OVERVIEW

Who We Are

We are a global leader in the provision of vehicle articulation systems. In terms of revenue in 2025, we were the second largest vehicle articulation system manufacturer in the world with a market share of 10.8%, according to Frost & Sullivan. Our products provide technological support for the electrification and intelligentization upgrade of transportation equipment, delivering reliable articulation systems for commercial operations in public transit and specialized vehicles.

During the Track Record Period, we primarily generated revenue from sales of vehicle articulation systems, including (i) sales of VAS products and (ii) sales of windshield systems, which showed an increasing trend. For the year ended December 31, 2025, our revenue from vehicle articulation systems amounted to RMB203.3 million, representing 91.5% of our revenue, which was primarily driven by strong and rising demand for our vehicle articulation systems in both domestic and overseas markets in 2025. In 2025, we had tapped into the production and sale of TMS for new energy sector and generated revenue of RMB3.7 million. We also generated revenue from certain other sources, including sales of other industrial machinery components, spare parts and scrap materials, as well as the provision of maintenance services.

During the early development of urban public transportation and BRT systems in the Chinese mainland, vehicle articulation systems, being the core component affecting vehicle safety and operational reliability, had long been monopolized by several overseas manufacturers. The industry faced widespread challenges including high procurement costs, lengthy delivery cycles, and inadequate localized service responses. Addressing these industry pain points, we successfully developed and industrialized a vehicle articulation system with proprietary intellectual property rights, achieving domestic substitution for this critical technology in the Chinese mainland. Leveraging deep understanding of diverse application scenarios, a comprehensive product portfolio covering all vehicle types, and flexible, efficient production and delivery models, we rapidly established a leading position in the domestic market in the Chinese mainland with significant technical barriers and strong market presence.

As transportation equipment continues to evolve toward electrification and intelligentization, leveraging nearly 18 years of engineering experience, technological accumulation, and a solid customer base, we have strategically extended our core capabilities into TMS for new energy sector. We are one of the few providers of TMS for commercial vehicles in China that possess core technologies for BEC-TMS. We will pursue the dual-wheel drive (雙輪驅動) development strategy of securing overseas growth with vehicle articulation systems and expanding revenue potential with TMS for new energy sector, forming a clear and balanced long-term growth structure. See "— Development Strategies."

Leveraging nearly 18 years of industry expertise, we have accumulated substantial technological capabilities and brand recognition, backed by an outstanding track record:

No. 2 globally

We were the second largest vehicle articulation system manufacturer in the world in terms of revenue in 2025

Pioneering articulation in global transit

We had achieved the highest global sales of vehicle articulation systems for ART — one of the world's most advanced smart rail transit systems — in 2025

Extensive coverage

Offering articulation systems for all types of articulated vehicles, we achieved full coverage of all major articulated bus manufacturers in the Chinese mainland

One of the few companies

We are one of the few companies in the Chinese mainland that possess core technologies for BEC-TMS for commercial vehicles

Stable and High-Quality Customer Base

We have established long-term, stable partnerships with mainstream vehicle manufacturers and transportation operators in China and overseas. As of the Latest Practicable Date, we had achieved full coverage of all major articulated bus manufacturers in the Chinese mainland and continuously cooperated with 26 globally renowned bus industry clients, forming a customer network spanning multiple countries and regions. Among the 26 globally renowned bus industry clients, our vehicle articulation system products achieved a repurchase rate exceeding 80%, demonstrating the high level of trust and sustained recognition earned through our technical reliability, product consistency and delivery stability.

Exclusive Core Technologies and Engineering Capabilities

Through long-term dedication to the transportation equipment sector, in engineering practice, we have accumulated vast operational data, scenario-based application experience and systematic proprietary intellectual property. We have built a dynamic technological barrier with continuous evolutionary capabilities.

We are among the world's few suppliers of vehicle articulation systems possessing the following core technological capabilities, which collectively form highly secure and reliable system-level solutions, establishing significant technological barriers to other potential players in the market:

- in-house R&D and mass production capabilities for articulation mechanisms, hydraulic systems, and windshield systems;
- proportional electro-hydraulic control technology;
- in-house R&D for ACU attitude sensing algorithms with mass production capabilities for both hardware and software; and

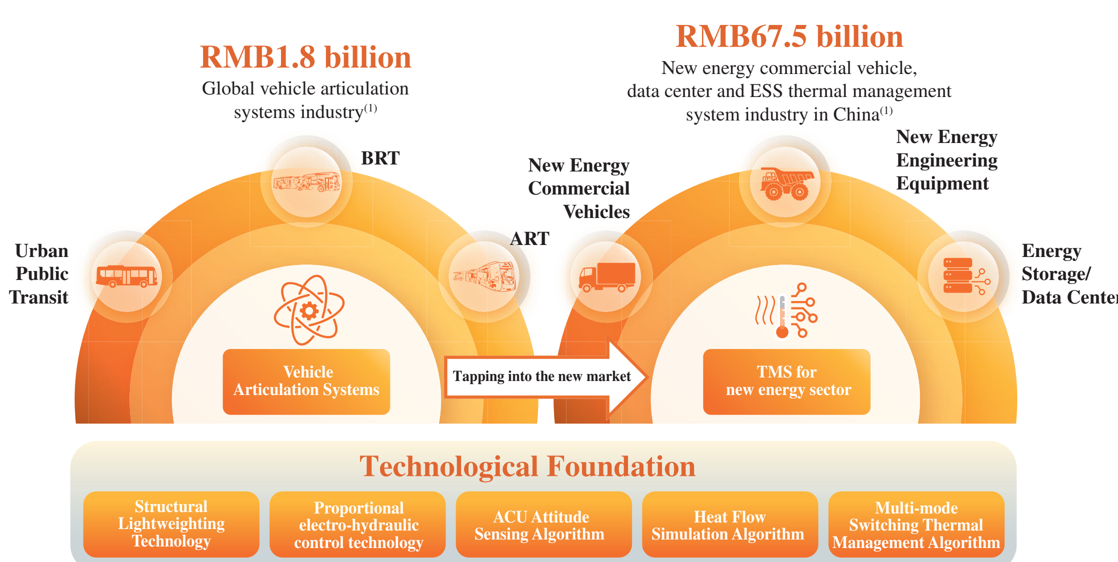
- proprietary structural lightweighting technology.

We have also developed a multi-mode thermal management control algorithm with dynamic mode switching. Based on "gas-liquid-solid" multiphase thermal-flow simulation algorithm, we designed proprietary heat dissipation structures and heat transfer isolation solutions. This has established technological barriers for our TMS for new energy sector, laying the foundation for commercial implementation.

Capturing Global Market Opportunities With Diverse Application Scenarios

According to Frost & Sullivan, the global market size for the transportation equipment system industry reached RMB3.6 trillion in 2025. In recent years, the global vehicle articulation systems industry has maintained steady growth driven by accelerating urbanization and rising public transit demand. In terms of revenue, the global market size for the vehicle articulation systems industry expanded from RMB1,078.6 million in 2021 to RMB1,758.2 million in 2025, achieving a CAGR of 13.0%. Looking ahead, accelerated urbanization in emerging markets such as Southeast Asia and Latin America will drive substantial demand for vehicle articulation systems through infrastructure expansion and public transport modernization. The market size of global vehicle articulation systems industry is projected to reach RMB4,717.7 million by 2030, with a CAGR of 21.8% from 2025 to 2030.

In China, high procurement costs and delayed service responses have long constrained the development of high-capacity public transit equipment. Leveraging nearly 18 years of continuous R&D and commercial deployment, our low-maintenance, cost-effective vehicle articulation systems have progressively replaced foreign brands. Our vehicle articulation systems have been installed in over 10,000 vehicles, with a cumulative operational mileage exceeding 8 billion kilometers, and are widely deployed in urban public transit, BRT, ART, and light rail systems, serving as a critical component for high-capacity public transportation equipment. Amid the growth of the global transportation industry, our core products have been integrated into the supply chains of leading vehicle manufacturers as key systems for electrified and intelligent vehicle models, supporting the scaled expansion of our overseas business and laying the foundation for us to seize global market growth opportunities. As of the Latest Practicable Date, our TMS for new energy sector have been applied to transportation equipment and are expected to be applied to high-heat-density scenarios for infrastructure such as energy storage and data centers.



Notes:

(1) Market size in terms of revenue in 2025 in the Chinese mainland.

Expansion of Our Business to the International Market

The global articulated bus industry, historically dominated by a few European and American enterprises controlling core powertrains and vehicle integration, is undergoing profound restructuring driven by the maturation and scale-up of electric propulsion systems. Unlike traditional fuel-based systems, electrification introduces distinct structural complexities, technological pathways and supply chain synergies, creating competition opportunities for Chinese bus and chassis manufacturers. Chinese electric articulated buses and chassis exports have grown at a CAGR of over 20% from 2021 to 2025, gaining traction in overseas high-capacity public transit due to superior cost-performance, reliability and integration — providing favorable conditions for our vehicle articulation systems' global promotion.

Leveraging diversified export channels — including integration with Chinese vehicle manufacturers' vehicle and chassis exports as well as direct sales to overseas vehicle manufacturers — our vehicle articulation systems are accelerating globalization, transitioning from product exports to technological embedment in international markets. Capitalizing on this window from China's bus electrification and internationalization, we expect scaled overseas penetration and expansion of our products with proven quality, modularity, safety, stability and maturity. Our overseas expansion will follow a project-driven, demonstration-led and steady progression principle.

Our Path Forward

We will pursue a dual-wheel drive (雙輪驅動) development strategy, strengthening growth certainty through the global expansion of our vehicle articulation systems while leveraging TMS for new energy sector as the second growth curve to unleash growth potential. Vehicle articulation systems represent our mature business with proven large-scale commercialization, forming the core of current operating performance and cash flows. We will target regions with concentrated overseas vehicle manufacturers and public transit customers, advancing market penetration while building localized capacity to enhance delivery efficiency, service responsiveness, and reduce cross-border logistics costs and lead times. Our TMS for new energy sector is pioneering in new energy commercial vehicles and engineering machinery. Positioned as our key new track, sustained R&D and iteration of our TMS for new energy sector will drive commercialization, fostering fresh growth engines.

COMPETITIVE STRENGTHS

Leading and renowned vehicle articulation systems provider, favorably positioned to capture future market opportunities

We are a key player in the electrification and intelligentization of transportation equipment, with business spanning vehicle articulation systems and TMS for new energy sector, establishing strong market influence within transportation equipment systems. According to Frost & Sullivan, we ranked among the world's few leading vehicle articulation system enterprises. In terms of revenue in 2025, we were the second largest vehicle articulation system manufacturer in the world with a market share of 10.8%, demonstrating our leadership and prominent brand reputation in the vehicle articulation system industry. In terms of revenue in 2025, we were the fastest-growing vehicle articulation system brand among the top three players in the world. We are favorably positioned to capture opportunities in the fast-growing vehicle articulation system market and solidify our market position.

Leveraging our leadership across these application domains, our brand has gained widespread industry recognition. We have been designated as National High and New Tech Enterprise, Jiangsu Specialized and New "Little Giant" Enterprise, Suzhou Industrial Design Center, Suzhou Export

Famous Brand Product and Suzhou Well-Known Trademark. We have been awarded the Suzhou Science and Technology Progress Award, the China Urban Passenger Transport Enterprise Credit Product Award and the China Road Transport Cup — Best Bus Component Award.

Comprehensive and proprietary core technologies establishing system-level technical barriers

As a leader in core transportation equipment technologies, years of dedicated development have established our core capabilities and technical barriers in vehicle articulation systems and TMS for new energy sector.

In the field of vehicle articulation systems, we have developed a system-level solution integrating structural lightweighting technology, ACU attitude sensing algorithms, proportional electro-hydraulic control technology, and control coordination. This addresses the operational demands of high-capacity public transport vehicles under heavy loads, frequent steering and complex operating conditions. We master core technologies including mechanics optimization (力學優化) of articulated structures, kinematic and dynamic modeling, durability design of critical components and system-level coordinated control. This enables us to significantly enhance vehicle safety and operational reliability while ensuring manoeuvrability and stability. These technologies require long-term operation under real-world conditions with continuous optimization, exhibiting high engineering complexity and system coupling characteristics, which could not be easily replaced by standardized components or short-term technical accumulation, forming substantial technical barriers.

As of the Latest Practicable Date, we held 105 authorized patents in the Chinese mainland and overseas, including 52 invention patents, 51 utility model patents and two design patents. We maintain a well-structured, experienced technical team whose core members possess deep expertise in transportation equipment. We emphasize interdisciplinary collaboration and closed-loop engineering, establishing a feedback mechanism spanning R&D, testing, validation and operational data to continuously enhance product maturity and reliability.

Broad customer coverage and strong loyalty, driving sustainable performance growth

Through years of dedicated work in the global transportation equipment system sector, we have established long-term, stable partnerships with leading enterprises worldwide. In 2023, 2024 and 2025, our revenue derived from the Chinese mainland accounted for 63.8%, 73.5% and 73.8%, respectively; and our revenue derived from overseas accounted for 36.2%, 26.5% and 26.2% of our revenue, respectively.

Domestic Market. We have established cooperative relationships with renowned domestic bus manufacturers in the Chinese mainland, maintaining our position in their supply chains. Benefiting from the rapid growth in Chinese bus exports and our stable domestic partnerships, we have secured a steady stream of orders from domestic bus manufacturers. Our domestic customers have incorporated our vehicle articulation systems as critical components of their vehicle products, which are exported to over 20 countries and regions including Europe, South America, Africa, and Asia.

Overseas Markets. We actively expand into international markets. As of the Latest Practicable Date, our products had been successfully exported to regions including Europe, Asia and South America. Overseas revenue accounted for over 26% of our total revenue in 2025. Our market share overseas continues to grow. In terms of revenue in 2025, we were the second largest vehicle articulation system manufacturer in the world with a market share of 10.8%, according to Frost & Sullivan. Utilizing our deep understanding of the technical standards and usage habits of different markets, we provide customized solutions that meet local requirements, successfully entering technically demanding overseas markets and demonstrating our products' international competitiveness. As of the Latest Practicable Date, we had maintained continuous cooperation with 14 internationally renowned bus industry clients and secured qualification as a supplier for 26 globally renowned bus industry clients. We primarily adopt an Ex Works delivery model, where customers arrange their own transportation and bear all associated costs and risks, reflecting our strong position within the industrial chain.

Alongside our global market expansion, our product performance and service capabilities have fostered strong customer loyalty. Numerous traditional fuel-powered articulated bus manufacturers accumulated during our operational history continue to steadfastly choose our vehicle articulation systems amid the rapid evolution of new energy technologies. This strong customer loyalty underpins our sustained performance growth and increasing order volumes. Among the 26 globally renowned bus industry clients we have cooperated with, our vehicle articulation system products achieved a repurchase rate exceeding 80%.

We continuously enhance our global after-sales service system. We are in the process of establishing a service network covering major international markets and assembling a professional technical support team. This ensures timely responses to diverse customer needs, elevating satisfaction while strengthening customer loyalty.

Comprehensive product matrix and thorough performance validation for rapid responses to diverse demands

We possess outstanding product development capabilities. Through a comprehensive product portfolio, exceptional performance and customized services, we meet the diverse needs of transportation equipment clients.

We have established a comprehensive product portfolio of vehicle articulation systems. This allows us to tailor articulation systems to different vehicle types, operating environments, and customer requirements, ensuring suitable products for diverse client needs. Our products cover diverse vehicle types including urban buses, BRT systems and ART vehicles. We are one of the few brands offering articulation systems for all types of articulated vehicles. This diversified product portfolio enables us to provide complete articulation system solutions for urban public transportation.

Our vehicle articulation systems deliver outstanding performance with industry-leading adaptability, high load capacity, lightweight design and low-maintenance operation. Our products meet operational demands across diverse regions and user entities, performing exceptionally in all climatic conditions. For frigid regions, we developed low-temperature adaptation solutions ensuring reliable operation at -40°C. For high-temperature/humidity areas, specialized heat dissipation solutions guarantee reliability at 85°C. For high-altitude environments, we designed unique sealing and pressure-balancing systems. This multi-scenario capability enables our products to serve public transportation worldwide. Our vehicle articulation systems utilize novel specialty materials and lightweight technologies, achieving approximately 21% weight reduction while maintaining equivalent load-bearing capacity. Making use of our proportional electro-hydraulic control technology, our products deliver low-maintenance performance. For example, a renowned Chinese vehicle manufacturer's ART system incorporated our IK69 series vehicle articulation system, which facilitated smooth operation of ultra-long multi-section buses formations while meeting vehicle turning radius requirements.

In order to adapt to evolving customer needs, we continuously iterate and innovate our products. We have established a robust product iteration mechanism to continuously enhance the performance of our vehicle articulation systems. From the initial IK19 series to the latest IK69 series, our products have achieved significant advancements in key metrics such as weight reduction, reliability and service life. Compared to earlier models, the new generation achieves an over 30% weight reduction and an over 60% increase in maximum static load capacity, better meeting modern public transportation demands for safety, reliability and total lifecycle cost optimization.

