Capacity ⁽¹⁾ (kps)	Production Volume ⁽²⁾ (kps)	Utilization Rate ⁽³⁾ %	Production Capacity ⁽¹⁾ (kps)	Production Volume ⁽²⁾ (kps)	Utilization Rate ⁽³⁾ %	Production Capacity ⁽¹⁾ (kps)	Production Volume ⁽²⁾ (kps)	Utilization Rate ⁽³⁾ %
Kunshan production base ⁽⁴⁾	446,424	350,362	78.5	489,126	400,660	81.9	509,310	420,858	82.6
Haining production base ⁽⁵⁾	274,560	198,109	72.2	293,040	225,233	76.9	289,080	266,630	92.2
Total	720,984	548,471	76.1	782,166	625,893	80.0	798,390	687,488	86.1

Notes:

- (1) Production capacity is calculated on the basis of two shifts per day, with 10 hours per shift, and 22 operating days per month.
- (2) Production volume is the actual number of products manufactured by us for the indicated year.
- (3) The utilization rate during the year is calculated by dividing production volume by the production capacity for the same year.
- (4) The utilization rate of the Kunshan production base increased from 78.5% in 2023 to 81.9% in 2024, and further increase to 82.6% in 2025, primarily due to the growth in our high-performance computing sector orders and the corresponding increase in our production volume, which is generally in line with our revenue growth.
- (5) The utilization rate of the Haining production base increased from 72.2% in 2023 to 76.9% in 2024, and further increase to 92.2% in 2025, primarily due to the growth in our consumer electronics then orders and the corresponding increase in our production volume, which is generally in line with our revenue growth.

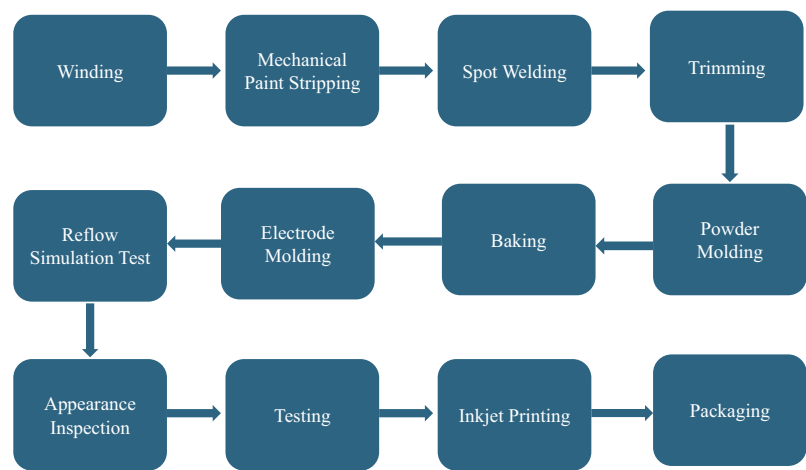
Factory Operation Management

We have established a well-structured factory operation management system. Operationally, we adopt a “centralized oversight localized execution” model. The Production Control Section is responsible for top-down production planning, resource coordination, and the development of operational management standards, and each production base organizes and executes in accordance with local conditions. Each factory integrates core functional departments, including production, quality assurance, equipment, and warehousing, to support daily operations and shipping schedules.

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Production Manufacturing Process

The diagram below illustrates key steps of our production process.



Details of technical pathways and process control points for each stage of the production flow.

Key production steps	Details	Core manufacturing equipment
Winding	The automatic process begins as the operator threads the coil onto the winding nozzle. The servo-driven mechanism then feeds the copper wire through the nozzle, while the winding servo motor precisely controls the rotation of the former to shape the coil. After forming, the transfer mechanism places the finished coil onto a fixture, which is then automatically conveyed to the spot-welding machine	The Winding Machine
Mechanical Paint Stripping	The coils are first positioned in dedicated fixtures, with the lead wires flattened at a bending station using forming dies. The copper wires then undergo high-temperature laser processing to remove the surface enamel and insulation layers, after which conductive tabs are placed onto the coils using vacuum pick-and-place equipment.	Paint Stripping Machine
Spot Welding	The tinned copper terminals are welded to the coil leads by a spot-welding machine through electrical discharge. Subsequently, the demolding module, driven by a pneumatic cylinder, ejects the completed coil and lead frame from the fixture. The welding process employs both electric resistance welding and laser welding technologies. Notably, the spot-welding process is consumable-free; the tinned copper sheet and copper wire fuse together upon melting, achieving excellent metallurgical bonding without the need for any auxiliary materials.	Spot Welding Machine
Trimming	Once positioned on the cutting die by pneumatic grippers, the coil and lead frame are trimmed to the precise dimensions required by the design specifications.	Cutting Machine

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Key production steps	Details	Core manufacturing equipment
Powder Molding	In the powder molding stage, a coil is first loaded into the hydraulic press mold before magnetic powder is added. Through the application of pressure at ambient temperature, the powder is densely compacted around the coil to create the final inductor geometry.	Servo Hydraulic Press
Baking	To cure the resin binder within the magnetic powder and ensure product strength, a stepwise baking process is carried out in an oven for a relatively long time. The entire baking process is controlled by a programmable logic controller that manages the temperature controller to oversee the curing procedure. During this process, a high and constant temperature is maintained, with strict overall temperature control accuracy. An over-temperature alarm and protection function is provided during this process.	Oven
Electrode Molding	The product is formed into the final finished component through a sequence of operations: blanking, U-bending, precision trimming, bending, and flattening.	Terminal Forming Machine
Reflow Simulation Test	To evaluate the reliability of the products under simulated reflow soldering conditions, an electrically heated tunnel furnace is used for testing. The furnace operates without emissions and allows precise control of the temperature zones to replicate the thermal profile of the soldering process.	Reflow Oven
Appearance Inspection	To meet product appearance standards, an AOI machine equipped with AI capabilities is used for appearance inspection. The equipment uses high-resolution hardware for appearance inspection. Any product that does not meet the appearance specifications is immediately rejected to ensure compliance with required standards.	AOI inspection machine
Testing	Use an electrical performance tester to conduct preliminary electrical performance testing, including voltage and current measurements.	Performance Tester
Inkjet Printing	For specific products, customers require the application of a water-based ink coating. To achieve this, semi-finished components from the previous process are placed into a tumbling spray machine, where an automatic spray process applies to a uniform layer of the water-based ink.	Inkjet Printer
Packaging	Following the initial testing, the samples are transferred to an integrated testing and packaging machine for cartooning. The cartoon products are then conveyed to a taping machine, where they are securely wrapped with adhesive tape before being transferred to the warehouse for storage.	Packaging Machine

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Equipment Maintenance and Upkeep

We conduct careful and timely maintenance of our production facilities and equipment. Each piece of our major production equipment or power machinery undergoes regular servicing and maintenance, adhering to predefined schedules. We have established and will continually update internal procedures tailored to the unique characteristics and requirements of each piece of production equipment or power machinery. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material or prolonged suspensions of operations due to equipment, machinery or other mechanical failures.

Production Safety

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any major production safety accidents, occupational health incidents, or environmental emergencies during our operations. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any administrative penalties related to workplace safety, occupational health, or environmental protection. Furthermore, during the Track Record Period and up to the Latest Practicable Date, no material incidents involving safety, environmental management, or internal controls had occurred.

QUALITY CONTROL

We have established a comprehensive quality management system to ensure rigorous control from raw material sourcing through manufacturing. We strictly adhere to product safety and quality standards, implementing controls at every production stage to ensure compliance with applicable national and international regulations. Our quality control team comprises of experienced personnels, with the quality control director having approximately 15 years of industry expertise.

Our commitment to high quality and reliability strengthens customer recognition and trust. We have obtained certifications including IATF 16949 (International Automotive Task Force), ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System), ISO 14064 (Greenhouse Gas Accounting and Verification System), ISO 45001 (Occupational Health and Safety Management System), and IECQ QC 080000 (Hazardous Substance Process Management System). These certifications not only cover the quality, environmental, and safety requirements throughout the entire product lifecycle, but are also deeply aligned with the core scenarios of customer service.

To monitor production quality and ensure products meet both our standards and customer specifications, we employ a comprehensive quality control approach. This system, aligned with relevant national and international standards, covers procurement, production, finished goods, and logistics.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant product recalls, product returns, liability claims, or legal issues related to product safety or quality control, or any product or solutions recalls.

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SALES, MARKETING AND CUSTOMERS

Geographic Coverage

Our sales are primarily concentrated in Chinese Mainland, Hong Kong, and Taiwan with shipments of Chinese Mainland accounting for the majority of our revenue. We mainly serve in-country customers and their supply chains. We also ship products to selected overseas clients, typically through their global supply networks. Although overseas sales remain relatively limited at present, we are actively advancing our sales network to gradually expand international market presence.

The following table sets forth our revenue by geographic location for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Chinese Mainland	218,340	60.3	258,206	59.3	299,407	63.6
Hong Kong	131,287	36.2	147,316	33.8	119,913	25.4
Taiwan	7,689	2.1	13,616	3.1	29,901	6.3
Others ⁽¹⁾	4,892	1.4	16,623	3.8	22,229	4.7
Total	362,208	100.0	435,761	100.0	471,450	100.0

Note:

(1) Others included Thailand, the U.S. and other countries or regions.

Sales Channels

Our sales are conducted through distributors or via direct sales channels. Distributorship model contributed 74.8%, 73.5% and 58.8% of our total sales in 2023, 2024 and 2025, respectively.

The following table sets forth the revenue breakdown by sales model for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Distribution	270,861	74.8	320,103	73.5	276,992	58.8
Direct Sales	91,347	25.2	115,658	26.5	194,458	41.2
Total	362,208	100.0	435,761	100.0	471,450	100.0

Distribution

Distributors handle downstream client engagement and order fulfillment, coordinating with our unified production and delivery schedules. During the Track Record Period, our products were primarily sold to distributors, a prevalent and primary sales approach for electronic components globally, according to CIC Report. Our customers primarily consist of distributors and ODMs and OEMs of our end customers. Our end customers are primarily global and domestic brands in the consumer electronics, automotive and semiconductor industries. Under the design-in model, prior to commencing mass production, we usually collaborate with our end customers on the R&D of their production design in terms of technical indices or electronic functions. Due

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to the production cycle, we are unable to adjust our production plan immediately. Distributors play a crucial role in bridging the gap between market demand and production capacity as they constantly monitor changes in market demand. Occasionally, distributors will introduce new end customers to us, helping us expand our customer base. We sell our products to distributors according to the terms and conditions in long-term distribution agreements with purchase price and amount specified in purchase order based on the demand of distributors. We applied a buy-out model in cooperation with distributors, as the inventory level is highly dependent on their forecast of end customers’ demand. Under the buy-out model, we have a seller-buyer relationship with our distributors whereby the ownership of the products is transferred to our distributors upon their purchase of the products. Revenue is recognized when control over the products is transferred to the distributors upon delivery of these products to and acceptance of these products by the distributors or the recipients designated by the distributors. We do not set sales target or minimum purchase amount for our distributors.

Distributor Management

We have established internal policies to manage our distributors. Our business department is responsible for verifying and confirming the end customer information submitted by distributors. We require distributors to promptly report any end customer changes to us, and such changes shall not be implemented without our prior confirmation. We require distributors to periodically (but on a non-fixed schedule) communicate with us throughout the year to align end customer development, account maintenance, and market expansion efforts.

Under our sales model with distributors, we believe that we are subject to limited exposure to risks associated with channel stuffing or cannibalization.