Scalable manufacturing and supply chain capabilities

We possess highly efficient mass production capabilities, with self-developed and self-produced core components ensuring autonomy and control. Through a meticulous supply chain management system and a comprehensive quality control system, we have established strong advantages in both quality and cost.

Efficient Production and Manufacturing Capabilities. As of December 31, 2025, our Suzhou production facilities spanned 15,272 sq.m., housing comprehensive production and testing capabilities from precision machining of core components to assembly of complete systems. Specializing in precision component machining and power electronics assembly, our workshops produce vehicle articulation systems with a designed production capacity of 1,800 units in 2025. The production cycle of our vehicle articulation systems, from order placement to inspection and storage, is typically around 30 days, which is below the industry average.

Core Component Self-Reliance. We have established a highly autonomous R&D and manufacturing system centered on critical systems and core components. We possess independent design and manufacturing capabilities for key hardware and software, including precision components, hydraulic systems, hinge mechanisms, windshield systems, ACU attitude sensing modules and new energy thermal management modules. This enables end-to-end self-reliant manufacturing — from conceptual design and engineering development to prototype validation and mass production. By independently controlling key technological pathways and core manufacturing processes, we effectively ensure product performance stability and reliability, enhance system integration efficiency and rapid iteration capabilities, and establish formidable technical and manufacturing barriers. This provides a solid foundation for our core competitiveness.

Refined Supply Chain Management System. As of the Latest Practicable Date, we had established a comprehensive global supply chain system, maintaining close cooperative relationships with 87 suppliers worldwide. Through meticulous management and sustained collaboration, we have built a solid foundation of trust with upstream suppliers, ensuring consistent raw material quality and timely delivery.

Comprehensive Validation and Quality Control System. We have implemented TS16949, ISO22163, ISO9001, and ISO14001 quality and environmental management systems, with our products certified under the EU E-MARK standard. Utilizing advanced laboratories and testing equipment, we conduct comprehensive product validation, achieving digital management and control throughout the production process to ensure consistent and stable product quality.

Leveraging close supplier partnerships, technological innovation, and efficient large-scale production, we have achieved intensive raw material procurement, enhanced production efficiency, and effectively reduced material costs per unit. Benefiting from China's comprehensive and efficient industrial chain system, we have gained significant production cost advantages over international competitors, which further enhances our competitiveness and provides our products with a strong cost advantage.

Stable management and technical team with sustained innovation and commercialization capabilities

Our management and operations team possesses keen industry insight, deep technical expertise and a global perspective. The core management team brings over 20 years of extensive industry experience, enabling them to navigate market trends and drive technological and product evolution. This leadership possesses transferable expertise in strategic planning, R&D, supply chain management and customer development.

Mr. Hao Qingjun (郝慶軍), our founder, controlling shareholder and chairman of our Board of Directors, brings over 36 years of experience in the transportation equipment sector. With a global perspective and extensive international commercial vehicle industry resources, he is the primary driver of our long-term strategic direction and core technology development. Mr. Hao has long focused on critical systems within transportation equipment. During the early rapid development phase of China's BRT systems and high-capacity public transit systems, he recognized the pivotal role of vehicle articulation systems as core safety components for overall vehicle performance. He spearheaded the strategic development and independent R&D of related key technologies, establishing our leading market position in this field. With the accelerated development of new energy transportation equipment, Mr. Hao further extended our existing engineering capabilities into the field of TMS for new energy sector. He built a comprehensive technical platform covering key vehicle systems, enabling our continuous expansion across multiple application scenarios.

Mr. Ma Chunbo (馬春波), our deputy general manager of technology, possesses over 30 years of experience in R&D and engineering management for critical transportation equipment systems. He has long focused on technological innovation and engineering applications for vehicle articulation systems. Mr. Ma led the development of the ART articulation system, dual-ball joints and lightweight articulation product series, driving their large-scale adoption. During the R&D process, his team overcame key engineering challenges by designing lightweight articulated structures that meet stringent load-bearing and safety requirements, and achieving high airtightness in windshield systems under complex steering and vibration conditions. These breakthroughs significantly enhanced product safety, reliability, and lifecycle economics. These technological achievements have become integral components of our vehicle articulation system products, providing robust support for maintaining our technological competitiveness in high-capacity public transportation systems.

Mr. Niu Zhen (鈕震), our executive Director and deputy general manager of technology, possesses nearly two decades of technical expertise in power electronics and fluid/thermal management. He has long been engaged in R&D and engineering management for key systems in new energy commercial vehicles. Mr. Niu accurately grasps the development trends of thermal management technology for new energy commercial vehicles, leading the construction of our overall technical architecture of TMS for new energy sector and leading the formulation of product technology roadmaps. During the R&D process, his team achieved breakthroughs in overcoming technical challenges related to the BEC-TMS's coordination of multiple heat sources and complex operating conditions. The resulting technological achievements have been successfully applied in new energy commercial vehicles and specialized equipment.

Under the leadership of our core management team, we have built a team with extensive management and technical expertise in transportation equipment and new energy-related fields, covering key positions in R&D, operations, marketing and business strategy. We emphasize professional development and mid-to-long-term incentives. Through standardized R&D processes, project management systems, and talent pipeline development, we continuously enhance team execution and stability, providing robust talent support for sustained business growth.

DEVELOPMENT STRATEGIES

Leveraging our long-term accumulation in core technologies, engineering capabilities, and commercial applications, we will steadily advance our medium-to-long-term development strategy across five key directions: international market expansion, technological iteration leadership, scenario-based depth expansion, talent team building and smart manufacturing upgrades. This approach will continuously broaden our competitive advantages and establish enduring competitive barriers.

Adhering to the Path of International Development to Seize Long-Term Overseas Opportunities

We position internationalization as one of our core mid-to-long-term strategies. We are transitioning from "multiple project-based overseas expansion" to "systematic international business." In 2023, 2024 and 2025, our revenue derived from the Chinese mainland accounted for 63.8%, 73.5% and 73.8%, respectively; and our revenue derived from overseas accounted for 36.2%, 26.5% and 26.2% of our revenue, respectively. Our overseas expansion strategy mainly consists of the following initiatives:

- ***Establishing an International Marketing Matrix to Enhance Global Market Coverage.*** We continuously advance the construction of an international marketing matrix system centered on key overseas markets. By combining regional market segmentation with deep cultivation of key clients, we are progressively forming a market expansion network covering key regions such as South America, Southeast Asia, Central Asia and Europe. At the implementation level, we expect to achieve this initiative through (i) establishing regional market manager mechanism, (ii) strengthening collaborations with overseas vehicle manufacturers, public transport operators and system integrators, and (iii) enhancing local market insight and project acquisition capabilities. We will continuously improve response efficiency and customer retention in overseas markets to lay the groundwork for sustained expansion of core products.

- ***Building an International Talent Pool to Strengthen Overseas Business Foundations.*** We place high priority on building an international talent system, which is a critical pillar for the sustainable development of our overseas business. On one hand, we continuously recruit professionals with international market experience to fill key positions in market expansion, project management, engineering technology, and after-sales service. On the other hand, we promote the effective replication of core technologies and management expertise within overseas teams through internal development and cross-regional collaboration. By building a multi-tiered, versatile international talent pool, the Company is progressively developing organizational capabilities aligned with overseas business growth, enhancing cross-cultural and cross-regional project execution and collaboration.

- ***Enhancing Overseas After-Sales Service Systems to Support Long-Term Operational Needs.*** To enhance operational support for overseas projects, we are concurrently advancing the construction of international after-sales service networks. We will develop an after-sales management system, including system setup and internal training. By establishing online after-sales service channels, we can more efficiently support overseas customers' daily operational and maintenance needs, shorten fault response times, and elevate overall customer satisfaction.

  As our overseas business expands, we will progressively refine our after-sales service system across major markets. We plan to recruit after-sales personnel with professional technical skills and service experience to support worldwide after-sales service requirements. This will establish long-term service capabilities aligned with product delivery, enhancing the sustainability of our overseas business and strengthening customer loyalty.

We intend to apply approximately [**REDACTED**] of the [**REDACTED**] from the [**REDACTED**] to finance this strategy. The remainder will be funded by our internal resources. See "Future Plans and [**REDACTED**] — [**REDACTED**]" for details.

Expanding Application Scenarios and Market Boundaries

Leveraging existing technological capabilities and customer bases, we will continuously broaden product application scenarios to build diversified growth trajectories.

For our vehicle articulation systems, while consolidating our strengths in existing applications such as BRT and ART, we will actively expand into new domains of transportation equipment system. This includes deploying high-capacity buses within urban multi-dimensional transportation networks and extending smart rapid transit lines to meet the demands for intensive and intelligent urban transportation development.

For our TMS for new energy sector, while deepening our expertise in transportation equipment, we will fully extend into high-heat management scenarios for infrastructure such as energy storage and data centers. We will develop integrated thermal management solutions tailored to different application environments, cultivating new growth drivers.

We intend to apply approximately [**REDACTED**] of the [**REDACTED**] from the [**REDACTED**] to finance this strategy. The remainder will be funded by our internal resources. See "Future Plans and [**REDACTED**] — [**REDACTED**]" for details.

Building a Professional Talent System to Strengthen Long-Term Development Foundations

Talent is the core driving force behind our long-term development. We will continuously refine our talent strategy to build a multidisciplinary team with professional expertise and an international perspective. Focusing on core domains such as vehicle engineering, power electronics, and new energy thermal management, we expect to attract high-end technical talent with engineering experience through market-driven incentive mechanisms. Through internal incubation mechanisms and mid-to-long-term incentive arrangements, we will cultivate core personnel with business acumen and market expansion capabilities, enhancing the organization's sustained innovation capacity.

We intend to apply approximately [**REDACTED**] of the [**REDACTED**] from the [**REDACTED**] to finance this strategy. The remainder will be funded by our internal resources. See "Future Plans and [**REDACTED**] — [**REDACTED**]" for details.

Continuous Technology Iteration to Build the Core Technological Edge

We regard technological innovation as the core driver of long-term development. Through high-frequency, precision-driven product iterations, we continuously widen the technological gap with competitors. Our technology iteration strategy mainly consists of the following initiatives:

- ***Establishing a Rapid Iteration Mechanism Driven by Market Demand.*** By accumulating data through multiple channels — including frontline customer feedback, overseas market validation, and extreme condition testing — we have established a closed-loop mechanism of "demand-R&D-validation-optimization. " This enhances the alignment between technological development and real-world application scenarios.

- ***Continuously Optimizing Product Performance and System Capabilities.*** Adhering to the R&D philosophy of "developing one generation while pre-researching the next," we focus on two core areas: vehicle articulation systems and TMS for new energy sector. We continuously advance R&D efforts in key directions such as new material applications, lightweight structural design, electro-hydraulic integrated architectures with active sensing and control capabilities, function integration, and energy efficiency enhancement, steadily improving the comprehensive performance of our products in terms of safety, reliability, and full-lifecycle economics.

- ***Exploring Industry-Academia-Research Collaborative Innovation.*** We will explore collaborations with national research institutes and universities worldwide. Through joint R&D platforms and collaborative technical breakthroughs, we plan to integrate our technological achievements to accelerate the industrialization of research outcomes, ensuring the advanced nature of our core technologies.

We intend to apply approximately [**REDACTED**] of the [**REDACTED**] from the [**REDACTED**] to finance this strategy. The remainder will be funded by our internal resources. See "Future Plans and [**REDACTED**] — [**REDACTED**]" for details.

Upgrading the Smart Manufacturing System to Enhance Scalable Delivery Capabilities

To support sustained business expansion, we will continuously optimize our manufacturing system and digital capabilities. By adding specialized production lines, recruiting production managers with advanced manufacturing expertise and cultivating a multi-skilled workforce, we will establish a flexible production system to elevate overall production capacity for key products.

We will introduce advanced precision machining, assembly, and testing equipment to implement data-driven management throughout the production process, thereby improving efficiency and quality stability. We will continuously advance our digital infrastructure through integrating core business data across procurement, R&D, production, and sales to enhance R&D decision-making, quality control, and market demand forecasting capabilities.

We intend to apply approximately [**REDACTED**] of the [**REDACTED**] from the [**REDACTED**] to finance this strategy. The remainder will be funded by our internal resources. See "Future Plans and [**REDACTED**] — [**REDACTED**]" for details.

OUR BUSINESS MODEL

We are a global leader in the provision of vehicle articulation systems. In terms of revenue in 2025, we were the second largest vehicle articulation system manufacturer in the world with a market share of 10.8%, according to Frost & Sullivan.

We design, develop, manufacture and sell a diverse and expanding portfolio of vehicle articulation systems to cater to the distinct and evolving needs and preferences of our customers in both the domestic and overseas markets. During the Track Record Period, we primarily generated revenue from (i) sales of VAS products comprising the articulation turntable and its associated windshield system, available as either complete sets or individual components to meet customers' requirements; and (ii) sales of windshield systems, which are offered as standalone products for specialized applications.

We have strategically expanded into the thermal management sector with the development of TMS for new energy sector. Our BEC-TMS integrates thermal control for the battery, electric drive, and cabin. It is currently deployed in engineering equipment applications such as mining equipment. In 2025, we had generated revenue of RMB3.7 million from the sale of TMS for new energy sector. We also derived revenue from other sources, including sales of other industrial machinery components, spare parts and scrap materials, as well as the provision of maintenance services.

The following table sets forth a breakdown of our revenue by product/service category, in absolute amounts and as percentages of total revenue, for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Vehicle articulation systems						
– *VAS products*	80,847	61.1	73,129	51.6	188,646	84.8
– *Windshield systems*	8,217	6.2	53,556	37.9	14,694	6.7
Subtotal	89,064	67.3	126,685	89.5	203,340	91.5
TMS for new energy sector	–	–	–	–	3,717	1.7
Others[1]	43,241	32.7	14,938	10.5	15,273	6.8
Total	**132,305**	**100.0**	**141,623**	**100.0**	**222,330**	**100.0**

Note:

(1) Primarily consists of sales of industrial machinery components, spare parts and scrap materials, as well as the provision of maintenance services.

We have achieved significant growth and profitability. Our revenue increased by 7.0% from RMB132.3 million in 2023 to RMB141.6 million in 2024, and further increased by 57.0% to RMB222.3 million in 2025. Our profit for the year increased by 9.6% from RMB25.5 million in 2023 to RMB28.0 million in 2024, and further increased by 139.3% to RMB66.9 million in 2025.

We have experienced consistently strong and rising demand for our vehicle articulation systems, as reflected in the increase in our sales volumes during the Track Record Period, primarily due to (i) the continued expansion of China's bus export industry; (ii) our overseas marketing initiatives in regions such as Eastern Europe, Central Asia and South America, which have contributed to increased international sales; and (iii) our commitment to continuous product innovation, which has enabled us to deliver solutions that combine innovative value with cost-efficacy.

OUR PRODUCTS

Vehicle Articulation Systems

Our Group is a comprehensive solution provider specializing in the integrated design, R&D, production and sale of vehicle articulation systems. In 2023, 2024 and 2025, our revenue from vehicle articulation systems segment amounted to RMB89.1 million, RMB126.7 million and RMB203.3 million, representing 67.3%, 89.5% and 91.5% of our revenue, respectively. This significant increase during the year ended December 31, 2025 was primarily driven by strong and rising demand for our vehicle articulation systems in both domestic and overseas markets in 2025.

Our vehicle articulation system comprises the articulation turntable and the windshield system as its main components. This system connects the front and rear compartments of multi-section passenger vehicles, serving as a critical component for driving safety and handling stability. The articulation turntable system is installed between the front and rear chassis of the vehicle, undertaking critical functions such as vehicle steering, force transmission and coordinated attitude control, which involves the application of technologies in the fields of mechanical engineering, materials science, control theory, fluid mechanics and data science. Its ultimate goal is to create a system that is both "solid as a rock" and "flexible as a joint," achieving a perfect balance between dynamic complexity, structural reliability and comfort throughout the vehicle's entire lifecycle. The windshield system serves as a flexible connection unit between the front and rear vehicle compartments, designed to achieve vehicle-wide sealing, safety protection and coordinated movement.

We have an extensive product portfolio of vehicle articulation systems that integrate hydraulic and electronic control components into the mechanical framework, which can actively adjust angle limits, self-centering, and damping in response to variables such as vehicle speed, steering input, load conditions, and road surface state. To meet the vehicle weight requirements of new energy articulated buses, we have developed the lightweight articulation system. To address the load requirements of the articulation system under vehicle overloading conditions, we have pioneered the development of the three-spherical-hinge articulation system. Our articulation systems have been widely applied in passenger transit fields such as urban public transport, BRT and ART.

Our vehicle articulation systems possess the following performance advantages and characteristics:

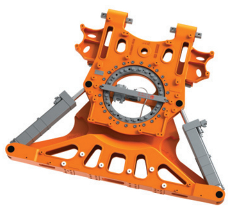
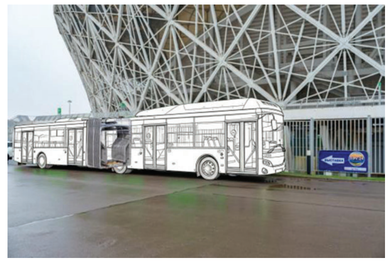
- Low-maintenance, high reliability, and high load-bearing capacity.
- Coverage of all public transit vehicle types, including urban buses, BRT, ART and railway vehicles.
- Provision of comprehensive end-to-end solutions and technical support regarding the application of articulation systems for bus manufacturers.

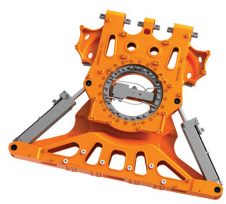
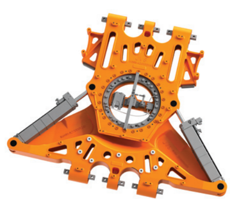
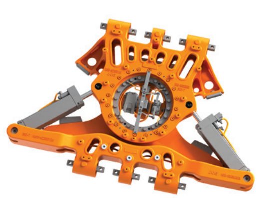
During the Track Record Period and up to the Latest Practicable Date, our vehicle articulation systems had been sold in China and overseas, as well as passed rigorous performance and fatigue testing and obtained multiple certifications and approvals from internationally authoritative certification bodies, such as EMC certification, EU CE certificate and E/e-Mark certification. As a testament to the stability and safety of our vehicle articulation systems, according to Frost & Sullivan, the world's first ART and SRT have adopted our IK69 series articulation system, effectively satisfying the turning radius requirements of ultra-long multi-section passenger vehicles.

VAS products

VAS products, comprising the articulation turntable and its associated windshield system, are available for purchase either as complete sets or as separate components according to customers' needs. During the Track Record Period, our revenue from VAS products was primarily derived from sales of such complete sets. In 2023, 2024 and 2025, the sales volumes of our vehicle articulation systems as complete sets were 618 units, 595 units and 1,351 units, respectively. During the Track Record Period, the selling prices of our vehicle articulation systems were generally in the range of approximately RMB110,000 to RMB190,000 per unit.

The following table sets forth the product pictures, application scenarios and descriptions of major product series available under our VAS products.

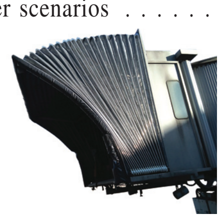
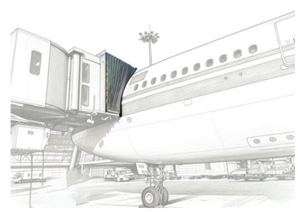
Our products	Application scenario	Description
VAS products for buses (公交車輛)		
18-meter and 27-meter Bus Articulation System (Model IK29B) . . . . 	 The articulation system is engineered for deployment on 18-meter and 27-meter rear-drive articulated buses operating across a broad range of urban and suburban transit environments. Typical application scenarios include BRT, intercity express routes, airport shuttle services and high-density urban corridors.	This product is designed for 18-meter rear-drive articulated buses, suitable for articulated buses with floor heights ranging from 380 to 1,200 mm. It is also compatible with 27-meter articulated buses where both the second and third sections feature single-axle configurations. The product offers high load-bearing capacity and reliability, with a maximum static load of 35 kN. Equipped with an electro-hydraulic multi-damping or a proportional control hydraulic system, it ensures safe and stable vehicle operation.
18-meter Bus Articulation System (IK29HL Lightweight Model) . . . . . 	 The articulation system is engineered for deployment on 18-meter rear-drive articulated buses operating across a broad range of urban and suburban transit environments. Typical deployment scenarios include metropolitan BRT networks, intercity express routes, airport shuttle services and high-density urban corridors.	This product is designed for 18-meter rear-drive articulated buses, serving as the optimal lightweight solution for low-floor articulated buses with a floor height of 380-400 mm. It offers high load-bearing capacity and reliability, supporting a maximum static load of 35 kN while weighing only 558 kg. Equipped with an electro-hydraulic multi-damping or a proportional control hydraulic system, it ensures safe and stable vehicle operation.

Our products	Application scenario	Description
18-meter Bus Articulation System (Ik29BE Heavy-Duty) . . . . 	 The articulation system is engineered for deployment on 18-meter rear-drive articulated buses operating across a broad range of urban and suburban transit environments. Typical deployment scenarios include metropolitan BRT networks, intercity express routes, airport shuttle services, and high-density urban corridors.	This product is designed for 18-meter rear-drive articulated low-floor buses. Featuring high load-bearing capacity with a maximum static load of 50 kN, it is primarily used for articulated buses with heavier curb weights, such as pure electric models. Equipped with an electro-hydraulic multi-damping or a proportional control hydraulic system, it ensures smooth, safe, and reliable vehicle operation.
ART Articulation System (IK69B Type) . . . . 	 The product is engineered for deployment on 32-meter and 35-meter ART along dedicated or semi-dedicated urban corridors, providing metro-comparable capacity without requiring conventional rail infrastructure.	This product is designed for 32-meter or 35-meter ART, consisting of three or four carriages connected via articulated systems, with each adjacent pair of carriages equipped with one set of the systems. The articulation distance of this system is 1800 mm, with a minimum floor height achievable at 380 mm. The product boasts high load-bearing capacity, supporting a maximum static load of 35 kN. Both front and rear ends feature ball joints, ensuring operational flexibility. Equipped with a proportional control hydraulic system, the articulation system delivers smooth, safe, and reliable vehicle operation.
SRT Articulation System (IK69S Short Articulation Type) . . . . 	 This product is designed specifically for deployment on 32-meter and 35-meter SRT vehicles operating within dedicated or semi-dedicated urban corridors, capable of providing metro-comparable capacity without the need for traditional rail transit infrastructure.	This product is designed for 32-meter or 35-meter SRT. The articulation system features a 1400 mm articulation distance, maximizing usable interior space. It offers high load-bearing capacity with a maximum static load of 30 kN and employs lightweight design principles. Weighing 585 kg, the product incorporates ball joints at both ends to ensure operational flexibility. Equipped with a proportional control hydraulic system, it delivers smooth, safe, and reliable vehicle operation.

Windshield systems

Our windshield systems are also offered as standalone products for specialized applications, such as passenger boarding bridge canopies and camping shelters, providing versatile protection and enclosure solution for our customers. In 2023, 2024 and 2025, the sales volumes of our windshield systems were 231 units, 1,853 units and 508 units, respectively. During the Track Record Period, the selling prices of our windshield systems were generally in the range of approximately RMB28,300 to RMB46,200 per unit.

The following table sets forth the product pictures, application scenarios and descriptions of major products available under our windshield systems.

Our products	**Application scenario**	**Description**
Windshield systems applied in other scenarios . . . .  	  This product is used for accommodating specialized applications, such as passenger boarding bridge canopies and camping shelters.	Made of high-strength aluminum frames and Hypalon fabric, our windshield systems offer tensile strength, elongation, weather resistance and flame retardancy with customized design, which are supplied as a standalone ancillary product to accommodate specialized applications.

TMS for New Energy Sector

We have strategically expanded into the thermal management sector with the development of TMS for new energy sector. Our BEC-TMS integrates thermal control for the battery, electric drive, and cabin. It is currently deployed in engineering equipment applications such as mining equipment.

We are among the few enterprises in China to achieve commercial-scale deployment of TMS for new energy sector in the mining equipment sector. Our solution delivers high integration and low-maintenance operation, overcoming the limitations of traditional split-type systems — such as low efficiency, bulkiness, poor adaptability, and high operational costs. We are actively expanding our product applications into emerging downstream sectors, including energy storage and data centers. In 2025, we had generated revenue of RMB3.7 million from the sale of TMS for new energy sector.

The following table sets forth the product picture, application scenario and description of major product under our TMS for new energy sector.

Our product	Application scenario	Description
BEC-TMS . . . . 	 Our BEC-TMS has been applied in mining trucks as of the Latest Practicable Date.	We had launched our commercial deployment of a BEC-TMS in 2025. This system integrates battery, electric drive, and cabin thermal management into a single unified architecture. Currently, this system has been applied in engineering equipment sectors such as mining equipment.

Others

Leveraging our production capabilities in precision component machining and power electronics assembly, we also engaged in the manufacture and sale of various industrial machinery components, spare parts, and scrap materials during the Track Record Period, thereby enhancing our production efficiency, optimizing capacity utilization and broadening our revenue base. In 2023, we received a substantial one-off order for industrial machinery components from the eKontrol Group, driven by relatively strong order demand for its products that year. The volume of industrial machinery component orders placed by the eKontrol Group with us in 2024 and 2025 was lower than in 2023, as it did not obtain orders of comparable scale in those two years.

In addition, given the low-maintenance nature of our vehicle articulation systems, we typically provide maintenance services to customers on an on-demand basis when required. We charge customers on a per-service basis for these services. Such services ensure sustained operational reliability, extend product lifespan and support the safe and efficient performance of customers' vehicles.

OUR TECHNOLOGICAL CAPABILITIES

Technological capabilities underpins our product development and witnesses our success to date. Over the years, we have gained extensive experience and data in core technical solutions for smart transportation, developing unique proprietary know-how in vehicle articulation systems and TMS for new energy sector.

Vehicle Articulation Systems

We are among the few global suppliers possessing comprehensive R&D capabilities across articulation mechanisms, hydraulic systems, folding bellows and control systems. In particular our vehicle articulation systems offer the following technological advantages.

- *Active Stability Control*: our articulation unit integrates sensors, controllers and actuators, deeply integrated with the vehicle's electronic control systems. Utilizing advanced control algorithms, it monitors vehicle status in real-time and actively applies precise damping or torque to suppress instability phenomena such as fishtailing, jack-knifing and snaking. This achieves millisecond-level steering response and synchronization.

- *Ride Comfort & Protection*: to address the pitch and vertical displacement occurring during operation, our system utilizes electronic and hydraulic controls to absorb and compensate for these complex compound movements. This prevents excessive stress transfer to the vehicle frame during travel on rough terrain or high-speed cornering — mitigating structural fatigue and component failure — and serves as the core of our active safety assurance.

- *Structural Integrity & Lightweighting*: as the critical pivot for force transmission, the structural integrity of the articulation system is vital for passenger safety. Addressing the lightweighting requirements of new energy articulated vehicles, we leveraged material science and advanced Finite Element Analysis (FEA) to launch a next-generation lightweight articulation system. This design maintains an exceptionally high fatigue safety factor even under hundreds of thousands of load cycles.

- *High-Performance Windshield Systems*: the windshield systems must accommodate complex multi-dimensional relative movements — vertical, horizontal, and yaw — between the front and rear sections. Even micro-level manufacturing or installation deviations can be amplified over long-term operation, leading to abnormal wear, noise, or seal failure. Our windshield systems achieve high precision in mechanical interfacing and kinematic coordination with the articulation unit and vehicle body, offering superior flexibility. We utilize materials with ultra-high mechanical strength and tear resistance, combined with excellent weatherability and lightweight properties.

- *Digital Twin & Predictive Maintenance*: we have established a management system based on big data and IoT. By deploying sensors at critical points within the articulation system, we monitor vibration, temperature and stress/strain data in real-time. Utilizing digital twin technology for lifespan prediction and fault diagnosis, we enable predictive maintenance to maximize operational efficiency and safety.

TMS for New Energy Sector

For our TMS for new energy sector, leveraging accumulated empirical data from operating scenarios and heat-source components, we have developed a multi-mode switching thermal-management algorithm. Based on a "cooling + heating" modular design and leveraging our expertise in thermal flow simulation, we employ a proprietary heat dissipation system and thermal isolation structures. This establishes a formidable technical barrier for our high-efficiency BEC-TMS, addressing the thermal control requirements of battery systems, electric drive systems and passenger compartments. This solution encompasses multi-heat-source coupling analysis and heat exchange structure design. In particular, our TMS for new energy sector offers the following technological advantages: (i) a system-level thermal architecture adopting multi-physics analysis to manage rising power densities, achieving balance between heat dissipation efficiency and system integration in constrained spaces, and multi-heat source coordination through a unified architecture and control strategy to align thermal needs across power systems, batteries, power electronics, and other critical equipment, thereby reducing localized overheating and redundant cooling; (ii) robust performance under harsh conditions enabled by advanced modeling, simulation, reliability verification and system-level testing across high/low temperatures, high humidity and dust, enhancing stability and long-term reliability; and (iii) an energy efficiency-safety balance via integrated trade-off mechanisms and dynamic thermal parameter management, boosting safety and stability in high-power scenarios while minimizing energy consumption in efficiency-sensitive applications such as data centers.

Case Studies

Case 1

Our customer is Turkey's largest domestic bus manufacturer. Having maintained the leadership in the Turkish bus market for 16 consecutive years, it holds significant market influence in the local public transportation sector.

In 2020, there was a public tender to procure 161 units of 18-meter low-floor articulated buses to serve the BRT routes in a Turkish city. The project attracted bids from major domestic and international bus manufacturers, including our Turkish customer. Most competing models featured European-branded articulation systems, intensifying market competition.

To address issues regarding reliability, maintenance cost, and adaptability observed in the Turkish city's existing fleet during long-term operation, we conducted systematic research and analysis on local climate conditions, road infrastructure, operational intensity, and driving habits during the project's preliminary phase. Based on these insights, we implemented targeted adaptive upgrades and engineering optimizations to our vehicle articulation system, ensuring superior alignment with the city's high-intensity public transit demands.

Leveraging our extensive engineering experience and technological expertise in vehicle articulation systems, our solution demonstrated outstanding performance in system safety, operational stability, product consistency, and technical maturity. Additionally, the system's high level of integration and modularity significantly enhanced overall vehicle system compatibility and simplified post-deployment maintenance.

Ultimately, our vehicle articulation system earned high recognition from both the Turkish customer and Turkish public transport operator. Competing against multiple leading international suppliers, we successfully secured the entire order for 161 units. The successful implementation of this project has established a benchmark for the large-scale application of our vehicle articulation system in overseas markets, laying a solid foundation for our continued expansion into international markets.

Case 2

Our customer is a renowned Chinese manufacturer of rail transit equipment. Their independently developed ART system represents the world's first new medium-capacity transit solution, integrating the technical characteristics of rail and road transportation. This hybrid innovation places higher demands on vehicle system integration and component performance.

In May 2017, we signed a technical agreement with the Chinese customer for the articulation system of their ART trains. The three-car, two-axle vehicle configuration requires a dual-side ball-and-socket articulation system integrated with electronic control and hydraulic damping systems to ensure high load-bearing capacity, high stability, and meet complex operational demands. At that time, only a handful of companies in the market provided articulation products primarily based on pure mechanical structures, which lacked the safety, stability, and dynamic control necessary for ART.

Drawing on our extensive experience in full-vehicle applications, deep expertise in articulation mechanism design, and mature electro-hydraulic proportional control technology, we developed a bespoke vehicle articulation system for ART. Featuring a dual-side triple-ball joint structure and electro-hydraulic proportional control, this system excels in high load-bearing capacity, torsional resistance, operational smoothness, and system safety. Our vehicle articulation system not only supports the stable operation and turning requirements of long passenger trainsets, but also integrates seamlessly with the Chinese customer's autonomous driving technology.

By the first half of 2018, our vehicle articulation system had successfully completed vehicle assembly, operational tests and validation in collaboration with the Chinese customer, entering active service outstanding performance metrics. Following a request from the Chinese customer for further optimization, we successfully developed an upgraded product with a shortened articulation distance by the end of 2019, which was subsequently adopted for mass application.

By 2025, the Chinese customer had deployed our vehicle articulation systems on 149 ART trains in actual operation. This successful implementation validates the technical maturity and reliability of our vehicle articulation system within innovative transportation equipment, further solidifying our leadership in the high-end transportation articulation market.

OUR CUSTOMERS

During the Track Record Period, we sold our vehicle articulation systems primarily to commercial vehicle manufacturers in domestic and overseas markets. The revenue generated from our five largest customers in each year during the Track Record Period amounted to RMB99.1 million, RMB106.4 million and RMB179.2 million, accounting for 74.9%, 75.1% and 80.6% of our total revenue in 2023, 2024 and 2025, respectively. The revenue from our largest customer for each of the year during the Track Record Period amounted to RMB33.8 million, RMB59.0 million and RMB107.1 million, accounting for 25.6%, 41.6% and 48.2% of our total revenue for the respective years. We typically settle with our five largest customers with bank transfer.