- **Limited channel stuffing risk.** We control channel stuffing risks through our internal management policies for distributors and measures by keeping track of the information of end customers. We monitor our products’ usage utilizing information and feedback provided by our distributors on regular basis and adjust our supply to prevent channel stuffing accordingly. Although it is the distributors’ responsibility to manage their own inventories, we do not set minimum purchase amounts for our distributors and encourage them to place orders according to their actual and projected demands on a rolling basis. Moreover, once the products are delivered and accepted by our distributors, they cannot be returned or exchanged other than in the case of quality issues. To the best knowledge of our Directors and based on the inventory information provided by the distributors which was not verified or audited by us, our Directors believe that there was no material amount of unsold inventories of our products held by distributors for each year of the Track Record Period.
- **Limited cannibalization risk.** Our products are customized power inductors built to meet individual end customer requirements. Products ordered through distributors are generally not interchangeable or resalable to sub-distributors, which mitigates the risk of internal sales displacement or price competition with our direct sales channel or sales through other distributors.

Based on the above, and to the best of our knowledge, our Directors do not believe there was any material channel stuffing issue and cannibalization risks among our distributors as a result of their buy-out model with us during the Track Record Period.

In August 2025, we engaged a new distributor, which at the commencement of engagement was an Independent Third Party, under normal commercial terms and on an arm’s length basis. This distributor subsequently became our connected person, as the shareholders of this distributor became substantial shareholders of Shanghai Mazo in October 2025, after which we continued our transactions with this distributor on the same commercial terms. Our revenue generated from this distributor amounted to RMB8.0 million,

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accounting for 1.7% of our revenue in 2025. As of the Latest Practicable Date, we already terminated the transactions with this distributor. Save as above, during the Track Record Period, to the best of our knowledge, all of our distributors were Independent Third Parties.

Distribution Agreement

The salient terms of our standard distribution agreements with distributors during the Track Record Period are set forth below:

- **Duration:** The duration of the framework distribution agreements typically spans a period of one to three years.
- **Payment, credit limit and term:** We determine credit limits and terms based on the creditworthiness of the distributors. In terms of payment, we generally grant a credit period to our distributors of approximately 30 to 120 days from the date of billing.
- **Pricing:** The selling price of our products will be separately agreed in the order placed by the distributor.
- **Sub-distribution:** Distributors are not allowed to sub-distribute without our prior written consent. We did not consent to any engagement of sub-distributors by our distributors during the Track Record Period.
- **Warranty:** We generally provide a one-year warranty period for the products delivered to our distributors. We are liable for damage caused by quality issues during the warranty period.
- **Product returns:** Unless otherwise agreed, we do not accept product returns for non-quality reasons.
- **Termination:** Both parties are entitled to terminate the agreement with generally 180 days’ prior written notice.

Movement of Distributors

The following table shows the movement in the number of distributors with which we collaborated during the Track Record Period.

	Year ended December 31,		
	2023	2024	2025
Number of distributors at the beginning of the year	50	50	49
Number of new distributors	–	1	–
Number of terminated distributors ⁽¹⁾	–	2	–
Net increase (or decrease) in number of distributors	–	(1)	–
Number of distributors at the end of the year	50	49	49

Note:

- (1) Distributors are considered terminated when they did not have any transaction with us during the past two years.

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In 2024, we engaged one new distributor. We stringently review our business relationship with distributors through periodic assessment. In 2024, we did not have any transaction with two of our distributors, primarily due to their unsatisfactory sales performance with no transaction with us over the past two years.

Direct Sales

For the years ended December 31, 2023, 2024 and 2025, our revenue from direct sales amounted to RMB91.3 million, RMB115.7 million and RMB194.5 million, accounting for 25.2%, 26.5% and 41.2% of our total revenue, respectively. The salient terms of our standard direct sales agreements during the Track Record Period are set out below:

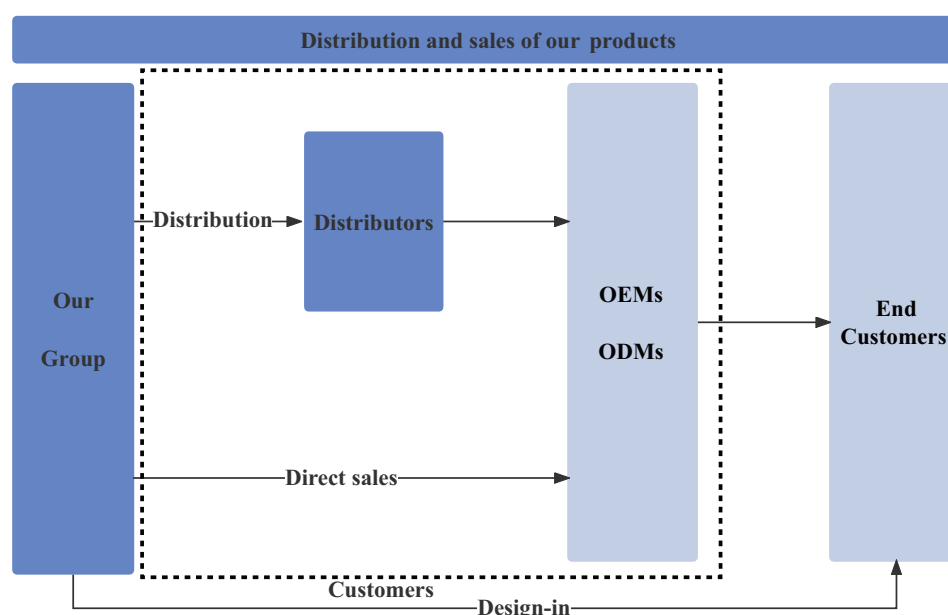
- **Duration:** The duration of the framework sale agreements typically spans a period of one to five years.
- **Transfer of risks:** Risks are transferred to the customers upon delivery and acceptance.
- **Pricing:** The selling price of our products will be separately agreed in the order placed by the customer.
- **Payment and credit terms:** We usually provide our customers with a credit term ranging from 30 days to 120 days.
- **Quality control:** We warrant that at the time of delivery, all products are new, free from defects that impair their value or functionality, and conform to applicable safety standards under relevant laws and regulations.
- **Delivery:** We primarily deliver goods under DAP (Delivered at Place) terms, under which we are responsible for delivering products to the locations and at the times as specified in the orders placed by our customers. We may also deliver under FOB (Free on Board) or FCA (Free Carrier) terms, depending on the customer’s requirements.
- **Termination:** These framework agreements can be terminated by mutual agreement of the parties or terminated unilaterally under certain circumstances such as unrectified material breach of the contract, force majeure or bankruptcy of a party.
- **Confidentiality:** These framework agreements usually have strict confidentiality provisions that restrict us from disclosing confidential technical information of our customers.

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Customer

Key Customers

Our customers primarily consist of distributors and ODMs and OEMs of our end customers. Our end customers are primarily global and domestic brands in the consumer electronics, automotive and semiconductor industries. We sell our products to ODMs and OEMs of our end customers directly or through distributors. The following diagram illustrates our sales channel and our design-in model.



Our customer base is stable, with certain key relationships spanning over five years. During the Track Record Period, our top five customers included distributors, ODMs and OEMs in the notebooks, GPUs, and electronics manufacturing sectors. In 2023, 2024 and 2025, our revenue from our five largest customers, amounted to RMB285.1 million, RMB341.8 million and RMB330.9 million, accounting for 78.7%, 78.4% and 70.2% of our revenue in the respective years. Revenue generated from our single largest customer for each year during the Track Record Period accounted for 34.1%, 34.7% and 32.5%, respectively, of our revenue in the respective years. Our customer concentration remains relatively high, mainly because the industries where our end customers operate, particularly in high-performance computing and AI, are dominated by a few leading companies. Furthermore, it's our business strategy to proactively seek business collaboration with such leading companies. These end customers partner with a limited number of ODMs and OEMs. In addition, a large portion of our sales go through several particular distributors, because they serve such ODMs and OEMs, which further reinforces our customers' concentration. See “Risk Factor – We depend on a limited number of major customers for a significant portion of our revenue. The loss of, or a significant reduction in business from, any of these customers could materially and adversely affect our business and results of operations”. To the best of our knowledge, each of our five largest customers in each year or period during the Track Record Period was an Independent Third Party. To the best of our knowledge, none of our Directors, their close associates or any Shareholders of our Company, who or which to the knowledge of the Directors owned more than 5% of our Company's issued share capital, had any interest in any of our five largest customers in each year or period during the Track Record Period.

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Year ended December 31, 2023

Rank	Customer	Background	Type of customers	Products sold	Revenue (RMB'000)	% of our total revenue	Year of commencement of business relationship with us	Credit terms and typical payment method
1.	Customer A	Incorporated in the Republic of Seychelles with a registered capital of USD5.0 million, Customer A primarily engages in the electronic components and electronic products.	Distributor	Power Inductors	123,484.7	34.1	2019	Within 90 days after the first day of the month after the issuance of invoice by bank transfer
2.	Customer B	Incorporated in the U.S., Customer B primarily engages in the electronic components and electronic products.	Distributor	Power Inductors	89,783.5	24.8	2020	Within 120 days after the first day of the month after the issuance of invoice by bank transfer
3.	Customer C	Incorporated in Japan and listed on the Tokyo Stock Exchange with a market value of approximately JPY36,818.0 million as of the Latest Practicable Date, Customer C is an international manufacturer of high-quality inductive components and modules.	ODMs and OEMs	Power Inductors	37,642.0	10.4	2016	Within 30 days after the first day of the month after the issuance of invoice by bank transfer
4.	Customer D	Incorporated in China with a registered capital of RMB10.0 million, Customer D primarily engaged in the research and sale of electronic components wireless communication products, and integrated circuit products.	Distributor	Power Inductors	23,798.3	6.6	2018	Within 30 days after the first day of the month after the issuance of invoice by bank transfer
5.	Customer E	Incorporated in Taiwan and listed on Taiwan Stock Exchange with a market value of approximately TWD1,216.2 million as of the Latest Practicable Date, Customer E is a major inductor supplier to display panel manufacturers in the Greater China region.	ODMs and OEMs	Power Inductors	10,438.6	2.8	2017	Within 60 days after the first day of the month after the issuance of invoice by bank transfer
Total					285,147.1	78.7		

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Year ended December 31, 2024

Rank	Customer	Background	Type of customers	Products sold	Revenue (RMB'000)	% of our total revenue	Year of commencement of business relationship with us	Credit terms and typical payment method
1.	Customer A	Incorporated in the Republic of Seychelles with a registered capital of USD5.0 million, Customer A primarily engages in the electronic components and electronic products.	Distributor	Power Inductors	151,029.9	34.7	2019	Within 90 days after the first day of the month after the issuance of invoice by bank transfer
2.	Customer B	Incorporated in the U.S., Customer B primarily engages in the electronic components and electronic products.	Distributor	Power Inductors	95,237.9	21.9	2020	Within 120 days after the first day of the month after the issuance of invoice by bank transfer
3.	Customer C	Incorporated in Japan and listed on the Tokyo Stock Exchange with a market value of approximately JPY36,818.0 million as of the Latest Practicable Date, Customer C is an international manufacturer of high-quality inductive components and modules.	ODMs and OEMs	Power Inductors	51,441.1	11.8	2016	Within 30 days after the first day of the month after the issuance of invoice by bank transfer
4.	Customer D	Incorporated in China with a registered capital of RMB10.0 million, Customer D primarily engages in the research and sale of electronic components wireless communication products, and integrated circuit products.	Distributor	Power Inductors	27,135.5	6.2	2018	Within 30 days after the first day of the month after the issuance of invoice by bank transfer
5.	Customer F	Incorporated in Taiwan and listed in Taiwan Stock Exchange with a market value of approximately TWD1,095,054.9 million as of the Latest Practicable Date, Customer F primarily specializes in the design and manufacturing of notebook computers and cloud computing solutions.	ODMs and OEMs	Power Inductors	16,921.1	3.9	2020	Within 120 days after the first day of the month after the issuance of invoice by bank transfer
Total					<u>341,765.5</u>	<u>78.4</u>		