Top Five Customers

The table below sets out the details of our top five customers for each year during the Track Record Period:

For the year ended December 31, 2023

Customer	Transaction amount	Percentage to total revenue of our Group	Year of commencement of business relationship	Credit terms	Settlement method	Major products/ services purchased
	(RMB'000)					
eKontrol	33,834	25.6%	2020	30 days to 90 days	Bank transfer	Others (industrial products)
Customer A[1]	24,225	18.3%	2014	60 days	Bank transfer	Vehicle articulation system
Customer B[2]	18,515	14.0%	2018	Full prepayment for articulation systems and 90 days for other industrial products	Bank transfer	Vehicle articulation system
Customer C[3]	12,297	9.3%	2016	30 days	Bank transfer	Vehicle articulation system
Customer D[4]	10,185	7.7%	2017	30 days	Bank transfer	Vehicle articulation system
Total	99,056	74.9%				

For the year ended December 31, 2024

Customer	Transaction amount	Percentage to total revenue of our Group	Year of commencement of business relationship	Credit terms	Settlement method	Major products/ services purchased
	(RMB'000)					
Customer A[(1)]	58,969	41.6%	2014	60 days	Bank transfer	Vehicle articulation system
Customer B[(2)]	18,707	13.2%	2018	Full prepayment for articulation systems and 90 days for other industrial products	Bank transfer	Vehicle articulation system
Customer E[(5)]	12,240	8.6%	2024	Full prepayment	Bank transfer	Vehicle articulation system
Customer F[(6)]	8,505	6.0%	2013	Full prepayment or 30 days	Bank transfer	Vehicle articulation system
Customer G[(7)]	7,930	5.7%	2024	Full prepayment	Bank transfer	Vehicle articulation system
Total	106,351	75.1%				

For the year ended December 31, 2025

Customer	Transaction amount	Percentage to total revenue of our Group	Year of commencement of business relationship	Credit terms	Settlement method	Major products/ services purchased
	(RMB'000)					
Customer H[(8)]	107,066	48.2%	2014	Full prepayment or 30 days	Bank transfer	Vehicle articulation system
Customer A[(1)]	32,319	14.5%	2014	60 days	Bank transfer	Vehicle articulation system
Customer B[(2)]	23,544	10.6%	2018	Full prepayment for articulation systems and 90 days for other industrial products	Bank transfer	Vehicle articulation system and spare parts
Customer I[(9)]	8,396	3.8%	2017	Full prepayment	Bank transfer	Vehicle articulation system and spare parts
eKontrol	7,881	3.5%	2020	30 days to 90 days	Bank transfer	Others (industrial products)
Total	179,206	80.6%				

Notes:

(1) Customer A is a group of companies engaged in the production and sales of motor vehicles and automotive parts, design and manufacturing of special equipment, and sales of new energy vehicles under the common control of a company, including (i) a listed company located in central China and incorporated in 1997 with a registered capital of approximately RMB2,213.94 million; (ii) a branch company of (i) located in central China and incorporated in 2012.

(2) Customer B is a company located in Belarus and incorporated in 2015. Its principal business mainly involves wholesale trading of automotive parts, components and accessories.

(3) Customer C is a listed company located in Turkey and incorporated in 1963 with a registered capital ceiling of TRY3.0 billion. Its principal business mainly involves the manufacturing and trading of minibuses and trailers.

(4) Customer D is a group of companies engaged in the research and sales of transportation infrastructure and new energy equipment under the common control of a company, including (i) a company located in central China and incorporated in 2020 with a registered capital of RMB400.0 million; (ii) a company located in eastern China and incorporated in 2002 with a registered capital of approximately RMB7,103 million; and (iii) a company located in central China and incorporated in 2007 with a registered capital of approximately RMB2,484 million.

(5) Customer E is a company located in eastern China and incorporated in 2022 with a registered capital of RMB1.0 million. Its principal business mainly involves import and export of goods and technologies, sales of metal materials, automotive parts, plastic products, chemical products, generators, kitchenware, and new energy vehicles.

(6) Customer F is a listed company located in eastern China and incorporated in 1994 with a registered capital of approximately RMB592.9 million. Its principal business mainly involves the production of road motor vehicles, sales of buses and electric vehicles, manufacturing of automotive parts, operation of EV charging infrastructure, and import and export of goods and technology.

(7) Customer G is a company located in eastern China and incorporated in 2019 with a registered capital of RMB1.4 million. Its principal business mainly involves the wholesale of automotive and motorcycle parts, sales of batteries, valves, and chemical products, import and export of goods and technology, software development, property management, freight transport, and technical services.

(8) Customer H is a group of companies engaged in the manufacturing, assembly, development, and maintenance of buses and automotive parts, processing trade, and sales of transportation equipment and instruments under the common control of a company, including (i) a company located in eastern China and incorporated in 1992 with a registered capital of RMB640.0 million; and (ii) a company located in eastern China and incorporated in 1998 with a registered capital of RMB755.41 million.

(9) Customer I is a company located in Belarus and incorporated in 1973. Its principal business mainly involves the development and production of trolleybuses, trams, and electric buses.

To the best of our knowledge after reasonable inquiry, save for eKontrol, during the Track Record Period and up to the Latest Practicable Date, all of our five largest customers in each year during the Track Record Period were Independent Third Parties. To the best of the knowledge of our Directors after reasonable inquiry, save for eKontrol, none of our Directors, Supervisors, their respective close associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest customers in each year during the Track Record Period.

For each year during the Track Record Period, the majority of our revenue was derived from our five largest customers through the sales of vehicle articulation systems. There is a concentration in our customer base for each year during the Track Record Period primarily because our customers typically place orders with us based on the availability and progress of their manufacturing projects, resulting in higher order volumes from certain customers in years when they had more projects on hand. According to Frost & Sullivan, such customer concentration is an inherent characteristic of the automotive industry due to significant capital requirements and stringent technological thresholds, which naturally result in a consolidated market landscape.

We believe that the likelihood of any material adverse change in or termination of our business relationship with our five largest customers in each year during the Track Record Period customers is low, considering that (i) we have partnered with most of these customers for long periods of time and have established mutually beneficial relationships with them; (ii) we are involved in the very beginning of their product development process to develop the end products together, which enables us to gain a unique and deep understanding of their demands and preferences, giving us competitive advantages as compared to our competitors; (iii) during the Track Record Period and as of the Latest Practicable Date, we did not have any material disputes with our customers; and (iv) we have maintained good business relationships, and currently, there is no indication or sign from them that our existing relationship will materially adversely change in the near future. For risks associated with our key customers, see "Risk Factors — Our high customer concentration exposes us to risks and may subject us to significant fluctuations or declines in revenue."

Seasonality

We experience seasonal fluctuations in our operations. Sales of our products are generally low in January and February, particularly around the Spring Festival holidays when manufacturing activities of our downstream industry slowdown, leading to a decrease in purchases of our products. During the Track Record Period, our customers were mainly commercial vehicle manufacturers, many of which were suppliers of transportation equipment for transportation projects across the world. Subject to the procurement cycle of these customers, our product deliveries are typically concentrated in the third and fourth quarters of the year. As such, sales of our products are relatively higher in the second half of the year. According to Frost & Sullivan, this seasonal pattern is consistent with the industry norm.

Pricing Strategies

We set the prices for our products based on a variety of factors, including our production costs, prices for competing products, the complexity of the manufacturing process and market demand. We apply similar criteria when setting the prices for our products for different customers according to annual budget target, except we would also take into consideration the estimated purchase volumes and market competition for the relevant product. Such cost-plus basis pricing has allowed us to be less affected by the fluctuation in raw material prices and attain a relatively stable gross profit margin. We evaluate our product prices regularly, and usually determine when and how to adjust product prices based on the evaluation results.

We determine the payment terms for each customer according to the customer's credit history, financial condition and business relationship with us. For customers with whom we have established relationships, we generally grant credit periods of no more than 90 days. For more details on credit terms granted to customers, please refer to "Financial Information — Selected Key Items Of Consolidated Statement Of Financial Position — Trade and Bills Receivables."

Customer Service and Warranty

In our ongoing efforts to maintain customer satisfaction and improve our products and services, we have a high-quality after-sales team to provide comprehensive after-sales service. We have a dedicated team in the Chinese mainland to provide before- and after-sales services to our customers. They can diagnose issues and identify the solutions for the customers' problems.

We typically offer a standard product warranty to customers of our products. For our vehicle articulation systems, our warranty period is generally up to 24 months or 200,000 km of driving distance from acceptance. For our TMS for new energy sector, the warranty period is generally 48 months upon acceptance. During the warranty period, for any product quality issue, we will make repair or replacement free of charge under certain conditions. For product damage beyond the warranty period, out of the warranty coverage or caused by the customer's own improper operation, we will provide repair service with charge. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material product returns, product recalls, product liability claims, warranty expenses or customer complaints that adversely affected our business.

Marketing Activities

We are committed to maintaining and enhancing our brand reputation through marketing activities to systematically showcase our products. Our marketing and promotion strategies are dynamic and focus on communication and collaboration with industry partners. We actively participate in industry forums, technical conferences and exhibitions, and use these platforms to present our latest products. In addition, we work closely with industry media to release information on technological innovations, product upgrades and application developments, ensuring continuous exposure and effective communication of our brand information.

OUR SUPPLIERS

We primarily source raw materials from our qualified suppliers located in the Chinese mainland. Our panel of qualified suppliers consists of suppliers which have passed our internal quality review. In addition, we generally source from no more than five suppliers for each type of raw materials. During the Track Record Period and up to the Latest Practicable Date, we did not experience quality issues with our suppliers that materially affected our operations and there was no material disruption to the manufacturing of our products due to supply shortage.

In 2023, 2024, and 2025, purchases from our five largest suppliers in each year during the Track Record Period amounted to RMB15.1 million, RMB31.5 million, and RMB53.8 million, respectively, accounting for 27.6%, 54.8% and 52.9% of our total purchases for each of the same periods. Purchases from our largest supplier for each of the year during the Track Record Period amounted to RMB3.3 million, RMB14.6 million and RMB24.1 million, accounting for 6.1%, 25.4% and 23.7% of our total purchases for the respective years.

Top Five Suppliers

The table below sets forth the details of our top five suppliers for each year during the Track Record Period:

For the year ended December 31, 2023

Supplier	Transaction amount	Percentage to total purchase of our Group	Year of commencement of business relationship	Credit terms	Payment method	Major products/services purchased
	(RMB'000)					
Supplier A[1]	3,312	6.1%	2022	30 days to 60 days	Bank transfer or acceptance	Aluminum extrusions
Supplier B[2]	3,090	5.6%	2019	60 days	Bank transfer or acceptance	Rubber parts
Supplier C[3]	3,045	5.6%	2023	30 days	Bank transfer or acceptance	Electronic parts
Supplier D[4]	2,917	5.3%	2022	30 days	Bank transfer or acceptance	Metal parts
Supplier E[5]	2,737	5.0%	2015	60 days	Bank transfer	Metal parts
Total	15,101	27.6%				

For the year ended December 31, 2024

Supplier	Transaction amount	Percentage to total purchase of our Group	Year of commencement of business relationship	Credit terms	Payment method	Major products/services purchased
	(RMB'000)					
Supplier F[6]	14,553	25.4%	2011	60 days	Bank transfer or acceptance	Rubber parts
Supplier G[7]	7,533	13.1%	2023	30 days	Bank transfer or acceptance	Aluminum extrusions
Supplier E[5]	3,936	6.9%	2015	60 days	Bank transfer	Metal parts
Supplier A[1]	3,132	5.5%	2022	30 days to 60 days	Bank transfer or acceptance	Aluminum extrusions
Supplier H[8]	2,296	4.0%	2017	60 days	Bank transfer or acceptance	Metal parts
Total	31,450	54.8%				

For the year ended December 31, 2025

Supplier	Transaction amount	Percentage to total purchase of our Group	Year of commencement of business relationship	Credit terms	Payment method	Major products/services purchased
	(RMB'000)					
eKontrol	24,067	23.7%	2020	60 days	Bank transfer	Components for in-motion charging systems[9]
Supplier F[6] . .	10,698	10.5%	2011	60 days	Bank transfer or acceptance	Rubber parts
Supplier E[5] . .	7,873	7.7%	2015	60 days	Bank transfer	Metal parts
Supplier H[8] .	5,980	5.9%	2017	60 days	Bank transfer or acceptance	Metal parts
Supplier A[1] .	5,138	5.1%	2022	30 days to 60 days	Bank transfer or acceptance	Aluminum extrusions
Total	53,756	52.9%				

Notes:

(1) Supplier A is a company located in eastern China and incorporated in 2008 with a registered capital of RMB1.0 million. Its principal business mainly involves the production and sale of chemical raw materials and products (excluding hazardous materials).

(2) Supplier B is a company located in eastern China and incorporated in 2008 with a registered capital of approximately USD4.2 million. Its principal business mainly involves the production of rubber parts, plastic parts, mold parts, and shock absorbers as well as the sale of rubber products, metal products, plastic products, mold parts, injection molding tools, and industrial shock absorbers.

(3) Supplier C is a company located in eastern China and incorporated in 2021 with a registered capital of approximately RMB77.9 million. Its principal business mainly involves the manufacturing and trading of motors, pumps, fans, new energy systems, IoT devices, and industrial control equipment.

(4) Supplier D is a company located in eastern China and incorporated in 2021 with a registered capital of RMB10.0 million. Its principal business mainly involves provision of technical services, AI and IoT software development, smart hardware sales, manufacturing of general equipment and industrial robots, as well as sales of machinery, electronic products, and medical devices.

(5) Supplier E is a company located in eastern China and incorporated in 2010 with a registered capital of approximately RMB47.6 million. Its principal business mainly involves ferrous metal casting, machining and sales of mechanical parts and components, provision of technical services, as well as import and export of goods.

(6) Supplier F is a company listed on the Beijing Stock Exchange, located in eastern China and incorporated in 2001 with a registered capital of approximately RMB130.0 million. Its principal business mainly involves the research and development of new materials, manufacturing and processing of rubber products and industrial tapes, road freight transport, and import and export of goods and technologies.

(7) Supplier G is a company located in eastern China and incorporated in 2016 with a registered capital of RMB20.0 million. Its principal business mainly involves the research and development of new energy technologies, processing and the sales of non-ferrous metals and metal materials, metal cutting services, and import and export of goods and technologies.

(8) Supplier H is a company located in eastern China and incorporated in 2017 with a registered capital of RMB2.1 million. Its principal business mainly involves the research and development, manufacturing, and the sales of mechanical parts.

(9) We purchased components for in-motion charging systems from eKontrol in 2025. For details, see " — Our Suppliers — Overlapping of Major Customer and Supplier."

To the best of our knowledge after reasonable inquiry, save for eKontrol, during the Track Record Period and up to the Latest Practicable Date, all of our five largest suppliers in each year during the Track Record Period were Independent Third Parties. To the best of the knowledge of our Directors after reasonable inquiry, save for eKontrol, none of our Directors, Supervisors, their respective close associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest suppliers in each year during the Track Record Period.

Overlapping of Major Customer and Supplier

One of our major customers, eKontrol, was also our supplier during the Track Record Period. We sold to and purchased from eKontrol primarily because we were formerly part of the same corporate group and maintained a cooperative relationship underpinned by our differentiated technological strengths. Our Directors have confirmed that all of our sales to and purchases from eKontrol were conducted in the ordinary course of business under normal commercial terms. The terms of our agreements with eKontrol are substantially the same as those with our other customers and suppliers. During the Track Record Period, our sales and purchases with eKontrol were neither connected with nor conditional with each other. Apart from eKontrol, there was no overlap in any other major customers or suppliers for each year during the Track Record Period.

During the Track Record Period, we sold industrial machinery components to eKontrol primarily because, as compared to the eKontrol Group which mainly engaged in the production of power systems, we have more advanced technical capabilities in precision component machining and power electronics assembly. We recorded gross profit for the industrial machinery components we sold to eKontrol during the Track Record Period. In 2023, 2024 and 2025, the gross profit derived from sales to eKontrol amounted to RMB5.2 million, RMB0.5 million and RMB1.2 million, respectively, and the gross profit margin derived from the corresponding sales was 15.4%, 11.4% and 15.6%, respectively. In 2023, 2024 and 2025, revenue from the sales to eKontrol contributed approximately 25.6%, 3.3% and 3.5% of our total revenue, respectively. The revenue contribution of sales to eKontrol was relatively higher in 2023 primarily because we received a substantial one-off order for industrial machinery components from the eKontrol Group in 2023, driven by relatively strong order demand for its products that year. The volume of industrial machinery component orders placed by the eKontrol Group with us in 2024 and 2025 was lower than in 2023, as it did not obtain orders of comparable scale in those two years.

In 2023, 2024 and 2025, our purchases from eKontrol primarily included purchases of products consisting of raw materials related to in-motion charging systems, in the aggregate amount of nil, RMB0.2 million and RMB24.1 million, respectively. When we were a subsidiary of eKontrol, our technical team participated in developing the in-motion charging system. We recognized the strong synergy of such system with our existing business and took early strategic steps to position ourselves in this field. eKontrol does not possess any technical personnel in the field of in-motion charging system subsequent to our spin-off from the eKontrol Group. In 2023, 2024 and 2025, purchases from eKontrol contributed approximately nil, 0.3% and 23.7% of our total purchase, respectively.

We expect to continue our sales to and purchases from eKontrol after the [**REDACTED**]. For details, see "Continuing Connected Transactions."

Agreements With Suppliers

We generally enter into long-term framework supply agreements with our suppliers. Set forth below are the key terms of the supply agreements we typically enter into with such suppliers.

- *Pricing*. The procurement price is based on supplier quotations accepted by us, with suppliers required to submit detailed cost breakdowns covering items such as raw materials, packaging and logistics.
- *Logistics*. Our suppliers are generally responsible for arranging delivery of raw materials to locations designated by us.
- *Payment*. Payment is due within 60 days from the accounts payable booking date, which occurs on the 28th of each month.

- *Quality assurance*. We require our suppliers' quality control system to be audited and certified to the ISO9001 standard by an accredited independent third party.

- *Return arrangements*. We are entitled to return the products if the raw materials are defective, and the suppliers are responsible for any fees or other losses incurred by the return.

Supply Chain Management

Responsible sourcing and sound supply chain management are essential for us to ensure reliable product quality and sustainability along our supply chain. We have established a supply chain approval process, through which suppliers must provide relevant qualifications or certifications, such as their business licenses, production and operation licenses, among others, and demonstrate legal compliance with environmental and social policies prior to approval. If the suppliers are not compliant with the applicable laws and regulations regarding safety and quality or commit misconducts, we may terminate our contracts with them.

Logistics and Warehouse

We mainly rely on qualified third-party logistics service providers for the transportation of equipment and raw materials. We primarily adopt an Ex Works delivery model for our products, where products that have passed quality inspections are stored at our warehouses and are collected directly by our customers, who arrange their own transportation and bear all associated costs and risks.

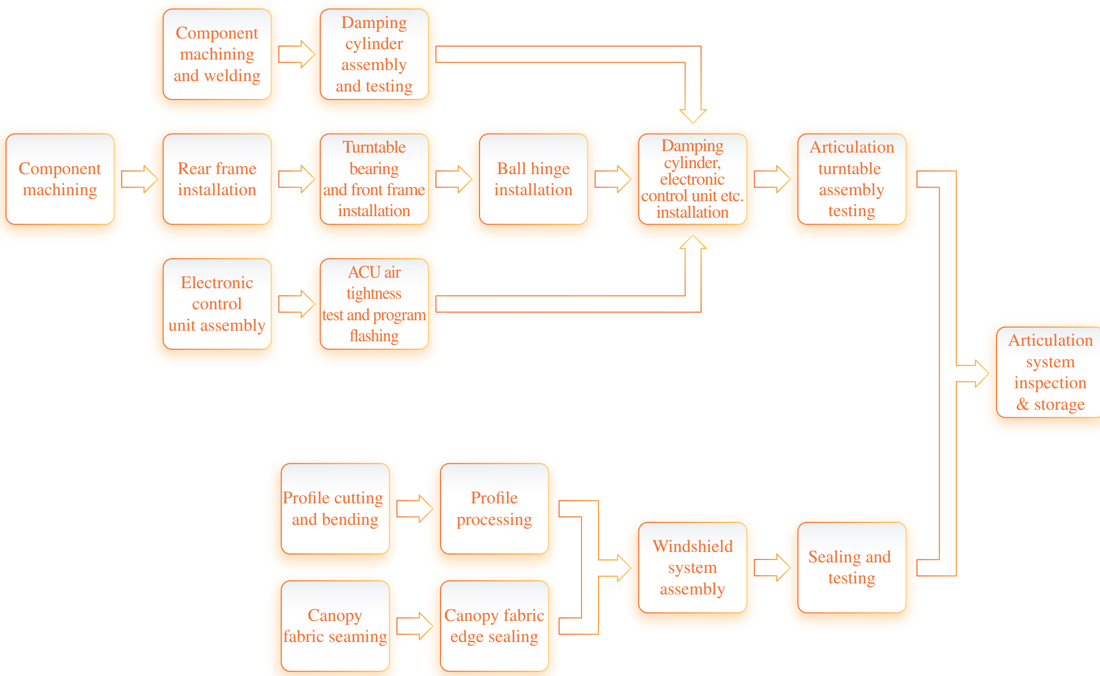
Inventory Management

Our inventories consist of raw materials, work-in-progress, and finished products. Our products are generally sold on a first-in-first-out basis. To reduce the risk of inventory backlogs, we regularly review our inventory level. We also conduct regular physical inventory counts and stock checks to identify damaged products or expired or near expired products and to dispose of or stockpile these products. We manage our inventory level by monitoring in real time our production activities and sales orders and taking into consideration any emerging trends through discussions with our sales and marketing department.

MANUFACTURING

Our Manufacturing Process

The following chart illustrates the key production process for our vehicle articulation systems.



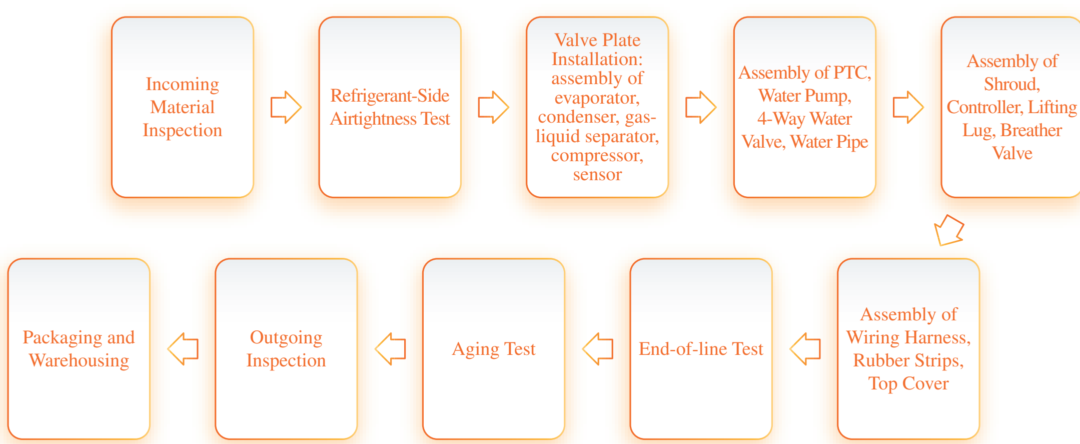
The table below sets forth the major steps of the production process applicable to our vehicle articulation systems.

Turntable bearing and front frame installation (轉盤軸承及前架安裝) . . .	Install the bearing and hoist the front frame with an automatic tightening machine to tighten the bolts, achieving a torque of 300±20N.m and monitoring an angle of 50°~125°.
Articulation turntable assembly testing (鉸接盤總成測試)	The articulation plate is hoisted onto the end-of-line test bench, positioned by automatic fixtures and quickly connected to wiring. A PLC-based, multi-sensor system runs a cyclic test, simulating vehicle conditions, monitoring key parameters and automatically generating a report with curves, results, timestamps and serial numbers.
Hydraulic damper cylinder assembly and testing (液壓阻尼缸裝配及測試) .	Sensors, seals, pistons, rods, end caps and oil lines are assembled using pressing and tightening equipment that monitors force, displacement and torque. Units then proceed to oil filling and performance testing, with all test data linked to serial numbers for full process traceability.

ACU air tightness test and program flashing (電控單元氣密檢測及程序刷寫)	The ACU is placed in a dedicated fixture for automatic pressurization and leak testing, with results uploaded in real time. Qualified units move to the programming station, where software flashing and integrity checks are performed, followed by automated functional testing, all records being traceable by serial number.
Windshield system assembly (風檔系統裝配)	Aluminium profiles are bent and machined, and the canopy fabric is cut, joined and sewn before assembly on a dedicated station. Profiles and fabric are assembled according to process requirements. Fabric-to-profile gap and tension are monitored to ensure proper tensioning and a smooth appearance.
Windshield system sealing and testing (風檔系統密封及測試)	Assembled windshield systems are transferred to a dedicated sealing workstation and fixed with special tooling. After curing, air-tightness and rain tests are conducted to verify sealing performance, with all operation and test records stored against the part serial number.

The production cycle of our vehicle articulation systems, from order placement to inspection and storage, is typically around 30 days.

The following chart illustrates our production process for our TMS for new energy sector.



The table below sets forth the major steps of the production process applicable to our TMS for new energy sector.

Refrigerant-Side Airtightness Test (冷媒側氣密測試)	*Preparation*: Install the test fixture onto the TMS high- and low-pressure filling ports (加注口). Then power on the airtightness tester and open the nitrogen cylinder valve (氮氣罐).

	Testing: Select the appropriate program and press the start button to begin the test. The test pressure is set at 15 bar, which is maintained for 5 minutes. The test passes if the pressure remains stable with no change and stays above 13 bar.
End-of-line Test (下線測試)	Our testing system integrates high-voltage electrical safety tests, thermal performance calibration, intelligent communication calibration and Manufacturing Execution System (MES) traceability to achieve fully automated testing and pass/fail determination, ensuring highly reliable, precise and consistent end-of-line quality control.

The production cycle of our TMS for new energy sector, from order placement to packaging and warehousing, is typically around 40 days.

We have established a series of cost control measures including centralized procurement, energy consumption management, and lean operations. Such measures have helped us attain considerable cost reductions through more efficient use of resources.

Quality Control

Under our end-to-end quality management system (全流程質量管理體系), we are certified under international quality management systems such as ISO 9001, IATF 16949 (automotive), and ISO 22163 (railway systems), ensuring standardized and systematic quality management processes. We impose rigorous quality control standards at various stages of our manufacturing process. Materials and components are systematically tested at various stages of our manufacturing process to ensure that they meet our technical specifications. These tests help ensure excellent and stable performance of our products. For details of the various testing conducted, please see "— Manufacturing — Our Manufacturing Process."

Furthermore, we have applied advanced inspection equipment and technologies in our quality control processes, such as windshield test bench, articulation turntable test bench, rain test bench, airtightness test instrument and vehicle-level integration test.

Our Manufacturing Facilities

As of December 31, 2025, we operated two production bases located at Jiangsu Province with a total GFA of 15,272 sq.m. and designed production capacity of 1,800 units of vehicle articulation systems and 1,575 units of TMS for new energy sector for the year ended December 31, 2025. The table below sets forth the location, primary products produced and GFA of our production facilities.

Facility name	Location	Primary products produced	GFA
			(sq.m.)
Wujiang production base (吴江生產基地)	FOHO New and High-Tech Industrial Development Zone, Jiangsu Province (江蘇省汾湖高新技術產業開發區)	Vehicle articulation systems	14,062
Wuzhong production base (吳中生產基地)	Wuzhong District, Suzhou City, Jiangsu Province (江蘇省蘇州市吳中區)	TMS for new energy sector and others	1,210

Production Capacity and Utilization

The following table sets forth the designed annual production capacity, production volume and utilization rate of our manufacturing facilities for the production of vehicle articulation systems and TMS for new energy sector during the Track Record Period.

	For the year ended December 31,								
	2023			2024			2025		
Product	Designed production capacity	Actual production volume	Utilization rate[3]	Designed production capacity	Actual production volume	Utilization rate[3]	Designed production capacity	Actual production volume	Utilization rate[3]
	(Units)	*(Units)*	*(%)*	*(Units)*	*(Units)*	*(%)*	*(Units)*	*(Units)*	*(%)*
Vehicle articulation systems[1] .	1,800	591	32.8	1,800	641	35.6	1,800	1,353	75.2
TMS for new energy sector[2] .	–	–	–	–	–	–	1,575	300	19.0

Notes:

(1) The designed production capacity of vehicle articulation systems as complete sets for the relevant year is calculated (i) based on the bottleneck production capacity at the gantry machining of front and rear frames stage and (ii) assuming the production lines operate two shifts of eight working hours each per day and 225 days per year. According to Frost & Sullivan, the bottleneck production capacity is the key basis for calculating the designed production capacity in the automotive industry.

(2) The designed production capacity of TMS for new energy sector for the relevant year is calculated (i) based on bottleneck production capacity at the aging test stage and (ii) assuming the production lines operate eight working hours per day and 225 days per year.

(3) The utilization rate is calculated by dividing the actual production volume by the designed production capacity for the period indicated.

To further expand our manufacturing capacity to meet the growing market demand for our vehicle articulation systems and tap into the markets of TMS for new energy sector, we plan to expand our production lines. We expect the new production lines to commence operation in the next five financial years. See "Future Plans and [**REDACTED**] — [**REDACTED**]."

Critical machinery and equipment

We procure equipment and machinery which we believe is essential to promoting production stability, product quality and cost competitiveness for our business. We endeavor to streamline our production process and increase automation, digitalization, reliability and cost efficiency.

We procure and own all the critical production equipment and machinery used in the production process of our vehicle articulation systems and TMS for new energy sector. We source our critical production machinery and equipment from domestic and international suppliers. For the production of our vehicle articulation systems and TMS for new energy sector, we calculate depreciation on our critical production machinery and equipment under our property, plant and equipment using the straight-line method over their estimated useful lives of ten years. As of the Latest Practicable Date, the remaining service life of such critical machinery and equipment for the production of our vehicle articulation systems and TMS for new energy sector was approximately 3.3 years on average.

The table below sets forth certain details of the critical machinery and equipment used in the production of our vehicle articulation systems and TMS for new energy sector as of December 31, 2025:

Critical machinery and equipment	Function
Gantry machine (龍門加工機) . . .	Large precision machine for five-sided machining of big parts in one setup. Features smart controls, thermal compensation, and in-process measurement. Ensures IT6-level accuracy with real-time data analysis.
Robot welding equipment (機器人焊接設備)	Automated six-axis robot station with positioner and sensors. Tracks welds in real time and records process data. Produces reliable, high-quality welds on complex parts.
Cutting bed (刀裁床)	High-speed cutter for flexible materials up to 50mm thick. Uses smart software and vacuum hold for ±0.05mm precision.
Windshield test bench (風擋綜合測試台)	Tests motion flexibility with 0.1mm precision. Replicates real-world paths and generates standard reports.
Articulation turntable test bench (鉸接盤性能測試台)	Runs automated cycles to check performance under vehicle conditions. Compares data to standards and issues traceable reports.
Rain test bench (淋雨測試台) . . .	Simulates rain and wash conditions for seal testing. Fully automates clamp, spray and filter cycles.
DC 0-800V programmable power supply (DC 0~800V可編程高壓直流電源)	Programmable high-voltage source (0-800V) for component testing. Offers stable output with full protections. Supports end-line and aging tests.
Airtightness test instrument (氣密性測試儀器)	Automates leak checks on cooling circuits. Calculates rates, judges results, and stores data. Meets automotive reliability standards.

RESEARCH AND DEVELOPMENT

As of December 31, 2025, our research and development team consists of specialists in six research and development fields including vehicle technology, mechanical engineering, software control, power electronics, fluid mechanics and material science. As of December 31, 2025, our research and development team had 23 members with a range of three to 35 years of relevant experience.

Our research and development expenses were RMB6.1 million, RMB6.2 million and RMB10.1 million for 2023, 2024 and 2025, respectively, accounting for 4.6%, 4.4% and 4.5% of our revenue during the respective years.

INTELLECTUAL PROPERTY

Our intellectual property rights are key to our success and competitiveness. Our intellectual property rights primarily consist of trademarks, copyrights, patents and domain names. As of the Latest Practicable Date, we had 44 registered trademarks, one copyright, 105 patents and one domain name. See "Appendix IV Statutory and General Information — Further Information About Our Business — Our Material Intellectual Property Rights." We also protect our intellectual property rights through a series of confidentiality agreements or provisions with all of our employees. We clearly state all rights and obligations regarding the ownership and protection of intellectual properties in all employment agreements and commercial agreements we enter into.

In addition, we have taken the following key measures to protect our intellectual property rights: (i) implementing a set of comprehensive internal policies to establish robust management over our intellectual property rights, (ii) deploying a special team to guide, manage, supervise and monitor our daily work regarding intellectual properties, and (iii) timely registration, filing and application for ownership of our intellectual properties.

During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material actual or, to the best of our knowledge after reasonable inquiry, pending disputes or claims for infringement upon third parties' intellectual property rights in the Chinese mainland. There had been no actual or, to the best of our knowledge after reasonable inquiry, pending dispute relating to infringement upon our intellectual property rights by third parties during the Track Record Period and up to the Latest Practicable Date. See "Risk Factors — Risks Relating to Our Business and Industry — We may face claims of infringement on know-how and intellectual property rights by third parties which, if resolved unfavorably, could result in the loss of rights and the obligation to pay damages."

EMPLOYEES

Recognizing human capital as a core asset, our Group employs strategic recruitment and incentive programs to drive our growth. We source candidates based on their experience and technical skills aligned with our business goals. We offer market-competitive remuneration, including salaries, bonuses, and subsidies, alongside ongoing training to enhance employee performance. Compensation is structured around qualifications and merit. Consequently, we have experienced no material issues in staff recruitment or retention during the Track Record Period. We had a total of 139 employees as of December 31, 2025. The following table sets forth the numbers of our employees located in the Chinese mainland categorized by function as of December 31, 2025.