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Year ended December 31, 2025

Rank	Customer	Background	Type of customers	Products sold	Revenue (RMB'000)	% of our total revenue	Year of commencement of business relationship with us	Credit terms and typical payment method
1.	Customer A	Incorporated in the Republic of Seychelles with a registered capital of USD5.0 million, Customer A primarily engages in the electronic components and electronic products.	Distributor	Power Inductors	153,123.3	32.5	2019	Within 90 days after the first day of the month after the issuance of invoice by bank transfer
2.	Customer C	Incorporated in Japan and listed on the Tokyo Stock Exchange with a market value of JPY36,818.0 million as of the Latest Practicable Date, Customer C is an international manufacturer of high-quality inductive components and modules.	ODMs and OEMs	Power Inductors	62,391.7	13.2	2016	Within 30 days after the first day of the month after the issuance of invoice by bank transfer
3.	Customer B	Incorporated in the U.S., Customer B primarily engages in the electronic components and electronic products.	Distributor	Power Inductors	50,393.8	10.7	2020	Within 120 days after the first day of the month after the issuance of invoice by bank transfer
4.	Customer G	Incorporated in the U.S. and listed on the New York Stock Exchange with a market value of approximately USD138,433.2 million as of the Latest Practicable Date, Customer G primarily engages in intelligent power management.	ODMs and OEMs	Power Inductors	38,399.2	8.1	2025	Within 120 days after the first day of the month after the issuance of invoice by bank transfer
5.	Customer F	Incorporated in Taiwan and listed on Taiwan Stock Exchange with a market value of TWD1,095,054.9 million as of the Latest Practicable Date, Customer F primarily specializes in the design and manufacturing of notebook computers and cloud computing solutions	ODMs and OEMs	Power Inductors	26,574.7	5.7	2020	Within 120 days after the first day of the month after the issuance of invoice by bank transfer
Total					<u>330,882.7</u>	<u>70.2</u>		

Customer Service and Experience

Service Structure

We primarily deploy field application engineers (FAEs) in key locations to respond promptly to client needs and improve service quality. Currently, we have sales personnel in Shanghai, Beijing, Chongqing, Shenzhen, and, etc. These personnel can serve clients across different industries, while experienced senior account managers act as industry leaders for specific segments – such as computing, automotive, servers, and consumer electronics – integrating industry insights, client requirements, and service models to enhance professional coordination. For technical support, if a customer raises design, performance, or application-related questions, sales personnel coordinate with relevant departments to provide technical assistance and tailored solutions.

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After-Sales Service and Product Return Policy

We typically provide a one-year warranty for our products. We warrant that the products shall be free from defects in quality, including those related to raw materials, design, manufacturing, quality, and workmanship. We have established standardized after-sales service and complaint-handling procedures. Customers’ complaints are logged and processed by the sales or quality assurance department and forwarded internally. If responsibility rests with us, the quality assurance departments implement containment measures within 24 hours to prevent disruption to the customer’s production, followed by corrective actions. Following an internal analysis and review that confirms product deficiency, our quality assurance department will inform the customer service team to initiate a return request to complete the return and exchange procedure.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant product recalls, product returns, liability claims, or legal issues related to product safety or quality control, or any product or solutions recalls.

Channel Development

Our future brand strategy is selling products under our own brand. We continue to invest in channel development to support business expansion. Through sustained investment, we aim to strengthen customer loyalty, explore new application scenarios and customer segments, while maintaining our existing client base.

Pricing Strategy

The selling price of our products are primarily cost-based, taking into account R&D expenditure, labour and procurement cost, and will be separately agreed in the order placed by the customer. We also consider industry-specific price benchmarks. These pricing strategies result in our more competitive pricing while maintaining sustainable profitability.

PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

We have established an operational and management system designed to coordinate our supply chain, optimize resource allocation across order processing, procurement, manufacturing, logistics, and related functions.

Procurement Management

Our procurement primarily covers raw materials directly related to production, as well as fixed assets such as production equipment. Our core raw materials include magnetic materials and copper wires. In response to the potential price increases, we primarily mitigate the impact on our raw material costs by building long-term relationships with our suppliers and conducting secondary source evaluations. We have implemented periodic reviews and internal mechanisms to monitor the price of our raw materials. We timely adjust our stock levels to maintain optimal inventory levels considering anticipated price fluctuations. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any shortage of supply of raw materials. See “Risk Factors – Our production is highly sensitive to the fluctuation in raw material prices. If we are unable to pass on cost increases caused by price volatility in raw materials, our profitability may decline”. Our procurement is managed in accordance with our standardized procedures, with unified processes across material categories. In principle, we obtain quotations from at least two suppliers for comparison before issuing orders.

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Materials directly used in production are requisitioned by the requesting department based on BOM calculations and current inventory levels, and purchase orders are placed by our procurement department with qualified suppliers. We maintain an independent procurement team comprising three procurement officers, each with clearly defined responsibilities. We establish supplier development, evaluation, and management policies to ensure supply chain stability and compliance. Approvals require sign-off from the managers of the requesting department, procurement department, and senior management; contracts require both review by the legal department and procurement department; payments follow established approval workflows to ensure compliance and orderliness.

In terms of material costs, most purchased materials are industry-standard items. We determine our material cost by soliciting quotes from multiple suppliers, considering price, quality, and delivery capability. Our materials cost is primarily influenced by copper prices, purchase volume, and quality requirements, with scale-based procurement generally offering price advantages. If materials cost rises without corresponding adjustments to product selling prices, cost control and profitability may be affected.

Outsourcing Arrangements

During the Track Record Period, we outsourced some standardized and labor intensive manufacturing process of power inductors under consumer electronics sector to outsourced service providers, primarily to (i) address our high production utilization rate, being 76.1%, 80.0% and 86.1% in 2023, 2024 and 2025, and (ii) optimize our cost efficiency. In 2023, 2024 and 2025, our outsourcing cost amounted to RMB28.8 million, RMB77.7 million and RMB114.1 million, respectively, accounting for 9.6%, 22.0%, and 30.8% of our cost of sales for the same years.

We carefully select outsourced service providers through a series of criteria. We require our outsourced service providers to be legally established entities with the relevant qualifications. They must strictly comply with hazardous substance regulations, and their products must pass system certifications and relevant risk management to ensure quality. Meanwhile, we manage our outsourced service providers with clear payment, credit, and delivery terms to support commercial viability. As of the Latest Practicable Date, we primarily cooperated with 5 outsourced service providers which can meet our requirements and the demands for our operations. We have generally maintained long-term relationships with our outsourced service providers. To the best of our knowledge, each of our outsourced service providers during the Track Record Period was an Independent Third Party.

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The salient terms of the agreements with our outsourced service providers are set forth below:

- **Duration.** The duration of the framework agreements typically spans a period of 2 years.
- **Delivery.** The outsourced service providers are typically responsible for the delivery of products to our designated location specified in each purchase order.
- **Payment, credit limit and term.** The framework agreements typically grant us credit periods of 30 to 90 days and make payment through bank transfer.
- **Quality Control.** Our outsourced service providers warrant that all products are new at the time of delivery and remain free from defects that impair their value or functionality for six to twelve months from the date of transfer.
- **Compliance with quality requirements.** We perform sample checks on products. The outsourced service providers shall periodically submit quality reports to us. The outsourcing service providers’ failure to meet quality requirements would obligate them to improve the products to specification at their own expense.
- **Termination.** We are entitled to reduce the purchase volume or terminate the purchase order when the outsourced service providers fail to perform in quality or delivery and do not make timely corrections after receiving our corrective warning.
- **Confidentiality.** Our technical information shall not be disclosed to any third-party organizations or individuals.

Key Suppliers

During the Track Record Period, our top five suppliers were primarily located in Jiangsu Province. Collaboration with most of our top five suppliers spans over four years, with one supplier exceeding ten years. Overall, we maintain long-term and stable relationships with our primary suppliers. In 2023, 2024 and 2025, the aggregate purchases from our five largest suppliers, in each respective year, amounted to RMB100.1 million, RMB127.0 million and RMB141.1 million, which accounted for 43.5%, 46.5% and 51.3% of our total purchases, respectively. For each year during the Track Record Period, our single largest supplier accounted for 15.1%, 14.2% and 15.1%, respectively, of our total purchases. We do not believe we are exposed to concentration risk or reliant on any single supplier. Our Directors confirmed that, during the Track Record Period, we had not experienced any significant material fluctuation in prices set by our suppliers, material breach of contract on the part of our suppliers or material delay in delivery of our orders from our suppliers. To the best of our knowledge, each of our five largest suppliers in each year or period during the Track Record Period was an Independent Third Party. To the best of our knowledge, none of our Directors, their associates or any of our shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers during the Track Record Period.

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

Year ended December 31, 2023

Rank	Supplier	Background	Products purchased	Purchase amount (RMB'000)	% of our total purchase amount	Year of commencement of business relationship with us	Credit terms and typical payment method
1.	Supplier A	Incorporated in China with a registered capital of RMB4.0 million, Supplier A primarily specializes in electronic components and electronic products.	Semi-finished products, finished products, raw materials	34,600.8	15.1	2016	Within 60 days after the first day of the month after the issuance of invoice by bank transfer
2.	Supplier B	Incorporated in China with a registered capital of RMB20.0 million, Supplier B primarily specializes in the manufacturing and sales of electronic components and electronic products.	Finished products, semi-finished products, raw materials	27,477.4	12.0	2022	Within 60 days after the first day of the month after the issuance of invoice by bank transfer
3.	Supplier C	Incorporated in China with a registered capital of RMB1.0 million, Supplier C primarily specializes in metal products production.	Finished products, semi-finished products, raw materials	14,367.5	6.3	2017	Within 30 days after the first day of the month after the issuance of invoice by bank transfer
4.	Supplier D	Incorporated in China with a registered capital of USD0.5 million, Supplier D primarily specializes in the manufacturing of electronic components.	Semi-finished products, raw materials	13,989.0	6.0	2015	Within 120 days after the first day of the month after the issuance of invoice by bank transfer
5.	Supplier E	Incorporated in China with a registered capital of RMB5.0 million, Supplier E primarily specializes in the design and sales of automation equipment.	Equipment, raw materials	9,622.1	4.1	2023	Within 90 days after the first day of the month after the issuance of invoice by bank transfer
Total				<u>100,056.8</u>	<u>43.5</u>		

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Year ended December 31, 2024

Rank	Supplier	Background	Products purchased	Purchase amount (RMB'000)	% of our total purchase amount	Year of commencement of business relationship with us	Credit terms and typical payment method
1.	Supplier A	Incorporated in China with a registered capital of RMB4.0 million, Supplier A primarily specializes in electronic components and electronic products.	Semi-finished products, raw materials, finished products	38,822.8	14.2	2016	Within 60 days after the first day of the month after the issuance of invoice by bank transfer
2.	Supplier B	Incorporated in China with a registered capital of RMB20.0 million, Supplier B primarily specializes in manufacturing and sales of electronic components and electronic products.	Finished products, semi-finished products, raw materials	38,204.5	14.0	2022	Within 60 days after the first day of the month after the issuance of invoice by bank transfer
3.	Supplier C	Incorporated in China with a registered capital of RMB1.0 million, Supplier C primarily specializes in metal products production.	Finished products, semi-finished products, raw materials	18,390.6	6.7	2017	Within 60 days after the first day of the month after the issuance of invoice by bank transfer
4.	Supplier D	Incorporated in China with a registered capital of USD0.5 million, Supplier D primarily specializes in the manufacturing of electronic components.	Semi-finished products, raw materials	16,410.6	6.0	2015	Within 120 days after the first day of the month after the issuance of invoice by bank transfer
5.	Supplier F ⁽¹⁾	Incorporated in China with a registered capital of RMB18.8 million, Supplier F primarily specializes in the manufacturing of electronic components.	Finished products, semi-finished products, raw materials	15,156.2	5.6	2022	Within 60 days after the first day of the month after the issuance of invoice by bank transfer
Total				126,984.7	46.5		

Note:

- (1) As of the Latest Practicable Date, Supplier F was a subsidiary of one of our [REDACTED] Investors, Dongguan Qinhe, which held 9.87% of Supplier F's equity interests.