Function	Number
Management and administration (管理中心)	11
Research and development (研發中心)	23
Sales and marketing (營銷中心)	7
Production and manufacturing (製造中心)	98
Total	**139**

We place great emphasis on attracting, retaining, training and developing qualified employees. We have built a dual-track talent acquisition system, recruiting high potential young talents through on-site recruiting at universities to build a pipeline for our sustained growth, and posting advertisements on mainstream recruitment and employment platforms to bring in seasoned professionals to meet the demands of our business expansion during the Track Record Period. This approach keeps our talent pipeline optimally structured and dynamically balanced. We believe that we maintain a good working relationship with our employees, and we have not experienced any major labor disputes.

We have established a comprehensive core-talent protection framework. We enter into standard labor contracts with all employees in compliance with applicable laws and regulations, clearly defining the rights and obligations of both parties to ensure compliant and stable employment relationships. In addition, to protect our trade secrets and intellectual property, we sign standard confidentiality and non-compete agreements with key personnel in certain positions.

In addition to direct employment, we may use third-party human resources companies from time to time to provide staff members to us in order to maintain appropriate staffing levels. We typically enter into agreements with such human resources companies for a period of one year. Under such agreements, the human resources companies typically charge us monthly service fees and are responsible for arranging outsourced staff to work in our agreed locations. We are entitled to request replacement of such outsourced staff if they materially breach or fail to meet our standards. Third-party human resources companies are generally responsible for paying the social insurance and housing provident funds for outsourced staff. To maintain quality control in our manufacturing process, we implement strict oversight measures for outsourced staff. The third-party human resources company shall provide training on safety measures and operating procedures for first-time workers, and we will conduct further training and assessment based on our specific labor requirements. We also provide standardized operating procedures to outsourced staff and conduct regular evaluations on their adherence to our safety code and quality benchmarks. We believe that the engagement of outsourced staff enhances our operational flexibility while streamlining recruitment-related expenditures. As advised by the PRC Legal Advisor, our arrangement with third-party human resources companies in respect of outsourced staff does not constitute labor dispatch under The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) and Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》) because such arrangement does not involve features of labor dispatch, in particular, (i) the outsourced staff are instructed by the third-party human resources companies to provide relevant services to us in accordance with the scope of work agreed between us and the third-party human resources companies, and (ii) the third-party human resources companies are primarily responsible for settling salary payments with the outsourced staff. As advised by the PRC Legal Advisor, such arrangement is in compliance with all the applicable PRC Law in all material aspects. As of December 31, 2025, we engaged 42 outsourced staff, who served as our manufacturing, logistics and canteen workers.

During the Track Record Period, we also entered into labor dispatch agreements with third-party employment agents for positions in our in-house canteen. The terms of our current labor dispatch agreements with the employment agents are valid for one year in general. Pursuant to the labor dispatch agreements, we typically pay monthly service fees to the employment agent, and the employment agent provide suitable dispatched staff to work under our instruction. The employment agents are responsible to arrange for the social insurances and other welfare conditions of the dispatched staff as required by the PRC Law. As of December 31, 2025, we engaged six dispatched staff, who served as our in-house cleaning and canteen staff. Our Directors confirmed that the number of dispatched staff utilized by our Group did not exceed 10% of the total number of our workers and therefore was in compliance with the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》) in all material respects during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period and up to the Latest Practicable Date, after reasonable inquiry, our Directors confirmed that we had not discovered any third-party human resources companies that did not fulfill their obligations or had made material underpayments; neither had there been any disqualification of, or termination of collaboration with, third-party human resources companies due to incidents of non-compliance with relevant laws and regulations or breaches of agreements by them.

Social Insurance and Housing Provident Funds

Background

According to the relevant PRC Law, we are required to make contributions to social insurance and housing provident fund for the benefit of our employees in the Chinese mainland. During the Track Record Period and as of the Latest Practicable Date, we did not make full contribution to the social insurance and housing provident funds for some of our employees in accordance with the relevant PRC Law. The shortfall of social insurance and housing provident fund contributions amounted to approximately RMB2.3 million, RMB2.4 million and RMB2.7 million, in 2023, 2024 and 2025, respectively.

We were unable to make full social insurance and housing provident funds for the relevant employees, primarily because (i) certain employees were unwilling to pay the social insurance and housing provident fund contributions in full as it requires additional contributions from the employees; and (ii) certain employees prefer participation in the rural social security contribution plans in their residential places or their hometowns.

Potential Legal Consequences

As advised by our PRC Legal Advisor, pursuant to relevant PRC Law, (i) the under-contribution of social insurance within a prescribed period may be subject to an overdue charge of 0.05% of the delayed payment amount per day and the competent authority may further impose a fine of one to three times of the overdue amount if such payment is not made within the stipulated period; and (ii) in respect of outstanding housing provident fund contributions, we may be ordered to pay the outstanding housing provident fund contributions within a prescribed time period. An application may be made to a People's Court for compulsory enforcement if the payment of the outstanding housing provident fund contributions is not made after the expiration of the time limit. During the Track Record Period and up to the Latest Practicable Date, no administrative action, fine or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance contributions and housing provident funds contributions, nor had we received any order or been informed to settle the deficit amount.

On July 31, 2025, the Supreme People's Court promulgated the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the "**New Judicial Interpretation**"), which took effect on September 1, 2025. Article 19(1) of the New Judicial Interpretation stipulates that if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the People's Court shall deem such agreement or undertaking invalid. Further, the relevant employee has the right to terminate the labor contract pursuant to Article 38(3) of the Labor Contract Law. For details, see "Regulatory Overview — Regulations Relating to Labour and Safety." As of the Latest Practicable Date, we had not received any notice from the relevant government authorities or any claim or request from these employees in this regard. Our Directors are of the view that the New Judicial Interpretation would not have a material adverse effect on our business, financial condition or results of operations. Pursuant to the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilizing the Levy of Social Insurance Payment (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) promulgated on September 21, 2018 by the Ministry of Human Resources & Social Security, administrative enforcement authorities are prohibited from organizing and conducting centralized collection of enterprises' historical social insurance arrears without permission.

Our PRC Legal Advisor has advised us that, according to the interviews with the relevant competent regulatory authorities, provided there are no material adverse changes in the current regulatory policies and the implementation policies of the competent authorities, the likelihood that we would be subject to (i) centralized collection of historical shortfall of social insurance and housing provident fund contributions required by relevant government authorities on their initiative or (ii) material administrative penalties due to our failure to provide full social insurance and housing provident fund contributions during the Track Record Period for our employees, is remote. We undertake to make timely payments for the deficient amount and overdue charges as soon as requested by the competent governmental authorities.

In view of the above, our Directors are of the view that such non-compliance did not and will not have a material adverse impact on our Group on the grounds that: (i) as advised by our PRC Legal Advisor, based on the interviews with relevant authorities and the relevant regulatory policies and the facts stated above, provided there are no material adverse changes in the current regulatory policies and the implementation policies of the competent authorities, the likelihood that we would be required by relevant authorities to pay the shortfall for social insurance and housing provident fund contributions or being subject to material administrative penalties due to our failure to provide full social insurance and housing provident fund contributions within the stipulated period for our employees is remote; (ii) there were no material disputes between our employees and us regarding the social insurance or housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date; (iii) we had not been subject to any material administrative penalties during the Track Record Period and up to the Latest Practicable Date; (iv) during the Track Record Period and as of the Latest Practicable Date, we had not received any notification from the relevant authorities in the Chinese mainland requiring us to pay shortfalls or the penalties with respect to social insurance and housing provident funds; (v) during the Track Record Period and as of the Latest Practicable Date, we had neither experienced any disagreement from relevant social insurance or housing provident fund authorities with respect to such contributions; and (vi) one of our Controlling Shareholders, Mr. Hao, has undertaken to fully indemnify us against any liability or penalty arising from the under-contribution of social insurance and housing provident funds.

Remedial Measures

We have taken the following internal control measures to ensure compliance with the social insurance and housing provident fund contribution requirements under the relevant laws and regulations to the extent practicable:

- *Training*. Strengthen the training of our personnel, including training on various compliance-related topics for our employees;

- *Internal control measures*. Establish an internal control team to monitor our ongoing compliance with the social insurance and housing provident fund contributions regulations and oversee the implementation of any necessary measures;

- *Increasing awareness of developments in the law*. Regularly keep abreast of the latest developments in PRC Law relating to social insurance and housing provident funds; and

- *External counsel*. Consult external legal counsel for advice on relevant PRC Law.

PROPERTIES

Leased Properties

As of the Latest Practicable Date, we leased seven properties in two cities with a total GFA of approximately 23,237.9 sq.m. primarily used for our manufacturing facilities and office space. Our leases generally have a term ranging from approximately one to three years. We generally consider renewing the leases upon their expiry based on our business needs. Rents under our leases are generally in fixed sum.

As of December 31, 2025, each of our property interests had a carrying amount less than 15% of our consolidated total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which require a valuation report with respect to all our interests in land or buildings.

Non-registration of Lease Agreement

As of the Latest Practicable Date, we had not completed lease registration for one of the properties we leased in China primarily used for warehousing with an aggregate GFA of approximately 435 sq.m., representing approximately 1.9% of the total leased GFA of our leased properties primarily used for production, office and warehousing, primarily due to the difficulty of procuring the relevant lessor's cooperation to register its lease. As advised by our PRC Legal Advisor, the lack of registration for the lease contract will not affect the validity or the binding effect of the lease contract over contracting parties under PRC Law. As the registration of a lease agreement requires the cooperation between the lessor and lessee and lessors are typically unwilling to undertake the administrative burden, we were not able to complete the registration of the lease agreement mentioned above. We have adopted internal policies that (i) request our employees to proactively coordinate with lessors to complete the registration for all of our lease agreements and (ii) require our employees to complete the registration of lease agreements in instances in which lessors are willing to cooperate in such procedures.

As advised by our PRC Legal Advisor, the relevant authorities in the Chinese mainland may request us to complete the registration, and if we still fail to do so, we may be imposed a fine ranging from RMB1,000 to RMB10,000 for such lease agreement. The aggregate amount of maximum fine will be approximately RMB10,000, which our Directors believe will not have any material adverse impact on our business, financial condition or results of operations.

As of the Latest Practicable Date, in relation to the leased property that had not completed lease registration, we have not been required by the relevant local housing administrative authority to complete the registration, nor been penalized or fined by the relevant authority.

Based on the foregoing, our Directors believe that the lack of registration for the lease agreement does not constitute material nor systemic non-compliance of us, and the non-registration of the lease agreement described above will not materially affect our business and results of operation. As such, we did not make any provisions in connection with the lease agreement without registration during the Track Record Period and up to the Latest Practicable Date.

As part of our enhanced internal policies, our lease agreements are required to be registered with relevant authorities. As the registration of a lease agreement requires the cooperation of the lessor, upon the execution of lease agreements, we would proactively request and assist the lessors or other relevant parties with registration and filing of lease agreements. We will regularly review registration status of our leases and remind the lessors who have not completed the registration to fulfill the relevant obligations.

INSURANCE

We maintain insurance policies that we consider to be in line with market practice and adequate for our business. In addition to providing social security insurance for our employees as required by PRC Law, we also provide supplemental commercial medical insurance for some of our employees. We maintain a comprehensive general liability insurance covering products liabilities arising from obligations in relation to bodily injury and property damage. In line with general market practice, we do not maintain any business interruption insurance, which is not mandatory under PRC Law. We do not maintain key-man life insurance or insurance policies covering damages to our IT infrastructure or information technology systems. See "Risk Factors — Risks Relating to Our Business and Industry — We may be subject to risks associated with our products and may lack sufficient insurance coverage for such claims. We may not be able to obtain adequate insurance for losses and liabilities arising from various operational risks and hazards to which we are exposed."

DATA SECURITY AND PRIVACY

Customers data that we obtain mainly consists of the following: (i) basic contact information necessary for business communication, such as the name, phone number and email address of the customer's designated contact person; and (ii) sales-related data, including contracts, purchase orders, invoice details and delivery addresses. All the aforesaid information is provided by the customers during the ordinary course of business.

The protection of privacy and data security is one of our highest priorities. We have established a comprehensive system to regulate our data processing activities. We have developed internal rules, policies and protocols to govern data security and how we may use and share data, to preserve individual personal information and privacy. These rules, policies and protocols guide the strategy of our information security and compliance initiatives, prescribe a hierarchical data classification and management system, clarify the management and compliance requirements applicable to the full data processing cycle and for cybersecurity and information system security, mandate trainings for related personnel and prescribe data security and compliance risk assessment and audit procedures. We have set up an emergency response mechanism for information security incidents. All our personnel are required to strictly follow such internal rules, policies and protocols. We pay close attention to risk management relating to our IT system, as storage and protection of corporate data and related information is critical to us. To ensure data security, we have adopted industry-standard practices and technical measures to prevent unauthorized access, disclosure, or misuse.

We attach great importance to data security and privacy protection. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material information leakage or loss of operating or transaction data in the Chinese mainland.

LICENSES, APPROVALS AND PERMITS

As advised by our PRC Legal Advisor, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material for our operations in the Chinese mainland and such licenses, approvals and permits are valid and effective. Our PRC Legal Advisor has advised us that there is no material legal impediment to renewing business licenses for our PRC subsidiaries provided that we comply with the relevant legal requirements and submit the relevant applications in accordance with the requirements and schedule prescribed by the applicable PRC Law.

The following table sets out details of the material licenses, approvals and permits currently held by us:

License/Permit	Holder	Grant date	Expiry date
Foreign Trade Operator Registration Form (對外貿易經營者備案登記表)	Our Company	July 28, 2021	Not applicable
Customs Declaration Entity Filing Certificate (報關單位備案證明)	Our Company	November 7, 2008	Not applicable
Road Transport Operation Permit (道路運輸經營許可證)	Our Company	March 21, 2023	April 14, 2031
Customs Declaration Entity Filing Certificate (報關單位備案證明)	JVS Vehicle Technology and JVS Beijing	August 26, 2021	Not applicable

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time be subject to various legal or administrative claims proceedings arising from the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention. See "Risk Factors — Risks Relating to Our Business and Industry — We may be involved in legal proceedings and commercial or contractual disputes, which could materially and adversely affect our reputation, business, results of operations and financial condition."

During the Track Record Period and up to the Latest Practicable Date, there were no legal proceedings pending or threatened against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Legal Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that would have a material adverse effect on our business, financial condition and results of operations.

INTERNATIONAL SANCTIONS RELEVANT TO CERTAIN BUSINESS ACTIVITIES OF THE GROUP

The United States and other jurisdictions or organizations, including the European Union, the United Kingdom, the United Nations and Australia, have, through executive orders, legislation or other government means, implemented measures that impose economic sanctions against certain countries, regions or targeted industry sectors, groups of companies or persons, and/or organizations within such countries and regions.

During the Track Record Period, we made certain historical transactions with Sanctioned Targets, namely: (i) sales of vehicle articulation systems to Sanctioned Target customers, and (ii) using an account at a Sanctioned Target bank to receive sales proceeds from certain Russian customers of our vehicle articulation systems, of which two such customers were Sanctioned Targets. Our transactions with Sanctioned Targets amounting to approximately RMB34.9 million in aggregate, representing approximately 7.0% of our total revenue during the Track Record Period.

Evaluation of our Group's International Sanctions risk exposure

Our International Sanctions Legal Advisor has performed, among other procedures, the following steps which it considers necessary to evaluate our International Sanctions risk exposure:

(a) reviewing transaction documents provided by us for our sales to the Sanctioned Customers during the Track Record Period and up to the Latest Practicable Date;

(b) reviewing the Group's customer and supplier lists for the Track Record Period and up to the Latest Practicable Date, and conducting sanctions screening of all the counterparties identified in such lists;

(c) obtained a written confirmation from the Company on various aspects of the Group's business;

(d) providing the Group with compliance recommendations in relation to International Sanctions;

(e) reviewing the Group's compliance management system in relation to International Sanctions and the enhancements to the Group's compliance program; and

(f) reviewing the Company's responses to its information request list and related supporting materials.

After performing the procedures above, our International Sanctions Legal Advisor is of the view that during the Track Record Period and up to the Latest Practicable Date:

(1) our activities with customers in the Relevant Regions did not represent Primary Sanctioned Activity in violation of the applicable International Sanctions in the Relevant Jurisdictions that could result in any material sanctions risk to the Relevant Persons. The Group might have engaged in limited Secondary Sanctionable Activity with several United States-sanctioned customers and financial institutions in Russia and Belarus, but such historic activity is unlikely to trigger enforcement risks, such as the imposition of sanctions against the Group or any Relevant Person(s) by a Relevant Jurisdiction because:

(a) in terms of sectoral-based sanctions, U.S. sanctions specifically target the Russian transportation sector is specifically targeted by U.S. sanctions. The risk that OFAC would impose sanctions on the Group for operating in the transportation sector of the Russian economy is remote because the Group is not a significant participant or contributor to the Russian transportation sector, and the Group does not engage in local manufacturing in Russia but simply conducts sales into Russia, which limits its touchpoints with and contribution to the Russian economy;

(b) in terms of territorial-based sanctions, none of the Relevant Regions is Sanctioned Country (i.e., subject to a general and comprehensive export, import, financial or investment embargo);

(c) in terms of entity-based sanctions, our transactions with Sanctioned Targets were limited to sales of our products to two sanctioned customers in Russia ("**Sanctioned Russian Customer A**" and "**Sanctioned Russian Customer B"** respectively) and one sanctioned customer in Belarus ("**Sanctioned Belarusian Customer**") (collectively, the "**Sanctioned Customers**"). We also received payments in RMB from our Russian customers through a sanctioned clearing bank ("**Sanctioned Russian Clearing Bank**") (these Sanctioned Target counterparties are collectively referred as "**Sanctioned Counterparties**").

(i) Sanctioned Russian Customer A is a "blocked entity" under U.S. sanctions laws because it is owned as to 50% or more indirectly by an SDN. All general licenses applicable to such SDN, and therefore Sanctioned Russian Customer A, expired on May 25, 2022. Due to our inadvertent oversight regarding International Sanctions on Sanctioned Russian Customer A, we conducted direct and indirect sales of vehicle articulation systems to Sanctioned Russian Customer A in 2024 and 2025. During the Track Record Period, our direct and indirect transactions with Sanctioned Russian Customer A amounted to approximately RMB17.0 million in aggregate, representing approximately 3.4% of our total revenue during the Track Record Period. Our Directors confirmed that our Group had ceased business dealings with Sanctioned Russian Customer A and its agents since December 31, 2025. Our International Sanctions Legal Advisor is of the view that, based on published OFAC guidance, it is unlikely that the Group's historical transactions with Sanctioned Russian Customer A would provide substantial grounds for OFAC to impose Sanctioned Target designations or civil or criminal penalties against the Group or the Relevant Persons, because the Group's conduct did not constitute an intentional or reckless disregard for U.S. sanctions, unlikely caused harm to United States sanctions objectives due to the non-sensitive nature of our products, and was limited in transaction scope, and we immediately and comprehensively enacted remediation measures which are further discussed below;

(ii) Sanctioned Russian Customer B was designated on the SDN List on May 1, 2024. Due to our inadvertent oversight regarding International Sanctions on Sanctioned Russian Customer B, during the Track Record Period and up to the Latest Practicable Date, we conducted direct sales of vehicle articulation systems to Sanctioned Russian Customer B in 2024 after its designation on the SDN List, and such sales amounted to approximately RMB1.9 million in aggregate, representing approximately 0.4% of our total revenue during the Track Record Period. Our Directors confirmed that our Group had ceased business dealings with Sanctioned Russian Customer B since December 31, 2025. Due to the nature of the products involved in these sales, that these sales were denominated in RMB with no involvement of United States persons, or any United States nexus otherwise, our International Sanctions Legal Advisor is of the view that such transactions to Sanctioned Russian Customer B have no United States nexus to trigger the relevant primary United States sanctions restrictions and would not likely be deemed transactions constituting "material" assistance to an SDN for purposes of triggering U.S. secondary sanctions;

(iii) Sanctioned Belarusian Customer was designated on the SDN List on March 24, 2023. Due to our inadvertent oversight regarding International Sanctions on the Sanctioned Belarusian Customer, we sold vehicle articulation systems to it in 2025 after it was identified on the SDN List. During the Track Record Period, our transactions with Sanctioned Belarusian Customer amounted to approximately RMB6.3 million in aggregate, representing approximately 1.3% of our total revenue during the Track Record Period. Our Directors confirmed that our Group had ceased business dealings with Sanctioned Belarusian Customer since December 31, 2025. Due to the nature of the products involved in these sales, that these sales were denominated in RMB with no involvement of United States persons, or any United States nexus otherwise, our International Sanctions Legal Advisor is of the view that such transactions with Sanctioned Belarusian Customer have no United States nexus to trigger the relevant primary United States sanctions restrictions and would not likely be deemed transactions constituting "material" assistance to an SDN for purposes of triggering U.S. secondary sanctions;

(iv) Sanctioned Russian Clearing Bank was designated as an SDN on February 24, 2022 by the United States. During the Track Record Period, apart from the sales proceeds received from Sanctioned Russian Customer A and Sanctioned Russian Customer B, the Company's account at the Sanctioned Russian Clearing Bank received sales proceeds from four other Russian customers of our vehicle articulation systems who were not Sanctioned Targets in the aggregate amount of approximately RMB9.7 million, representing approximately 2.0% of our total revenue during the Track Record Period. Our Directors confirmed that our Group has completed all required procedures to close the account at the Sanctioned Russian Clearing Bank and an account closure notice was issued by the Sanctioned Russian Clearing Bank to us on January 30, 2026. Due to the nature of the transactions (i.e., inbound payments in RMB for non-sensitive components for civilian transport), and there are no indications of military end-use or other heightened policy sensitivities, our International Sanctions Legal

Advisor is of the view that it is unlikely for the Group's historical account at the Sanctioned Russian Clearing Bank to provide substantial grounds for OFAC to impose Sanctioned Target designations or civil or criminal penalties against the Group or the Relevant Persons;

(d) none of the business dealings of our Group is subject to material risks under the export control regulations of the Relevant Jurisdictions;

(2) it is unlikely that our activities (including the business dealings with customers in the Relevant Regions) would result in the imposition of sanctions on the Relevant Persons (including designation as a Sanctioned Target or the imposition of penalties), given that:

(a) our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we have not been designated as a Sanctioned Target nor are we located, incorporated, organised or resident in the Relevant Regions;

(b) our Directors also confirm that as at the Latest Practicable Date, our Group is not subject to any penalties due to any violation of International Sanctions;

(c) in view of the scope of the [**REDACTED**] and the expected [**REDACTED**] as set out in this document, the involvement of parties in the [**REDACTED**] will not implicate any applicable International Sanctions on the Relevant Persons. Accordingly, the International Sanctions risk exposure to our Company, [**REDACTED**] and Shareholders, and persons who might, directly or indirectly, be involved in permitting the [**REDACTED**], [**REDACTED**] and clearing of our H Shares is remote;

(3) based on the analysis set out in paragraph (1) and (2) above, we are not subject to material contingent liabilities in relation to the Primary Sanctioned Activity or Secondary Sanctionable Activity during the Track Record Period and up to the Latest Practicable Date; and

(4) our transactions with Sanctioned Targets during the Track Record Period do not qualify us as a Sanctioned Trader for purposes of Chapter 4.4 of the Guide for New Listing Applicants.

We acknowledge that International Sanctions risks associated with our sales activities involving the Relevant Regions and other overseas jurisdictions cannot be completely excluded due to the fast-evolving International Sanctions regimes. However, we expect such risks to remain low and manageable given the nature of our products and end users, and they may be further mitigated to the extent that we can demonstrate compliance with International Sanctions as discussed below.

Our undertakings to the Stock Exchange

We have undertaken to the Stock Exchange that:

- we will not use the [**REDACTED**] from the [**REDACTED**], as well as any other funds raised through the Stock Exchange, whether directly or indirectly, to finance or facilitate any activities or businesses with, or for the benefit of, any Sanctioned Countries or any other government, individual or entity sanctioned by the Relevant Jurisdictions, including but not limited to, any government, individual or entity that is the subject to any OFAC-administered sanctions or that would be in breach of sanctions imposed by the Relevant Jurisdictions;
- we will terminate before the [**REDACTED**] all obligations under the relevant contracts with the Sanctioned Customers;

- we will not undertake any future business that would cause us, the Stock Exchange, [**REDACTED**], [**REDACTED**], our Shareholders or [**REDACTED**] to violate or become a target of International Sanctions laws;

- we will make timely disclosure on the website of the Stock Exchange and our website if we believe that any of our business activities would put our Group or our Shareholders and [**REDACTED**] at risks of being in breach of the International Sanctions laws; and

- we will also include such disclosures in our annual reports and the discussion of our efforts on monitoring our business exposure to sanctions risk, the status of our future business (if any) in any country subject to International Sanctions and our business intention (if any) relating to customers from any such country.

Our internal control measures to minimise sanctions risk

As of the Latest Practicable Date, we had (i) fully ceased our transactions with the Sanctioned Counterparties and (ii) closed our account in the Sanctioned Russian Clearing Bank. We will not deal with any Sanctioned Targets in the future.

We have engaged an internal control consultant to conduct an internal control review on us. We have enhanced our internal control measures as recommended by our internal control consultant to manage associated risks of International Sanctions. As we intend to continue our business in compliance with applicable International Sanctions laws, in order to identify and monitor our exposure to risks associated with sanctions laws relating to these sales, we have implemented the following measures:

- As of November 20, 2025, our Group has adopted the 制裁合規管理制度 (Sanctions Compliance Management System), a comprehensive set of remedial measures to strengthen controls over sanctions and export control risks across its supply chain, customer base, and internal operations. The Sanctions Compliance Management System defines scope, roles, and procedures to ensure all Group activities comply with applicable sanctions and export control laws and internationally recognized standards of business conduct. The policy was formally approved, cross-signed by key operating departments, and issued as a controlled document effective across the Group to safeguard legal interests and business reputation while preventing sanctions-related losses.

- Our Group has established a formal Sanctions Compliance Committee ("**Committee**") chaired by the general manager, with deputy chairs from procurement and sales, and the audit department designated as the primary supervisory function. The Committee assists the board in evaluating the sanctions compliance policy, formulating measures and internal control procedures, assessing and monitoring Group-wide sanctions risk, and overseeing implementation across departments. The legal department has been tasked to centrally coordinate sanctions work, provide timely legal advice and risk alerts to senior management and the board on international sanctions and PRC countermeasures, and to track and maintain a curated database of applicable sanctions lists issued by relevant authorities for internal dissemination and use.

- Our Group has implemented a structured screening program that requires pre-engagement screening of all business partners, agents, and customers against sanctions lists maintained by competent authorities, including but not limited to OFAC and export control lists administered by the U.S. Department of Commerce, Bureau of Industry and Security. Business units must conduct screening before any business cooperation, and the legal department must review and confirm screening results; upon any hit or potential match, engagement is halted immediately pending legal department's determination, and cooperation is suspended where a sanctioned party is identified. The legal department performs periodic screening cycles and distributes updated lists to operating teams, leveraging the internally maintained sanctions database to ensure timely list refreshes and visibility.

- Our Group has embedded contractual safeguards across procurement and sales. Procurement contracts require suppliers to confirm products are not produced by sanctioned persons or sourced from sanctioned countries. For each purchase order, the Group obtains and reviews certificates of origin or equivalent evidence prior to payment and acceptance, with submissions escalated to the Committee for approval; if acceptable source documentation or written confirmations cannot be provided, the Group will not proceed with the transaction. Customer contracts incorporate explicit sanctions undertakings that the Group's products will not be resold to entities subject to international sanctions, including those on the SDN List.

- Our Group's legal department conducts an annual sanctions compliance audit covering all business activities and counterparties against relevant restricted party and country lists. Where sanctioned relationships are identified in the audit, the legal department, together with relevant business units, formulates handling measures, including suspension or termination of cooperation as appropriate, with documented remediation steps and oversight by the Committee. The policy also establishes a contingency and escalation protocol: if the Group is listed by a sanctions authority, the Committee must immediately verify the basis, develop a response plan, and engage with relevant authorities to seek suspension, modification, or cancellation of the measure to mitigate adverse impact.

- Our Group has instituted mandatory, periodic training for all employees on sanctions laws and regulations, internal policies, risk identification, and response measures, with continuous updates to reflect legal developments. The Committee designates responsible personnel to organize training; the legal department publishes updates on new legal requirements and timely revises internal policies and training content to maintain currency and effectiveness. The Group held a training session on November 18, 2025, to familiarize managers with sanctions and export controls imposed by the U.S. and other Relevant Jurisdictions, and the enhanced internal controls to mitigate and remediate the Group's sanctions and export controls risks.

Furthermore, we undertake to implement the following measures:

- We will open and maintain separate bank account(s) which is/are designated for [**REDACTED**] from the [**REDACTED**], as well as any other funds raised through the Stock Exchange. Our Committee will monitor and regulate the use of the [**REDACTED**] from the [**REDACTED**] to ensure that we will not breach our undertaking to the Stock Exchange;

- We will maintain Committee minutes and escalation logs as ongoing evidence of the Group's compliance with International Sanctions;

- We will formalize an enhanced know-your-client procedure beyond list screening (e.g., beneficial ownership verification, nature of business verification, use of corporate registries or beneficial owner attestations), embed into client onboarding checklists, and align with documentation standards;

- We will continue to monitor future developments of applicable sanctions regimes and to undertake prompt risk mitigation measures, including potential terminations or suspensions of business relationships, to ensure the Group maintains continued compliance with international sanctions;

- We will continue to implement enhanced periodic compliance trainings to ensure awareness of sanctions risks and timely and effective identification and reporting of actual and potential violations and ad hoc sanctions alerts in case of a major escalation of sanctions which might affect the Company's business operations; and

- We will continue our operations and business activities in strict compliance with international sanctions applicable to such activities and/or each member of the Group.

Our Directors have reviewed and evaluated these internal control measures and are of the view that these measures are adequate and effective for our Company to comply with applicable International Sanction laws and our undertakings to the Stock Exchange.

Having reviewed and taken into account the above measures, our Directors and International Sanctions Legal Advisor are of the view that our measures provide a reasonably adequate and effective internal control framework to assist us in identifying and monitoring any material risk relating to International Sanctions laws so as to protect the interests of our Shareholders and us. Based on the above, the Sole Sponsor is of the view that it has not identified any material issues relating to the adequacy and effectiveness of our internal control measures to manage our exposure to sanction risks.

RISK MANAGEMENT AND INTERNAL CONTROL

We have adopted and implemented comprehensive risk management policies in various aspects of our business operations such as financial reporting, information system, internal control, human resources, and investment management. Furthermore, we conduct periodic review of the implementation of our risk management policies and internal control measures to ensure their effectiveness and sufficiency. Our Board is collectively responsible for establishing and implementing such risk management mechanisms and overseeing our overall risk management.

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial report management policies, treasury management policies, and reimbursement management policies. We have various procedures in place to implement accounting policies, and our financial department reviews our management accounts based on such procedures.

Human Resources Risk Management

We provide regular and specialized training tailored to the needs of our employees in different departments. Through these trainings, we ensure that our staff's skill sets remain up-to-date and enable them to discover and meet our customers' needs. We have in place an employee handbook approved by our management and distributed to all our employees, which contains internal rules and guidelines regarding best commercial practice, work ethics, fraud prevention mechanism, negligence, and corruption.

Internal Control

To ensure strict compliance of our business operations with applicable rules and regulations, we have designed and adopted a set of comprehensive internal control policies. The implementation of such policies is overseen by our internal control team, which is also responsible for (i) performing group-level risk assessments, (ii) providing advice on risk management practice and (iii) establishing authorization and approval protocols.

ENVIRONMENTAL, SOCIAL RESPONSIBILITY AND GOVERNANCE

Our Company fully recognises the importance of Environmental, Social and Governance ("ESG") to its sustainable development and is progressively strengthening ESG integration across all aspects of its operations. Our Company has established and effectively operates an integrated management system covering international standards such as IATF 16949 (Quality Management), ISO 45001 (Occupational Health and Safety) and ISO 14001 (Environmental Management), and continues to advance the relevant certification processes.

Our Company is committed to complying with the Environmental, Social and Governance Reporting Guide in Appendix C2 of the Listing Rules and Guidance of the Hong Kong Stock Exchange after [**REDACTED**], by publishing an annual ESG report to disclose our Company's ESG management status to stakeholders.

ESG Governance

Our Company plans to progressively establish and improve its ESG governance structure after [**REDACTED**]. The Board of Directors will assume overall responsibility for identifying, analysing and overseeing our Company's ESG-related matters, formulating ESG management policies and related objectives, tracking the completion of these objectives annually, reviewing the Company's ESG performance, and examining and approving the Company's ESG report. An ESG working group comprising senior management is proposed to be established, responsible for assessing and determining the Company's various ESG-related risks, formulating and monitoring our Company's ESG management, objectives, systems and action initiatives, and reporting annually to the Board of Directors on ESG work. The heads of relevant departments will be responsible for the full implementation of ESG management plans and initiatives, and for proactively identifying, assessing and reporting ESG-related risks and improvement suggestions.

Corporate Governance

Our Company upholds compliant operations as a fundamental principle and strictly adheres to the laws and regulations of the jurisdictions in which it operates.

The professional competence and diversity of the Board of Directors are key factors in ensuring our Company's steady and orderly development. Our Company is committed to establishing a clear and effective corporate governance mechanism while continuously enhancing Board diversity, ensuring high-level decision-making capability across multiple dimensions such as directors' professional skills, knowledge and experience.