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Year ended December 31, 2025

Rank	Supplier	Background	Products purchased	Purchase amount (RMB'000)	% of our total purchase amount	Year of commencement of business relationship with us	Credit terms and typical payment method
1.	Supplier A	Incorporated in China with a registered capital of RMB4.0 million, Supplier A primarily specializes in electronic components and electronic products.	Semi-finished products, raw materials, finished products	41,494.7	15.1	2016	Within 60 days after the first day of the month after the issuance of invoice by bank transfer
2.	Supplier B	Incorporated in China with a registered capital of RMB20.0 million, Supplier B primarily specializes in manufacturing and sales of electronic components and electronic products.	Finished products, semi-finished products, raw materials	41,442.0	15.1	2022	Within 60 days after the first day of the month after the issuance of invoice by bank transfer
3.	Supplier F	Incorporated in China with a registered capital of RMB18.8 million, Supplier F primarily specializes in the manufacturing of electronic components.	Finished products, semi-finished products, raw materials	22,100.2	8.0	2022	Within 60 days after the first day of the month after the issuance of invoice by bank transfer
4.	Supplier C	Incorporated in China with a registered capital of RMB1.0 million, Supplier C primarily specializes in metal products production.	Finished products, semi-finished products, raw materials	20,600.9	7.5	2017	Within 60 days after the first day of the month after the issuance of invoice by bank transfer
5.	Supplier D	Incorporated in China with a registered capital of USD0.5 million, Supplier D primarily specializes in the manufacturing of electronic components.	Semi-finished products, raw materials	15,511.2	5.6	2015	Within 120 days after the first day of the month after the issuance of invoice by bank transfer
Total				<u>141,149.0</u>	<u>51.3</u>		

Note:

- (1) As of the Latest Practicable Date, Supplier F was a subsidiary of one of our [REDACTED] Investors, Dongguan Qinhe, which held 9.87% of Supplier F's equity interests.

Key Supplier Agreements and Salient Supply Terms

Procurement with major suppliers is primarily arranged through purchase agreements and purchase orders. Purchase agreements generally establish the overall cooperation framework, while purchase orders specify individual transactions, including quantity, price, and settlement terms.

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Set forth below is a summary of salient terms of the purchase agreements between our suppliers and us:

- **Duration:** Purchase agreement is generally two years.
- **Pricing:** The price will be specified in separate purchase orders.
- **Delivery:** The suppliers are typically responsible for the delivery of products to our designated location specified in each purchase order.
- **Transfer of risks:** The risk transfers to us after we complete inspection and confirm receipt of the products.
- **Payment and credit terms:** The framework agreements typically grant us credit periods ranging from 30 to 180 days.
- **Quality control:** Our suppliers warrant that all products are new at the time of delivery and remain free from defects that impair their value or functionality for twelve months from the date of transfer. Additionally, the products shall comply with applicable safety standards in Chinese Mainland, Taiwan, and international markets, and be accompanied by relevant safety certificates or test reports.
- **Termination:** We may terminate the contract or reduce purchase volumes if the suppliers fail to remedy a breach after receiving a written notice and a grace period, or if the suppliers repeatedly fail to correct quality or delivery issues despite our requests.
- **Confidentiality:** The supplier shall not disclose or make public the contents of the purchase orders without our prior written consent. Purchase agreements involve strict confidentiality provisions that restrict our suppliers from disclosing confidential information of our technologies.

Overlapping of Suppliers and Customers

Certain of our five largest suppliers in each year of the Track Record Period were also our customers. The following table sets forth details of these overlapping parties and the nature of their respective transactions with us:

Suppliers and Customers	Year	Purchase Amount (RMB'000)	Sales Amount (RMB'000)
Supplier B	2023	27,477.4	2,782.2
	2024	38,204.5	420.7
	2025	41,442.0	476.9
Supplier D	2023	13,989.0	—
	2024	16,410.6	57.7
	2025	15,511.2	—
Supplier F	2023	3,347.4	—
	2024	15,156.3	4.4
	2025	22,100.3	1,285.2

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During the Track Record Period, Supplier B was one of our customers. Supplier B is principally engaged in manufacturing and sales of electronic components and electronic products. Our business relationship with Supplier B commenced in 2022. During the Track Record Period, we sold certain equipment to Supplier B and Supplier B acted as our contract manufacturer to produce power inductors using such equipment to fulfill our specific requirement on the products, which we then purchased from Supplier B due to our already high production utilization rate. During the Track Record Period, we also purchased semi-finished goods and raw materials from Supplier B.

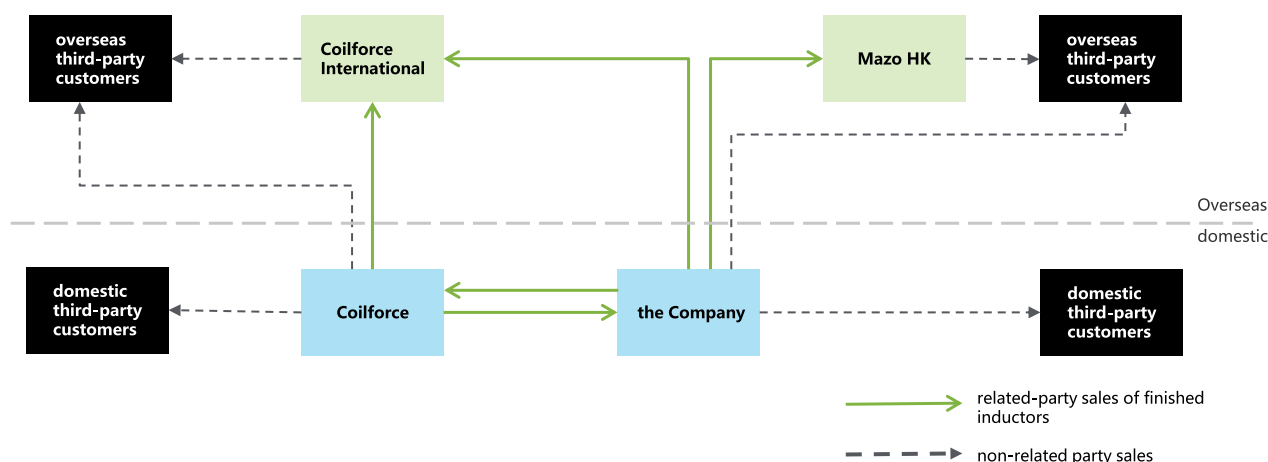
During the Track Record Period, Supplier D was one of our customers. Supplier D is principally engaged in the manufacturing of electronic components. Our business relationship with Supplier D commenced in 2015. During the Track Record Period, we occasionally sold lead frames to Supplier D, from whom we purchased semi-finished goods and raw materials, primarily copper wires.

During the Track Record Period, Supplier F was one of our customers. Supplier F is principally engaged in the manufacturing of electronic components. Our business relationship with Supplier F commenced in 2022. During the Track Record Period, we occasionally sold power inductors to Supplier F, because they bought a different type of power inductors from us. During the Track Record Period, we also engaged Supplier F as one of our contract manufacturers, from whom we purchased finished goods, semi finished goods, and raw materials, such as power inductors.

Our sales to and purchases from Supplier B, Supplier D and Supplier F were neither inter-connected nor inter-conditional with each other. Our Directors confirmed that all of our sales to and purchases from Supplier B, Supplier D and Supplier F were conducted in the ordinary course of business under normal commercial terms and on an arm’s-length basis. According to CIC Report, such overlapping suppliers and customers is in line with the industry norm.

INTRA-GROUP TRANSACTIONS

During the Track Record Period, the Company and its subsidiaries primarily operated in the Chinese Mainland and Hong Kong. The below chart illustrates the relationships of the Company and these subsidiaries involving intra-group transactions (the “**Covered Transactions**”) during the Track Record Period.



The aggregate income incurred by the Company and its subsidiaries involved in the Covered Transactions amounted to approximately RMB65.1 million, RMB206.3 million and RMB335.1 million in 2023, 2024 and 2025, respectively.

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The Covered Transactions are intragroup sales of finished products, where the purchasers acting as the sellers’ distributors undertake sales functions and bear certain sales risks. During the Track Record Period, the Covered Transactions include:

- Coilforce International purchased finished products from the Company and Coilforce, respectively, and sold them to overseas third-party customers;
- Mazo HK purchased finished products from the Company and sold them to overseas third-party customers;
- The Company purchased finished products from Coilforce and sold them to domestic and overseas customers;
- Coilforce purchased finished products from the Company and sold them to domestic and overseas customers.

Our Group engaged an independent transfer pricing consultant (the “**Transfer Pricing Tax Consultant**”), to conduct a review of our intra-group transactions on whether they were (i) in compliance with the Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations promulgated by Organization for Economic Co-operation and Development (OECD), and (ii) in compliance with the applicable laws, regulations, rules and normative documents of transfer pricing arrangement in Chinese Mainland and Hong Kong, as well as the current transfer pricing practices in Chinese Mainland and Hong Kong.

After performing certain working procedures, based on certain assumptions, to assess the transfer pricing risk of the Covered Transactions and whether the transfer pricing of Covered Transactions is consistent with the arm’s length principle, our management is of the view that there are no significant indications noticed that the transaction prices for the Covered Transactions during the Track Record Period were unreasonable and the transfer pricing risk of the Covered Transactions are low because the Covered Transactions were either conducted at arm’s length basis or did not confer any income tax advantage to the Group in Chinese Mainland and Hong Kong.

Our management continuously monitors our Group’s intra-group transactions to ensure compliance with applicable transfer pricing regulations. We will continue to review and, if necessary, adjust our transfer pricing policies to align with regulatory developments and market conditions.

Nevertheless, we cannot assure that our transfer pricing arrangements will not be subject to review or challenge by relevant tax authorities in the future. For further details, see “Risk Factors – Risks Relating to Our Business and Industry – Our operations may be subject to transfer pricing adjustments by relevant tax authorities.”

WAREHOUSING AND LOGISTICS

Warehousing Management

Our warehouse department is responsible for (i) material receipt and dispatch, (ii) inventory management, and (iii) finished goods delivery. Our inventory is primarily stored in our owned warehouses in Kunshan and Haining.

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Logistics and Distribution

Our supply chain department coordinates procurement and logistics arrangements. Logistics services are mainly provided by customer-designated logistics partners, with whom we have entered into service agreements. When we arrange direct shipment, we bear the freight cost. Based on past records, occasional packaging damage occurred during transit; such losses were borne by the freight forwarder, and we have not compensated customers in such instances.

Inventory Management

Our inventory mainly comprises raw materials, work-in-progress items and finished goods. We manage inventory through dedicated warehouses staffed with assigned personnel. Material withdrawals follow an on-demand system requiring system-based approval. We conduct monthly cycle counts and perform full physical inventories in June and December each year. In addition, we provide appropriate inventory impairment provisions in accordance with relevant accounting policies.

DATA PRIVACY AND NETWORK SECURITY

We fully recognize our responsibilities in data security management and regard this as a key commitment to winning customer trust and safeguarding [REDACTED] interests. We consistently place data security and privacy protection at the forefront of our corporate governance, fully complying with the PRC laws and regulations, including the Cybersecurity Law, Data Security Law, and Personal Information Protection Law, as well as regulatory requirements.

- **Comprehensive Management Structure and Policy System:** We have dedicated data security personnel responsible for coordinating, implementing, and supervising company-wide data compliance efforts. We have implemented policies including the information equipment management system, the information system implementation, and operation management regulations. These systems and regulations collectively form our data protection framework, ensuring strict information security standards are maintained and that all operations are governed by clear guidelines and supported by verifiable records.
- **Technical Protection and Closed-Loop Control:** We have deployed a multi-layered, in-depth technical protection system encompassing network perimeter security, terminal control, intrusion detection, data encryption, privilege segregation, and operational auditing.
- **Company-wide Awareness and Continuous Improvement:** Data security is a shared responsibility across the entire organization. We regularly organize security training for all employees to strengthen privacy protection awareness. Concurrently, we have established a regular risk assessment mechanism and emergency response plans, and we conduct periodic compliance audits and attack-defense drills to ensure our management system continuously adapts to evolving regulations and business development needs.

We firmly believe that a comprehensive data privacy and cybersecurity system is not only a necessary condition for compliance, but also a reflection of our core competitiveness. Moving forward, we will continue to increase resource and optimize our security governance to build a solid digital foundation for our long-term, stable development, effectively safeguarding the rights and interests of our customers, partners, and all [REDACTED].

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RISK MANAGEMENT AND INTERNAL CONTROL

Overview

Our Group recognizes that a robust risk management and internal control system is essential to achieving the Company’s strategic objectives, enhancing operational efficiency, safeguarding assets, ensuring the reliability of financial reporting, and maintaining compliance. As the business expands and external environments evolve, the Group continues to review and enhance its risk management and internal control framework, taking into account both current operations and the governance requirements associated with the proposed [REDACTED].

Although the Group’s internal control system provides reasonable assurance, its inherent limitations (such as human error, fraudulent activities, and changes in the external environment) mean that we cannot guarantee the system will prevent all misstatements or non-compliance. Therefore, the Group will continue to refine its control mechanisms and ensure the effective implementation of all control measures through ongoing supervision, remediation follow-up and internal training.

Governance Structure and Responsibilities

Board of Directors and Committees

The Board of Directors is ultimately responsible for the Group’s risk management and internal control and for overseeing their design, implementation and effectiveness. At the current pre-listing stage, the Board oversees major risk management and internal control matters mainly through Board meetings, management reporting and the review of internal control findings and remediation progress. In connection with the proposed [REDACTED], the Company has prepared or is in the process of adopting additional governance documents, including the terms of reference of the Audit Committee, the Nomination Committee and the Remuneration Committee, as well as a Board and Employee Diversity Policy. Following the necessary approvals and/or upon the [REDACTED] becoming effective, as applicable, the Audit Committee and other Board committees will assist the Board in overseeing the effectiveness of the risk management and internal control system, reviewing compliance and financial reporting matters, and supporting ongoing corporate governance requirements.

The Board reviews significant risk and internal control matters on a regular basis and, where appropriate, directs management to implement rectification and enhancement measures. The Company has also arranged directors’ training in connection with its proposed [REDACTED] and will continue to strengthen its governance framework in line with applicable Listing Rules and related corporate governance expectations.

Management’s Responsibilities

Management is responsible for the daily implementation of risk management and internal control measures, including the execution of key control measures at the Group and business process levels. Management will periodically report significant risk issues and the status of controls to the Board and, based on the Board’s directions, adjust and implement appropriate corrective measures.

Three Lines of Defense

The Group implements the “Three Lines of Defense” model in its internal control to ensure the comprehensive execution of control measures:

- First line of defence: business units and functional departments are responsible for identifying, owning and managing day-to-day risks within their respective areas and for executing key control measures.

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- Second line of defence: the Finance Centre, the Strategic Investment Centre and other control-supporting functions, together with legal or compliance support where appropriate, provide policies, guidance, oversight and support to help ensure that the first line implements control measures consistently with internal policies and management requirements.
- Third Line of Defense: At present, independent assurance over the risk management and internal control system is provided through internal control review work, remediation follow-up and support from external professional advisers. In connection with the proposed [REDACTED], the Company intends to further strengthen its internal audit function and the Audit Committee’s oversight role.

Risk Identification

The Group identifies and assesses major risks with periodic process reviews, budgeting and planning procedures, contract and credit reviews, internal control reviews and management meetings. Relevant business units, functional departments and subsidiaries participate in this process so that risk management considerations are embedded across the Group’s operations.

Risk Mitigation

The Group adopts various strategies to address risks based on their nature and impact. Each significant risk is integrated into the core business processes, such as budget control, authorization approval, and the separation of key responsibilities, to effectively reduce risk exposure.

Risk mitigation measures extend beyond preventive controls and include monitoring during operations. Through regular business reviews, data analysis, and market monitoring, the Group adjusts its risk management strategy to adapt to the evolving business environment.

Risk Monitoring and Reporting

The Group monitors risks through regular business reviews, management reports, key performance indicators, internal control reviews and the use of relevant business and financial systems. Management escalates significant matters to the Board and senior management on a regular basis or as needed and implements corrective actions where appropriate.

Where relevant, the Group also uses operational and financial data generated from its business systems to support management oversight, trend analysis.

Internal Control System

The Group’s internal control system is designed to ensure the effectiveness of operations, the reliability of financial reporting, and compliance. This system is multi-layered and multidimensional, covering all business activities within the Group.

Control Environment

The control environment is the foundation of the internal control system. The Group promotes integrity and accountability arrangements through its organizational structure, authorization matrix, internal policies and management responsibilities. In connection with the proposed [REDACTED], the Company has also prepared a number of governance-related policies and board committee terms of reference, some of which will become effective upon approval and/or upon the [REDACTED] becoming effective, as applicable. The Group also has dedicated functions responsible for monitoring environment- and safety-related compliance, where relevant.

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Risk Assessment

The Group regularly conducts risk assessments to identify and assess risks that could affect the Group’s operations, financial reporting, and compliance objectives. The results of these assessments provide a basis for implementing effective control measures to manage external market fluctuations, internal operational risks, and compliance risks.

Control Activities

The Group implements control activities in key business processes to ensure the effectiveness of internal controls. These activities cover financial management, sales and export business management, procurement, inventory and warehousing, investment management and other core areas. Specific control measures include segregation of duties, approval processes, and authorization limits, contract and credit review mechanisms, to align business decisions with the Group’s internal policies and compliance requirements.

Information and Communication

Information is fundamental to effective control. The Group ensures that important risk management and internal control information is communicated to management and, where appropriate, the Board in a timely and accurate manner to support informed decision-making.

Supervision and Improvement

The Group conducts ongoing supervision through management review, process-level control execution, internal control review work and remediation tracking, with support from external professional advisors where appropriate. The Company plans to further strengthen its internal audit and Board committee oversight arrangements in light of the proposed [REDACTED].

Internal Control Review

Internal Control Evaluation

The Group conducts internal control evaluations and review work covering financial reporting, operational controls and compliance matters. Based on the results of these reviews, the Group formulates remediation measures for identified deficiencies and follows up on implementation to support continuous improvement.

Key Control Weaknesses and Remediation

In the first-phase internal control review, a number of control deficiencies were identified, including matters relating to budget execution, sales and export-related controls, inventory and warehousing, procurement and certain aspects of [REDACTED] governance. To support [REDACTED] readiness and ongoing governance enhancement, the Company has implemented remedial and enhancement measures on an ongoing basis. As of the date of this document, the Company has updated or supplemented internal control manuals covering, among other things, sales management (including sanctions-related and dealer management provisions), export business management, investment management (including regulated activity and prohibited investment controls), budgeting, warehousing and inventory, financial reporting and other key processes, and remediation is being tracked on an ongoing basis. Further enhancements will continue as the Company progresses with the proposed [REDACTED].

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Post-[REDACTED] Ongoing Compliance Control

After the [REDACTED], the Group will continue to strengthen its controls over information disclosure, insider trading management, and the use of [REDACTED]. We will ensure that all significant events are disclosed in a timely manner in accordance with regulatory requirements and will continue to enhance the internal control system to support the Company’s sustainable development.

EMPLOYEES

As of December 31, 2025, we had a total of 753 full-time employees and 43 dispatched employees. The table below sets forth a breakdown of our employees by function as of the same date:

Function	Number of Employees	Percentage%
Production	532	66.9
Sales	64	8.0
Research and Development	124	15.6
Finance	12	1.5
Administration	64	8.0
Total	796	100.0

As of December 31, 2025, we had a total of 785 employees based in PRC and 11 employees based overseas. The tables below set forth a breakdown of our employees by work location as of the same date:

Work Location	Number of Employees	Percentage%
Chinese Mainland	785	98.6
Outside of Chinese Mainland ⁽¹⁾	11	1.4
Total	796	100.0

Note:

(1) Outside of Chinese Mainland includes Hong Kong and Thailand.

During our recruitment process, we focus on precisely matching core job requirements while considering both the suitability potential of the candidates. This approach enables us to select high-caliber talent possessing both job competency and developmental potential, thereby solidifying the talent foundation for our team building.

We provide our employees with various benefits, including social insurance and other employee benefits. We enter individual employment contracts with our employees, covering matters such as wages, employee benefits, confidentiality requirements, and grounds for termination, each position has a corresponding wage range. And the wage structure is reviewed annually in relation to the market competition.

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We have designed a comprehensive suite of training programs aligned with our strategic direction and talent development objectives. This initiative includes a training system and annual training programs aimed at enhancing employees’ job-related skills, and professional competencies, and overall capabilities. We will continuously refine our training management policies in response to business development needs, emphasizing internal talent development and establishing efficient talent pipelines.

Our employees are currently represented by our internal labor union. We believe we maintain good employment relations with our employees. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any strikes, work stoppages, labor disputes, or other actions that had materially adversely affected our business and operations.

Social Insurance and Housing Provident Funds

The shortfall amount of our contributions of social insurance and housing provident funds was RMB11.7 million, RMB10.8 million, and RMB11.9 million, in 2023, 2024, and 2025, respectively. According to the relevant PRC laws and regulations, we are required to make contributions to the social insurance and housing provident funds for the benefit of our employees in China. During the Track Record Period, we did not make full contributions to social insurance and housing provident funds for some of our employees in accordance with the relevant PRC laws and regulations. Such non-compliance incidents primarily include (i) we and our subsidiaries had not paid full social insurance and housing provident funds for the employees based on the average monthly salary of such employees during the Track Record Period; (ii) our Company had not paid social insurance contributions for seven of our Taiwanese employees, Coilforce has not paid social insurance contributions for four of its Taiwanese employees, and Global Vision has not paid social insurance contributions for one of its Taiwanese employees; and (iii) we engaged a third-party human resource agency to pay social insurance and housing provident funds for six employees in our Company and nine employees in Coilforce, with the contribution base used for these payments not reaching the level of the employees’ average monthly salary during the Track Record Period.