Materiality Assessment

Our Company is committed to establishing transparent and efficient stakeholder communication channels, maintaining close contact with stakeholders including shareholders, governments, regulatory bodies, customers, employees and suppliers through various online and offline means, actively soliciting their feedback and suggestions on our Company's ESG management, and continuously improving ESG practices to meet stakeholder expectations. Based on business characteristics and stakeholder concerns, and in line with our Company's actual situation and stakeholder feedback, we benchmarked against industry peers to identify ESG topics and conducted a materiality assessment on these ESG topics. The identified material ESG topics include resource utilization, product research & development and innovation, product and service safety & quality, occupational health and safety, and business ethics.

Business Ethics

Our Company consistently adheres to the principles of integrity, fairness, transparency, and responsibility, strictly complies with the laws and regulations of its operating jurisdictions, and upholds business order and a fair competitive environment. Our Company has established a business ethics management system and formulated the Employee Handbook, which clearly defines the standards for employee business conduct.

Our Company strictly prohibits any form of corrupt practices and resolutely upholds a culture of integrity. We have established systematic internal control mechanisms: Requiring all employees and suppliers to sign the Integrity and Self-Discipline Agreement and the Code of Business Conduct Agreement respectively, clarifying behavioural boundaries; ensuring new employees receive business ethics training upon joining, and conducting annual integrity awareness sessions for all staff.

Whistleblowing and Case Handling

Our Company encourages all employees and partners to report violations through open whistleblowing channels. We have an independent audit department dedicated to investigating malpractice and have established dedicated reporting channels that accept both named and anonymous reports, encouraging oversight and reporting from both internal and external partners. Our Company protects whistleblowers and strictly prohibits any form of retaliation. Any verified violation will result in immediate dismissal or termination of cooperation, thereby resolutely upholding the seriousness of the system and the foundation of our Company's integrity.

Climate Change Response

Our Company has identified several climate change-related risks that may adversely affect business operations, assessed their potential impacts accordingly, and planned response measures.

Risk category		Potential impact assessment	Response measures
Physical risks . . .	**Extreme weather risks**	Risk of disruption to own operations: Extreme weather events, such as historically rare torrential rain and floods, typhoons, and extreme heatwaves, may directly impact the company's R&D centres, testing sites, and key production facilities, leading to operational disruptions, equipment damage, and data loss, affecting project delivery.	Conduct climate vulnerability assessments for major operational sites and implement adaptive upgrades such as flood protection, heat dissipation, and backup power supplies for high-risk facilities. Develop and regularly exercise our business continuity plan and disaster recovery plan for extreme weather conditions.
		Supply chain resilience risk: As the company operates within the global value chain, disruptions to the production, warehousing, and logistics networks of suppliers of specific raw materials or precision components due to climate disasters (e.g., floods, hurricanes) would severely impact the company's normal production and delivery capabilities, causing a chain reaction.	Incorporate "business continuity assurance capability" into the new supplier onboarding and existing supplier evaluation systems. Identify and develop backup suppliers or alternative part numbers for critical materials.

Risk category		Potential impact assessment	Response measures
Transition risk . .	**Legal and policy sub-risk**	Increasingly stringent global "carbon neutrality" regulations may lead to mandatory accounting and disclosure requirements for the carbon footprint across the entire lifecycle of transportation equipment. Downstream customers may pass on cost and compliance pressures upstream to meet regulations. If the Company cannot provide low-carbon product solutions and reliable carbon footprint data, it will face risks of market access restrictions and customer attrition.	Proactively respond to and participate in major customers' "green supply chain" assessments and initiatives, transforming ESG performance into a market access advantage.
	Market risk	If the Company's green supply chain management, its own carbon neutrality commitments and practices lag behind industry benchmarks or the ESG procurement standards of major customers, it will be at a competitive disadvantage in major projects. Investors' ESG preferences may also affect the Company's financing channels and valuation.	Develop "low-carbon version" or "zero-carbon ready" product packages, proactively providing compliance solutions for customers.

Our Company will continuously enhance its management capabilities for climate change risks and opportunities and disclose related information in its ESG reports.

Environmental Management

We strictly adhere to environmental protection laws and regulations in our operating locations, including the Environmental Protection Law of the PRC. To further standardise our environmental protection management, we have established an environmental management system with compliance as the baseline, along with corresponding environmental management policies, to continuously manage and monitor the environmental impact of our operations.

To systematically advance environmental management, our Company has established a comprehensive environmental management system and has obtained ISO 14001 environmental management system certification. We ensure the effective operation of the management system by clearly defining the responsibilities and authorities at each level. Furthermore, we regularly organise staff training to continuously enhance employees' capabilities and awareness in environmental compliance and management.

Our Company places high importance on the prevention of and response to environmental emergencies, having established a regular mechanism for environmental risk identification and assessment. For identified risks, we have developed comprehensive management plans and contingency plans to implement effective controls.

Emissions Management — Greenhouse Gases

Our Company complies with all applicable environmental policies and guidelines and assumes the social responsibility of mitigating climate-related risks and reducing greenhouse gas emissions. Our Company analyses scenarios of greenhouse gas emissions generation to seek decarbonisation potential and methods. Our Company's Scope 1 emissions primarily arise from greenhouse gases generated by the direct energy consumption in operations (fuel consumed by owned vehicles), while Scope 2 emissions primarily arise indirectly from greenhouse gases resulting from electricity consumption in office premises and production processes. Our Company's Scope 3 emissions listed below primarily arise from employee travel and commuting. We are committed to reducing our greenhouse gas emissions. In terms of transportation, we prioritize the use of new energy vehicles to lower carbon emissions during the transportation process.

The table below sets out the greenhouse gas emissions for the years indicated:

	Unit	2023	2024	2025
Total greenhouse gas emissions (Scope 1 and Scope 2)[1]	**tCO2e**	947.00	1,006.69	982.12
GHG emission intensity	**tCO2e/million RMB in Revenue**	7.52	7.14	4.42
Scope 1 emissions	**tCO2e**	/	/	/
Scope 2 emissions	**tCO2e**	947.00	1,006.69	982.12
Scope 3 emissions[2]	**tCO2e**	81.86	126.03	140.42

Emissions Management — Air Pollutants

The primary source of air pollutants from our Company is vehicle exhaust generated by our own fleet during operation. We are committed to reducing air emissions through initiatives such as implementing energy conservation and emission reduction measures, as well as introducing new energy vehicles into our fleet.

Waste Management

Committed to the compliant disposal of waste, our Company strives to reduce waste generation by implementing targeted management initiatives to minimise waste production.

The table below sets out the waste usage for the years indicated:

	Unit	2023	2024	2025
Non-hazardous waste	**Tonnes**	4.80	9.48	7.60
Non-hazardous waste intensity	**kg/million RMB in Revenue**	38.06	67.20	34.18

1 Scope 1 and Scope 2 greenhouse gas emission data is calculated with reference to the General Principles for Calculation of Comprehensive Energy Consumption (GBT2589-2020).

2 Scope 3 greenhouse gas emissions are calculated in accordance with the GHG Protocol.

Energy Management

In the course of our business operations, our Company consistently upholds the philosophy of energy conservation and environmental protection, strictly complies with the Environmental Protection Law of the People's Republic of China and other applicable environmental laws and regulations, and has established internal policies dedicated to environmental protection, such as the Energy Conservation Management Procedure.

Our Company actively advocates energy conservation in its business operations and has implemented various targeted actions to reduce energy consumption, such as:

- Training employees to enhance awareness of energy management;
- Switching off unnecessary lights and ensuring lights are turned off when leaving;
- Increasing spot checks and imposing severe penalties for energy wastage.

The table below sets out the energy consumption for the years indicated:

	Unit	2023	2024	2025
Electricity consumption	**KWh**	1,764,817.00	1,876,061.00	1,830,256.00
Direct energy consumption	**MWh**	/	/	/
Indirect energy consumption	**MWh**	1,764.82	1,876.06	1,830.26
Total energy consumption	**MWh**	1,764.82	1,876.06	1,830.26
Total energy consumption intensity	**MWh/million RMB in Revenue**	14.01	13.31	8.23

Resource Management

Our Company aims to reduce water consumption and has incorporated awareness of water conservation and improving water use efficiency into its business operations. Our Company's water usage primarily comes from office consumption, staff accommodation, and production processes.

The table below sets out the water resource consumption for the years indicated:

	Unit	2023	2024	2025
Water consumption	**m^3**	15,032.00	18,414.00	14,030.00
Water consumption intensity	**m^3/million RMB in Revenue**	119.30	130.60	63.11

Our Company actively implements water conservation initiatives, such as conducting regular employee training to promote green office practices, and arranging personnel to routinely inspect water pipes and taps, reporting and repairing any issues promptly.

Our Company actively promotes environmental protection by advocating for the use of biodegradable and reusable packaging, cartons, and boxes, thereby reducing material waste in logistics operations and enhancing resource efficiency.

The table below sets out the usage of packaging materials for the years indicated:

	Unit	2023	2024	2025
Plastics	**Tonnes**	2.1	3.30	3.85
Paper	**Tonnes**	2.26	3.93	5.89
Metals	**Tonnes**	0.2	0.48	0.87
Wood	**Tonnes**	130.50	152.20	220.00
Total packaging materials used	**Tonnes**	135.06	159.91	230.61
Packaging materials used per unit of output	**Tonnes/million RMB in Revenue**	1.07	1.13	1.04

Product Responsibility

Our Company has established a product management system covering production, procurement, transportation, storage, and sales, and has formulated quality management systems and processes such as the Quality Manual to ensure product quality complies with national standards and corporate requirements. Our Company complies with product quality-related laws and regulations in its operating regions, strictly standardises inspection procedures, and deploys professional personnel for joint inspections at all stages of products and services to ensure product quality and safety.

To foster a quality-oriented culture within our Company, we regularly provide quality-related training to our employees, continuously reinforcing our high standards for quality management. During the Track Record Period, we actively conducted training on product safety and quality, totaling 28 hours of training sessions and covering 560 attendances.

For customer complaints, we responded in a timely manner and carried out internal training and corrective actions accordingly.

Product Recall

In the event of quality issues, our Company strictly follows the prescribed procedures in the formulated and implemented Traceability and Recall Management System to trace and recall products. Our Company conducts a simulated traceability drill monthly to improve response efficiency. During the Track Record Period, there were no instances requiring the recall of sold or shipped products due to safety and health reasons.

Supply Chain Management

Our Company has established and adheres to management systems for procurement and supply, such as the Procurement Management System, implementing a full-process management mechanism covering supplier qualification, review, assessment, cooperation and exit.

Our Company places emphasis on supplier risk management and has established a comprehensive supplier risk management system, encompassing risk identification, risk assessment, and risk management.

- Risk Identification: Review key factors of suppliers such as financial status, reputation, and production capacity to identify associated supplier risks.

- Risk Assessment: Conduct risk assessments based on supplier attributes, risk likelihood, and impact severity.

- Risk Management: Develop detailed risk management plans based on the outcomes of risk identification and assessment, specifying risk management objectives, scope, methods, and timelines.

Our Company also integrates ESG dimensions such as environmental protection, quality and safety, and social responsibility into the supplier management process:

- Environmental Protection: Suppliers should commit to complying with environmental regulations and standards, adopting environmentally friendly technologies, and reducing environmental impact. For example, suppliers' production process flowcharts and descriptions must demonstrate consideration and planning for environmental impact. Suppliers are required to provide technical documentation related to environmental protection, such as environmental impact assessment reports, environmental monitoring reports, and environmental protection measures reports.

- Quality and Safety: Suppliers should commit to providing high-quality products and services, comply with relevant quality and safety regulations and standards, and provide supporting documentation, such as quality management system certification.

- Social Responsibility: Suppliers should comply with social responsibility regulations and standards and safeguard employee rights and interests. Suppliers' company profiles and descriptions of system certification scope should include descriptions of social responsibility aspects, such as requirements for safeguarding employee rights and business ethics.

Our Company is committed to establishing long-term, stable cooperative relationships with suppliers, treating all suppliers fairly, and understanding supplier needs and feedback through regular communication and exchanges, promptly resolving issues arising during cooperation. Through efficient supply chain management, our Company establishes sound cooperative relationships with upstream and downstream enterprises, achieving information sharing and resource complementarity to enhance the stability and competitiveness of the supply chain.

Employee Employment and Rights

Our Company complies with the laws and regulations concerning employee employment in its jurisdictions of operation and recruits talent based on the principles of integrity and fairness. The Company has formulated and implemented internal management systems such as the Human Resources System to safeguard the legitimate labour rights and interests of employees. Our Company prohibits any form of child labour and forced labour, and is committed to creating a just, equal, and harmonious working environment. All employees of our Company are full-time staff; there are no part-time employees. As of December 31, 2025, the gender distribution of our employees were approximately 82.0% male and 18.0% female.

Employee Care and Benefits

Our Company actively communicates with employees to gain a deep understanding of the problems and difficulties they encounter in their lives and work, providing necessary assistance and support. The Company contributes to social insurance, housing provident fund, and commercial insurance for employees. It also provides various subsidies and non-monetary benefits in areas such as healthcare, living expenses, housing and transportation. These include meal/transportation subsidies, festival allowances for Chinese New Year, Dragon Boat Festival and Mid-Autumn Festival, birthday subsidies, high-temperature subsidies, as well as benefits such as visits to sick employees and maternity gift packages.

Employee Training and Development

Our Company places high importance on employee training and development. In accordance with internally established policies such as the Employee Handbook, it provides induction training, on-the-job training and external training. These cover corporate culture, rules and regulations, professional skills, safety knowledge, professional ethics, and management capabilities. Furthermore, our Company encourages self-directed learning among employees and supports their participation in professional qualification examinations, adult higher education entrance exams, correspondence courses, and other skill and academic certification assessments.

Our Company has established career development systems, including the Human Resources System, to provide employees with clear career progression pathways and promotion channels. Our Company has also implemented scientific and reasonable assessment and incentive mechanisms to enhance employee work efficiency and capabilities through performance management.

Occupational Health and Safety

Our Company strive to provide a safe and healthy working environment for our employees. Our Company complies with the relevant laws and regulations on occupational health and safety in China, and has established and implemented safety guidelines. Our Company conducts regular inspections of office premises to ensure a safe and healthy working environment for employees. Meanwhile, our Company provides safety training for employees to enhance their understanding of labour safety and safety awareness. Our Company has established safety contingency plans and conducts annual safety drills to maintain emergency response capabilities. In 2025, the Company engaged a third-party organisation to conduct three safety drills, namely: emergency drills for mechanical injury and electric shock accidents, fire drills (including dormitories), and emergency drills for chemical leakage.

Our Company also pays attention to the occupational health and safety of contractors, strictly adhering to the contractor management system by signing individual safety and environment commitment letters, work safety management agreements, and safety briefing documents with contractors. During the Track Record Period, our Company did not experience any employee fatalities.

The following table sets out the data on work-related injuries and fatalities during the indicated periods:

	Unit	2023	2024	2025
Number of employee work-related injuries .	Case(s)	2	2	0
Number of workdays lost due to work-related injuries	Day(s)	76.00	31.69	0

Community Contribution

Our Company fully recognises that actively fulfilling social responsibility is an indispensable part of sustainable corporate development. We are committed to systematically integrating social contribution into our corporate strategy and operational planning, thereby creating long-term value for the community and broader stakeholders.

AWARDS AND RECOGNITIONS

We have received various honors and awards in recognition of, among others, our scale, technological capabilities and products. The following table sets out our major awards and recognitions:

Award/recognition	Year	Awarding body
Jiangsu Specialized and New "Little Giant" Enterprise (江蘇省專精特新小巨人企業)	2024	Jiangsu Provincial Department of Industry and Information Technology (江蘇省工業和信息化廳)
Suzhou Famous Export Brand Product (蘇州市出口名牌產品)	2021	Suzhou Municipal Bureau of Commerce (蘇州市商務局)
Suzhou Industrial Design Center (蘇州市工業設計中心)	2021	Suzhou Municipal Bureau of Industry and Information Technology (蘇州市工業和信息化局)
Busworld Vehicle Award (巴士世界獎)	2020	Busworld Brussels (比利時世界客車博覽會)
China Road Transport Cup – Best Bus Parts (中國道路運輸杯–最佳客車零部件)	2018	Expo on Passenger and Cargo Transport Vehicles & Components (道路運輸車輛展)
China Urban Passenger Transport Enterprise Credit Product Award (中國城市客運企業信用產品獎)	2015	China Road Transport Association – Urban Passenger Transport Branch (中國道路運輸協會–中國城市客運分會)
National High and New Tech Enterprise (國家高新技術企業)	2011	Jiangsu Provincial Department of Science and Technology (江蘇省科學科技廳), the Jiangsu Provincial Department of Finance (江蘇省財政廳) and the State Taxation Administration of Jiangsu Province (國家稅務總局江蘇省稅務局)