As advised by our PRC Legal Advisor, subject to no changes in applicable social insurance and housing provident fund laws and regulations, and local enforcement and supervision requirements, and absent any group complaints or whistleblowing by employees, the risk of us and our subsidiaries being subject to proactive integrated collection is remote, and if we and our subsidiaries are required to make supplementary payments of outstanding social insurance contributions or housing provident funds in accordance with the requirements of the competent authorities in the future, the risk of us and our subsidiaries being subject to administrative penalties for such non-compliance is remote. The non-compliance with social insurance and the housing provident fund would not have a material adverse impact on our business. The foregoing conclusions are based on the following grounds:

- (i) Neither we nor our domestic subsidiaries have received any rectification notice or been subject to any administrative penalty due to insufficient payment of social insurance contributions and housing provident funds.
- (ii) Based on the documents issued by the relevant authorities, the interviews conducted with the relevant authorities, and appropriate verification performed by our PRC Legal Advisor, neither we nor our subsidiaries were subject to any administrative penalties related to social insurance or housing provident fund during the Track Record Period.
- (iii) We have confirmed in writing that we will, in the future, promptly make up any outstanding social insurance contributions and housing provident funds in accordance with the requirements of the relevant authorities.

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- (iv) Mr. Chao and Mr. Cheng have confirmed that if we or our subsidiaries are required to bear any late payment surcharges, fines, or losses due to non-compliance in the payment of social insurance and housing provident fund for employees, Mr. Chao and Mr. Cheng undertake to assume joint and several liability, make up the relevant social insurance contributions and housing provident funds for our employees, and bear any late payment surcharges, fines, or any other losses that may incur.

We have proactively maintained communication with local government authorities in relation to the implementation and interpretation of the relevant PRC laws and regulations. We will continue to seek and follow their guidance in relation to matters regarding social insurance and housing provident funds.

PROFITABILITY AND BUSINESS SUSTAINABILITY

Current Financial Position and Reasons for Losses

We are a supplier of power inductor solutions for advanced process chips used in consumer electronics, automotive electronics and high-performance computing, offer various types of power inductors applied into the advance process application. During the Track Record Period, we recorded a continuous revenue increase through successful product development and launch, with our proactive efforts in optimizing and broadening out product portfolio contributing to increased sales volume and revenue. Our revenue increased from RMB362.2 million in 2023 to RMB435.8 million in 2024, and further increased to RMB471.5 million in 2025.

We recorded net losses during the Track Record Period. For 2023, 2024 and 2025, our net losses were RMB37.8 million, RMB22.3 million and RMB17.9 million, respectively, with a narrowing loss margin year by year. This financial position is primarily attributable to the Company being in a phase of rapid strategic expansion, driven by the following specific factors:

Forward-looking Capacity Expansion and High Depreciation: To meet the explosive demand from leading AI chip manufacturers and new energy vehicle customers for advanced process inductors, we have invested significantly in construction of fixed assets in recent years. This includes the construction of the self-owned new production base in Kunshan and new production facilities in China and Thailand, as well as advanced automated production lines. As of December 31, 2025, the net book value of our property, plant and equipment reached RMB349.2 million, representing a notable increase from RMB274.5 million in 2023. The substantial depreciation arising therefrom have temporarily diluted profit performance in the short term, before the full release of production capacity.

High-intensity R&D Investment to Sustain Technology Leadership: As one of the few suppliers in the market capable of mass-producing and reliably supplying power inductors for advanced process chips, we must continuously maintain our technological edge. In 2023, 2024, and 2025, our research and development expenses amounted to RMB25.7 million, RMB28.8 million, and RMB28.3 million, respectively, accounting for 7.1%, 6.6%, and 6.0% of our revenue for the same years. These investments were primarily allocated to magnetic powder formulation development, technology iteration, and the development of automated equipment, aimed at strengthening our position as a core supplier for well-known AI chip platforms.

Impact of Financing Costs: To support our capacity expansion and working capital needs, we have increased bank borrowings, leading to a rise in finance costs. In 2023, 2024 and 2025, our finance costs were RMB18.0 million, RMB17.3 million, and RMB20.7 million, respectively, which included interest on loans for new plant construction. With the injection of [REDACTED] from the [REDACTED] and the optimization of our debt structure, we expect our financial burden to be significantly alleviated in the future.

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Long Cycle from R&D to Mass Production under the “Design-in” Model: Our business operates under a collaborative design-in business model. The cycle from engaging in customers’ forward-looking product R&D to mass production is a time-consuming process. The high upfront R&D and qualification costs have been charged to profit or loss in the current period, while substantial revenue can only be recognized after passing stringent customer verification and entering mass production. With several AI server and automotive-grade projects commencing volume production ramp-up in 2025, this will contribute to the improvement of our financial metrics.

Despite the recorded net losses, our core operating indicators demonstrate growth momentum: gross profit margin has consistently improved, rising from 17.6% in 2023 to 21.5% in 2025; revenue had grown steadily, indicating that our core business had achieved self-sustaining income generation capabilities.

Path to Profitability

We have a clear and achievable path to profitability and expect to achieve breakeven within the next two financial years after the [REDACTED]. The primary drivers include:

Increased contribution from high-margin products: We will further optimize our product mix, increasing the revenue share of generally high-margin AI server inductors and automotive-grade inductors. Due to customer technical specifications and application requirement, the gross profit margins of these products are higher than those of consumer electronics products. We expect that with the exponential growth in demand for AI computing power, the profits contributed by high-margin products will be a key to turning losses into profits.

Gradual realization of economies of scale: In recent years, we have been in the “design-in” and development phase for AI chip inductor series products, undertaking long-term strategic positioning. As these related products enter the harvest phase and our revenue scale expands, fixed costs (such as depreciation and labor) will be diluted by the larger revenue base, and the expense ratio will gradually decrease. Our design-in model fosters high end customer stickiness; once included in an end customer’s reference design, subsequent customer acquisition costs are low and repurchase rates are high, which will significantly enhance the Company’s profitability.

Improvement in production capacity: Following the commencement of operations at our new production base in Kunshan in 2025, we are well-positioned to further expand production capacity and fulfill customer orders. For example, with improved qualities and conditions of our production facilities in Kunshan, we have been able to obtain new orders in relation to certain end customers with higher standards for entry. We expect that the new production base will further enhance our competitiveness in securing orders for high-margin products.

Optimization of finance costs: The [REDACTED] from the [REDACTED] will primarily be used to repay part of our bank borrowings, which is expected to enable us to save finance costs annually, thereby directly increasing net profit.

Based on the foregoing and considering that our increased contribution from high-margin products, gradual realization of economies of scale, improvement in production capacity and optimization of finance costs, our Directors are of the view that our Group has a sustainable business and are on track to achieve positive adjusted net profit within two years. The foregoing forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. These forward-looking statements are subject to risks, uncertainties and other factors, some of which are beyond our control, which may cause the actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. For related risks, see “Forward-looking Statements” section in this Document.

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We recognize that ESG issues are critical to our sustainable business development. We are committed to integrating sustainability principles into our daily operations and decision-making processes, with a focus on economic, employee, environmental, and social responsibilities. We will comply with the Environmental, Social, and Governance Reporting Code set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**HKEX ESG Reporting Code**”) by publishing ESG reports annually to disclose the company’s ESG management to stakeholders, upon [REDACTED].

ESG Governance

We have established a three-tier ESG governance framework led by the Board and supported by an ESG working group and execution-level departments. The Board provides strategic direction, approves ESG strategy, targets and disclosures, oversees material ESG risk management (including climate risks), and ensures resources and board diversity. The ESG working group – comprising senior management and heads of key functions – implements Board resolutions, conducts materiality assessments, sets policies, targets and KPIs, coordinates cross-departmental initiatives, oversees ESG data, reporting and assurance, and reports to the Board. Execution-level departments and subsidiaries operationalize ESG through energy- and emission-reduction measures, green product R&D, supply-chain ESG management, employee training and health & safety, and anti-corruption compliance. Each subsidiary tailors the Group’s ESG approach to local conditions. The ESG working group reports annually to the Board on ESG performance and assists in identifying, analyzing, monitoring and reporting ESG-related risks.

Identification and Assessment of Potential ESG-related Risks and Opportunities

To gain a deeper understanding of the impact of ESG-related risks, we have implemented steps to identify and assess these risks and opportunities for better management and monitoring.

Alongside our policy analysis, we have gathered and evaluated insights from key stakeholders to identify ESG issues most relevant to our business and sustainability.

The table below sets out material ESG-related issues identified, potential risks and impacts, and corresponding strategies.

Material ESG-related issues	Potential risks and impacts	Our strategies (adopted/to be adopted)
Environmental risks		
Climate change	Physical and transition risks induced by climate change may cause disruption during our operation and could increase the operational cost.	We constantly monitor the changes in ESG-related regulatory requirements and market trends. We endeavor to implement low-carbon technology and energy resource management.
Greenhouse gas (“ GHG ”) emissions	During our operations, we may inevitably generate GHG emissions, which exposes us to potential climate-related risks.	We regularly review the GHG emissions profile of our operation to manage better and control the emissions.

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Material ESG-related issues	Potential risks and impacts	Our strategies (adopted/to be adopted)
Resource management	Magnetic material development and automated equipment consume substantial electricity; rising energy prices and poor resource management can increase operating costs and reduce profitability.	We implement strategies for effective resource management that focus on energy conservation and water savings in our operations.
Waste management	Production generates sewage, hazardous, and non-hazardous waste. Poor water use or sewage discharge raises costs and harms the environment; mishandled hazardous or non-hazardous waste risks contamination and resource loss.	Our sewage (domestic) is discharged to municipal treatment. We follow stage-specific procedures for hazardous waste with a management system, and source-separate non-hazardous waste to maximize resource recovery.
Social risks		
Occupational health and safety management	Poor occupational health and safety performance may expose our Group to legal disputes, financial losses and reputational damage.	We prioritize occupational health and safety management and conduct safety training to employees to ensure compliance with standard operational procedures.
Product safety and quality	Product safety and quality is directly related to the Company’s core competitiveness and customer trust. Should quality control prove inadequate, it may lead to potential risks including damage to market reputation, customer loss and legal liabilities.	We consistently regard quality as the core of development. We have established product quality management procedures, promoted the ISO 9001 certification, and perform rigorous verification and testing on power inductors for advanced process chips to ensure performance and stability.
Data privacy and network security	Failure to comply with increasingly stringent data protection privacy and security laws in China, or in other jurisdictions where we operate, could result in significant reputational damage and adversely impact our business performance.	We have a dedicated data security department responsible for coordinating, implementing, and supervising company-wide data compliance efforts.

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Material ESG-related issues	Potential risks and impacts	Our strategies (adopted/to be adopted)
Innovation and research and development (“ R&D ”)	The fast-paced semiconductor industry demands constant innovation. Failure to maintain sufficient R&D investment or technological expertise could cause the Company to lose its competitive edge and market position.	We invest heavily in magnetic powder, TLVR technology development, and automated equipment to solidify our position as a core supplier for well-known AI chip platforms through continuous technological advancement.
Governance risks		
Supply chain management	Supply chain disruptions and non-compliances may pose impacts on the regular operations, increase the operational cost and cause reputation damage to our Group.	We prioritize supply-chain collaboration and use a comprehensive supplier assessment – evaluating price, quality, delivery, technical support, and timeliness – to ensure stable, reliable sourcing and supply-chain performance.
Anti-corruption and business ethics	Neglecting anti-corruption and business ethics can result in severe consequences, including but not limit to corruption and bribery, regulatory penalties, financial losses and reputational damage.	We are committed to upholding the highest standards of business ethics in our operations. This involves conducting our business with integrity, transparency, and respect for stakeholders, including employees and the community.

Environment

Driven by green innovation, we integrate environmental management into our core operations to align with national “dual carbon” goals. We minimize our footprint through climate action and green operations, empowering downstream decarbonization via sustainable product development.

Global climate change and tightening policies, such as the EU’s CBAM and domestic carbon market expansions, are reshaping the electronics industry. As downstream customers in New Energy Vehicles and semiconductor increasingly prioritize “low-carbon supply chains,” carbon performance has become a critical supplier access metric. We proactively address these shifts to ensure long-term competitiveness and ecological co-prosperity.

We adhere to the environmental laws and regulations in China, including the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Environmental Impact Assessment Law of PRC (《中華人民共和國環境影響評價法》), the Regulation on Pollutant Discharge Permit Administration (《排污許可管理條例》), the Measures for the Administration of Pollutant Discharge Permits (《排污許可管理辦法》), and the Administration Rules on Environmental Protection of Construction Projects (《建設項目環境保護管理條例》).

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We have established a robust environmental governance framework, underpinned by internal policies such as the Energy and Water Resource Management System and the Solid Waste Management Regulations. We have also established response protocols for environmental incidents to minimize pollution and ensure public and ecological safety.

With 2025 as the baseline year, we will continue to promote energy conservation, emissions reduction and efficient use of resources:

1. Reduce greenhouse gas (“GHG”) emission intensity per unit of revenue by 8% compared with 2025.
2. Reduce energy consumption intensity per unit of revenue by 8% compared with 2025.
3. Reduce water consumption intensity per unit of revenue by 8% compared with 2025.
4. Achieve 100% compliant treatment and disposal of both hazardous and non-hazardous waste.
5. Maintain 100% compliance with applicable standards for exhaust gas and wastewater discharge and zero material environmental pollution incidents.

Climate Change

We may be exposed to climate-related risks, which can be divided into two broad categories, namely, physical and transition risks. We are continually enhancing our resilience to climate risks by identifying, analyzing and managing climate-related risks and opportunities.

Category		Potential Impact
Physical Risks	Acute Risk: Increased frequency and severity of extreme weather events such as heavy precipitation and flooding.	Potential disruptions to business operations and supply chains; threats to employee safety; and physical damage to R&D or production facilities.
Transition Risks	Policy and Reputation Risk: Evolving regulatory requirements regarding carbon emissions, mandatory ESG disclosures, and rising Stakeholder expectations for green development.	Increasing compliance costs and potential penalties necessitate continuous regulatory monitoring. Moreover, heightened customer focus on supply chain sustainability requires more resources for supplier screening and sustainable procurement to meet market expectations and maintain competitiveness.
Opportunities	Resource Efficiency & Low-carbon Products: Growing market demand for sustainable electronic components and customer commitments to green supply chains.	Enhanced brand reputation and market share; reduced long-term energy costs through electrification and process optimization; and increased product competitiveness through carbon footprint quantification.

GHG Emissions

We measure GHG emissions covering Scope 1 and Scope 2 categories. Scope 1 emission are direct emissions originating primarily from our operational activities, such as diesel and petrol. Scope 2 emissions are energy indirect emissions resulting from our consumption of purchased electricity.

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The following table presents our GHG emissions during the Track Record Period:

GHG Emissions⁽¹⁾		For the Year ended December 31,		
Key Performance Indicator	Unit	2023	2024	2025
Direct GHG emissions (Scope 1)	Tonnes of carbon dioxide equivalent (tCO ₂ e)	622.08	368.56	318.68
Energy indirect GHG emissions (Scope 2)	tCO ₂ e	3,919.26	5,985.11	6,331.46
Total GHG emissions (Scope 1 and 2)	tCO₂e	4,541.34	6,353.67	6,650.14

Notes:

- (1) GHG emission data are presented in terms of carbon dioxide equivalent and are based on, including but not limited to (i) “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards” issued by the World Resources Institute and the World Business Council for Sustainable Development; (ii) “How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange; (iii) “2023 National Electricity Carbon Footprint Factor” issued by Ministry of Environmental Protection of the People’s Republic of China; and (iv) the “Global Warming Potential Values” from the IPCC Sixth Assessment Report.

Resource Management

We prioritize resource efficiency across factory and office operations. By implementing refined management of electricity, water, and transport, we maximize consumption efficiency and minimize waste to ensure sustainable development.

Our strategy includes the implementation of the Environmental Management Manual (《環境管理手冊》), Water Resource Management System (《水資源管理制度》) and Electricity Management System (《用電管理制度》), which clearly outline our resource conservation initiatives and management principles. The Company’s management coordinates the resource management strategy, ensuring it aligns with our overall ESG objectives and driving implementation through daily oversight.

The following table presents our use of resources during the Track Record Period:

Use of Resources			For the Year ended December 31,		
Key Performance Indicator		Unit	2023	2024	2025
Energy Consumption					
Direct energy consumption	Petrol	MWh	520.65	888.72	894.71
Purchased energy	Electricity	MWh	7,125.92	10,882.01	11,511.75
	Solar energy	MWh	–	–	1,690.43
Total energy consumption		MWh	7,646.57	11,770.73	14,096.89

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Sewage Management

We have obtained the ISO 14001 certification for environmental management system. In 2025, the Company has revised the Management Regulations on Wastewater, Exhaust and Noise (《廢水廢氣噪聲管理規定》) to ensure our business processes, products and activities meets the relevant requirements. Our sewage consists primarily of domestic wastewater, which is discharged directly into the public sewer system for centralized treatment by the municipal authorities.

Key Performance Indicator	Unit	For the Year ended December 31,		
		2023	2024	2025
Total water consumption	m ³	13,425	13,563	12,566
Total sewage discharge	m ³	13,425	13,563	12,566

Waste Management

Our primary waste streams consist of non-hazardous waste, including industrial, solid, and domestic waste, and specific categories of hazardous waste. To operationalize our environmental objectives, we have defined disposal targets within our Environmental Management Manual (《環境管理手冊》) and established a robust governance framework, including the Waste Management Procedure (《廢棄物管理程序》), Hazardous Waste Management System (《危險廢棄物管理制度》), and Hazardous Substance Management Procedure (《有害物質管理程序》).

Non-hazardous waste comprises non-recyclable industrial and domestic waste, as well as recyclable solid waste. Non-recyclable waste is disposed of by local municipal authorities in strict accordance with regional regulations. Recyclable solid waste, primarily consisting of production line scrap, is fully collected and managed by certified third-party recycling partners.

The waste discharge from our operations during the Track Record Period is set forth below:

Key Performance Indicator	Unit	For the period ended December 31,		
		2023	2024	2025
Non-hazardous waste	tonnes	130.56	136.43	185.08
Hazardous waste	tonnes	5.55	10.32	14.87

Our production processes (inductor painting, organic solvent cleaning) generate VOCs, PM, acid and alkali waste gas.

Social Matters

Employment Practices

Employees are our core sustainable assets. Guided by a “people-oriented” philosophy, we integrate rights protection throughout the talent management lifecycle. Centered on the four core goals of “attracting quality talents, promoting employee growth, improving welfare security, and strengthening safety defense”, we have built a full-chain, multi-level protection system for employees’ rights and interests.

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The table below sets forth our employee data during the Tracking Record Period:

Key Performance Indicator	As at December 31		
	2025	2024	2023
Total number of employees	796	879	809
Total number of employees by gender			
Male	467	525	472
Female	329	354	337
Total number of employees by age			
Under 30	347	450	399
Aged 30 to 50	433	413	391
Above 50	16	16	19
Total number of employees by type			
Research and Development	124	128	119
Sales	64	61	65
Administration	64	55	51
Finance	12	12	13
Production	532	623	561

We have established internal policies including the Employee Handbook (《員工工作手冊》), Attendance Management Procedures (《考勤管理辦法》) and Promotion Management Procedures (《晉升制度管理辦法》). We strive to maintain an inclusive and equitable workplace. We value diversity in our hiring practices, provide equal opportunities for employment, and have a strict no-discrimination policy regarding gender, age, race, religion, or physical status.

We strictly adhere to labour regulations, like Labor Law of the People’s Republic of China (《中華人民共和國勞動法》), Labour Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》), and Implementing Regulations of the Labour Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》). We maintain a zero-tolerance policy towards child labour and forced labour, and we are dedicated to cultivating a workplace that is fair, equitable, and harmonious.

Occupational Health and Safety Management

We strictly adhere to the Production Safety Law of the PRC (《中華人民共和國安全生產法》) and the Occupational Disease Prevention and Control Law of the PRC (《中華人民共和國職業病防治法》). To provide a safe working environment, we have established an occupational health and safety management system, which is in compliance with ISO 45001:2018 standards, including Safety Standard Management Procedures (《安全標準管理制度》), and Employee Occupational Health Examination Management Procedures (《員工職業健康體檢管理制度》), Safety Operating Procedures (《安全操作規程》), and Emergency Response Plan for Workplace Safety Incidents (《安全生產事故應急預案》) that our employees must strictly adhere to.

In order to strengthen safety production management, we have established a Safety Production Committee (安全生產委員會) to coordinate daily safety management, supervision, training and education, etc. We have achieved zero work-related fatalities over the past three years. Through safety and production skills training, we are striving to achieve zero workplace injuries.

We are dedicated to supporting the professional development of our employees through comprehensive training and development programs. Our training programs encompass a diverse range of topics, from corporate culture and values to safety procedures and technical skills.

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During the Tracking Record Period, we recorded zero work-related fatalities. The number of work-related injury cases and the resulting lost working days are set forth in the table below:

Key Performance Indicator	For the Year ended December 31,		
	2025	2024	2023
Number of work-related injury cases	12	7	16
Lost working days due to work-related injuries	377.5	153.5	369.5

Product Safety and Quality

As an advanced inductor R&D and manufacturing enterprise, we integrate product safety, green innovation, and life-cycle responsibility into our core strategy. Guided by the philosophy “Quality as the cornerstone, Green as the spirit, and responsibility as the core”, we ensure accountability from R&D to production, sales and recycling, delivering reliable products that meet stringent global standards.

Our quality management is anchored by ISO 9001:2015 and IATF 16949 (for automotive applications) certifications. To ensure environmental compliance, our products strictly adhere to RoHS, REACH, and IECQ QC 080000 standards. We implement rigorous end-to-end controls over hazardous substances – including Lead, Mercury, and Cadmium – to ensure consistent compliance with rigorous safety and environmental testing standards.

To mitigate quality risks, we have established standardized internal procedures for product testing, packaging, and dispatch and the recall of defective products. Additionally, we have implemented a robust Customer Complaint Handling Procedures (《客訴處理程序》) for product safety complaints to ensure that customer concerns regarding product safety are addressed promptly and resolved appropriately.

Data Privacy and Network Security

We recognize our responsibilities in data security management as crucial for building customer trust and protecting [REDACTED] interests. Data security and privacy are central to our governance, and we comply with Chinese laws and regulations, including the Cybersecurity Law, Data Security Law, and Personal Information Protection Law, as well as regulatory requirements. We also actively benchmark against international best practices to establish a management system covering the entire data lifecycle. Additionally, we have implemented Cybersecurity Management Procedures (《網絡安全管理制度》), File Server Management Regulations (《文件服務器管理規定》) and Personnel Information Security Management Procedures (《人員信息安全管理制度》).

Innovation and R&D

Technological innovation is a key driver of sustainable development in the electronic components industry. The Company places strong emphasis on research and development in areas such as magnetic materials, inductor design and intelligent manufacturing technologies in order to enhance product performance and maintain long-term competitiveness.

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At the same time, the Company recognizes the importance of protecting intellectual property rights in supporting innovation and safeguarding technological achievements. The Company implements internal management measures, such as the Patent Award Measures (《專利獎勵辦法》) and New Product Introduction (NPI) Verification Project Specifications (《新產品導入驗證項目規範》) to strengthen the protection of proprietary technologies and technical know-how, and actively manages its intellectual property portfolio through patent applications and related protection mechanisms.

Supply Chain Management

As an advanced research and development and manufacturing company specializing in inductors, our supply chain encompasses the procurement of key raw materials, including copper wires, magnetic materials and packaging, along with logistics and outsourced processing. The compliance, stability, and sustainability of our supply chain are crucial for product quality, operational efficiency, and brand reputation. Moving away from the traditional procurement-centered approach, we have developed a sustainable supply chain system focused on “full-process compliance control” and the principles of “shared responsibility” and “value co-creation.”

We have established an operational and management system designed to coordinate our supply chain, optimize resource allocation across order processing, procurement, manufacturing, logistics, and related functions. These includes Supplier Management Policy (《供應商管理規定》) and Procurement Process Procedure (《採購過程管理程序》).

Anti-Corruption and Business Ethics

We adopt a zero-tolerance stance on corruption and bribery, enforcing strict internal controls to enhance legal awareness and ethical behavior among employees. We have set up secure, confidential, and effective reporting channels to encourage employees and partners to report any suspected corruption or bribery. All reports are thoroughly investigated, and the rights of whistleblowers are fully protected.

We adhere to the principles of integrity and compliant development, striving to build a transparent and fair business environment. We have integrated principles of fair procurement, anti-corruption and against unfair competition into key business processes, and employees are required to adhere to our policy framework of business ethics. In the course of business cooperation, anti-corruption requirements are incorporated into the standards governing suppliers and business partners. The Company requires relevant parties to sign an Integrity and Honesty Commitment Letter (《廉潔誠信承諾書》), which specifies both parties’ obligations in maintaining ethical conduct and the liabilities for any breach of such obligations, thereby mitigating corruption risks at the source.

We encourage employees to report any illegal or criminal activities they discover and have established corresponding Whistleblowing and Anti-Corruption Policy (《舉報及反貪污賄賂政策》) to strictly protect the information of whistleblowers, ensuring that each report undergoes independent and impartial investigation and handling.

During the Tracking Record Period, the Company did not record any material cases of corruption or commercial bribery.

BUSINESS

INSURANCE

Based on commercial practices in our industry, we believe our insurance coverage adequately protects our business operations in China. Our employee-related insurance includes pension insurance, maternity insurance, unemployment insurance, work-related injury insurance, and health insurance. Additionally, we have purchased property all-risk insurance, safety liability insurance, and employer’s liability insurance.

During the Track Record Period and up to the Latest Practicable Date, we did not make and were not the subject of any insurance claims which are material to our business or financial condition. We consider our insurance coverage to be adequate and consistent with the customary industry practices in the jurisdictions in which we operate. However, our insurance coverage may not always be sufficient to cover all potential losses, liabilities or damages, including those arising from unexpected or uninsured risks.

PROPERTIES

PRC

As of the Latest Practicable Date, we owned one property in the PRC with an aggregate GFA of approximately 57,338.3 sq.m., primarily used for production and office purposes.

As of the Latest Practicable Date, we leased 21 properties in the PRC, with an aggregate GFA of approximately 18,414.0 sq.m., primarily used for production, office and employee dormitories purposes. All lessors are Independent Third Parties. We did not experience material difficulties in negotiating renewal of our leases with our landlords during the Track Record Period and up to the Latest Practicable Date. As of the Latest Practicable Date, we had not registered the rental agreements for 18 leased properties in the PRC with the competent authorities. As advised by our PRC Legal Advisor, failure to complete the registration and filing of lease agreements will not affect the validity of the lease agreements. However, the relevant PRC authorities may impose a fine ranging from RMB1,000.0 to RMB10,000.0 for each of such lease agreements, therefore the aggregate amount of the maximum fine will be RMB180,000. See “Risk Factors – Risks Relating to Our Business and Industry – We face certain risks in relation to our leases.” As of the Latest Practicable Date, we had not received any such request or suffered any such fine from the relevant government authorities. We undertake to cooperate fully to facilitate the registration of lease agreements once we receive any requirements from relevant government authorities.

Thailand

As of December 31, 2025, we leased one property in Thailand, with an aggregate GFA of approximately 1,008.0 sq.m., primarily used for production and office purposes.

The Property Valuation Report from Zhongqin Asset Appraisal Co., Ltd., an independent property valuer, set out in Appendix IV of this Document, sets out details of our selective property interests as of January 31, 2026. Except for the property interests set forth in the Property Valuation Report from Zhongqin Asset Appraisal Co., Ltd., pursuant to Rule 5.01A of the Listing Rules, during the Track Record Period and up to the Latest Practicable Date, no single property interest (i) that formed part of our property activities had a carrying amount representing 1% or more of our total assets; or (ii) that formed part of our non-property activities had a carrying amount representing 15% or more of our total assets.

BUSINESS

COMPETITION

We operate in a highly competitive market and compete with other inductor suppliers. The competitive landscape is influenced by various factors, including the growth of our customers and their respective industries, technological advancements, the emergence of new materials or technologies, production capacity, regulatory changes, and overall economic conditions. Our competitors include large domestic and international inductor companies who may have greater presence in key markets, a more established and larger customer base, and, in general, better access to other resources than we do. As a result, they may be able to adapt more quickly to new or emerging technologies and customer requirements or devote greater resources to the promotion and sale of their products. For a description of the power inductor solutions industry’s market environment, please refer to the “Industry Overview” section. Additionally, new market entrants may emerge, introducing innovative or cost-effective products to challenge existing competitors. If we fail to keep pace with these advancements or cannot differentiate our products in terms of quality or cost, we risk losing market share to competitors.

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we had obtained 123 patent registrations and held 27 registered trademarks in Chinese Mainland, and we had obtained 13 patent authorizations in Taiwan.

We fully recognize the importance of protecting and enforcing intellectual property rights. We register and hold intellectual property rights that are essential to our business operations. We implement comprehensive intellectual property protection procedures. During the Track Record Period, we had not been involved in any material disputes or legal proceedings relating to infringement of intellectual property rights owned by third parties, nor were we aware of any pending or threatened claims of this nature against us. To the best of our knowledge, information, and belief, during the Track Record Period, we were not aware of any material infringement of our intellectual property rights, and we believe we had taken reasonable measures to prevent infringement of our intellectual property.

LICENSES, APPROVALS AND PERMITS

During the Track Record Period, we obtained all necessary licenses and permits from relevant government authorities that are essential to our business operations, and such licenses and permits remain in full force and effect. Our licenses and permits are subject to periodic review and renewal. During the Track Record Period, we had not encountered any refusals to renew licenses or permits required for our business operations, and we do not anticipate any significant difficulties in renewing such licenses and permits upon their expiration in the future.

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The following table sets forth details of our material licenses, approvals and permits necessary for our business operations:

Holding Entities	License/permit	Issuing authority	Expiry date/ renewal date
Coilforce	Receipt of Pollutant Discharge Registration for Stationary Pollution (固定污染源排污登記回執)	Haining Branch of Jiaxing Ecology and Environment Bureau (嘉興市生態環境局 海寧分局)	December 3, 2030
Our Company	Receipt of Pollutant Discharge Registration for Stationary Pollution (固定污染源排污登記回執)	Kunshan Bureau of Ecology and Environment (昆山生態 環境局)	March 13, 2030
Global Vision	Receipt of Pollutant Discharge Registration for Stationary Pollution (固定污染源排污登記回執)	Kunshan Bureau of Ecology and Environment (昆山生態 環境局)	January 20, 2031
Our Company	Permit for Discharging Municipal Wastewater into Drainage Systems (城鎮污水排入排水管網許可證)	Kunshan Water Affairs Bureau (昆山市水務局)	October 19, 2028
Coilforce	Certificate of Customs Registration (報關單位備案證明) for Consignee or Consignor of Imported or Exported Goods (進出口貨物收發貨人)	Haining Office of Jiaxing Customs (嘉興海關駐海寧 辦事處)	N/A
Our Company	Certificate of Customs Registration (報關單位備案證明) for Consignee or Consignor of Imported or Exported Goods (進出口貨物收發貨人)	Kunshan Customs (昆山海關)	N/A
Tomuro	Certificate of Customs Registration (報關單位備案證明) for Consignee or Consignor of Imported or Exported Goods (進出口貨物收發貨人)	Kunshan Customs (昆山海關)	N/A
Global Vision	Certificate of Customs Registration (報關單位備案證明) for Consignee or Consignor of Imported or Exported Goods (進出口貨物收發貨人)	Kunshan Customs (昆山海關)	N/A
Mazo Thailand	BOI Promotional Certificate	the Board of Investment of Thailand	N/A
Mazo Thailand	Factory License	Ministry of Thailand (Thailand)	N/A

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LEGAL PROCEEDINGS AND COMPLIANCE

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

We are committed to complying with the laws and regulations applicable to our business. Based on the advice of our PRC Legal Advisor, Thailand legal advisor and Hong Kong legal advisor, the Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, we had complied in all material respects with the relevant PRC, Thailand and Hong Kong laws and regulations.

AWARDS AND RECOGNITIONS

Up to the Latest Practicable Date, we had received numerous awards and recognitions for both our technologies and products. Some of the most notable awards and recognitions are listed below.

<u>Award Year</u>	<u>Award/Recognition</u>	<u>Awarding Institution/Authority</u>
2025	Disciplined Innovation Award (汽車工業巔峰獎)	International Automotive Quality Standardization Association (國際汽車質量標準化協會)
2024	Demonstration Enterprise of Green and Low-carbon Development (綠色低碳發展示範企業)	Kunshan Kuntai Industrial and Commercial Entrepreneurs Association (昆山市昆台工商業者聯合會)
2024	Enterprise with Harmonious Labor Relations (勞動關係和諧企業)	Kunshan Tripartite Committee for Coordinating Labor Relations (昆山市協調勞動關係三方委員會)
2024	National High-tech Enterprise (國家高新技術企業)	Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, Jiangsu Provincial Tax Service of the State Taxation Administration (江蘇省科學技術廳、江蘇省財政廳、國家稅務總局江蘇省稅務局)
2024	Outstanding Contribution Enterprise in Industrial Investment (工業投資突出貢獻企業)	Kunshan Municipal People's Government (昆山市人民政府)
2023	Outstanding Contribution Award (突出貢獻獎)	Kunshan Municipal People's Government (昆山市人民政府)
2023	Kunshan Employment and Internship Base (昆山市就業見習基地)	Kunshan Municipal Human Resources and Social Security Bureau (昆山市人力資源和社會保障局)
2022	Industry-University-Research Integration Base (產教融合基地)	College of Applied Technology, Soochow University (蘇州大學應用技術學院)

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<u>Award Year</u>	<u>Award/Recognition</u>	<u>Awarding Institution/Authority</u>
2020	Outstanding Contribution Award for High-quality Development on the 30th Anniversary of Kunshan-Taiwan Integrated Development (昆台融合發展三十週年高質量發展突出貢獻獎)	Kunshan Municipal People’s Government (昆山市人民政府)
2019	Top Ten Growing Taiwan-funded Enterprises (十佳成長型台資企業)	Kunshan Municipal People’s Government (昆山市人民政府)
2019	The 2nd Jiangsu Zifeng Youth Entrepreneurial Enterprise Award (第二屆江蘇省紫峰獎青年創業企業獎)	People’s Government of Jiangsu Province (江蘇省人民政府)
2018	Suzhou Famous Brand Product – MAZO Chip Inductors (蘇州名牌產品 – MAZO牌片式電感器)	Suzhou Famous Brand Product Certification Committee (蘇州市名牌產品認定委員會)
2018	Suzhou Inductor and Magnetic Materials Engineering Technology Research Center (蘇州市電感及磁性材料工程技術研究中心)	Suzhou Science and Technology Bureau (蘇州市科學技術局)
2017	Kunshan Science and Technology Research and Development Institutions (昆山市科技研發機構)	Kunshan Science and Technology Bureau (昆山市科學技術局)