
BUSINESS

OVERVIEW

Who We Are

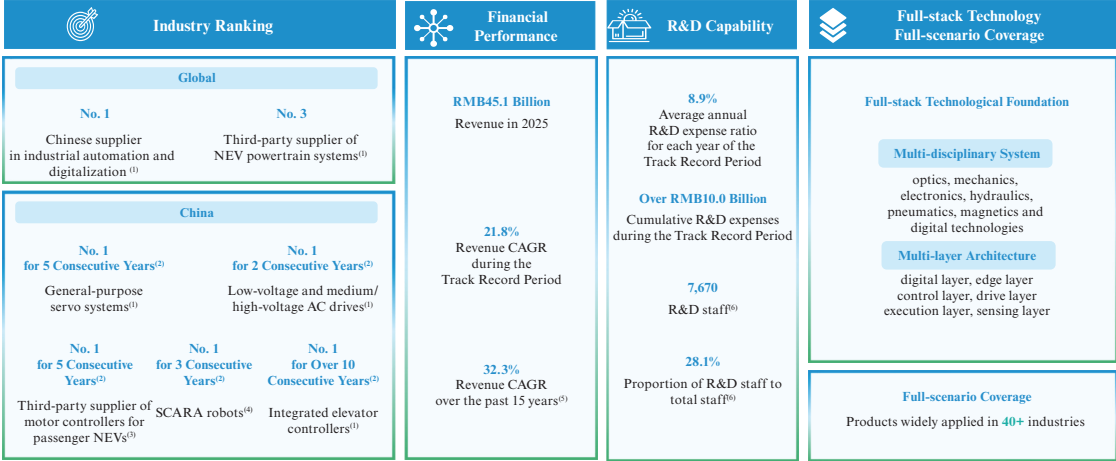
We are a leading global industrial technology group driven by innovation. Embracing the revolutionary development of industrial intelligence and energy transition and leveraging our deep technological expertise and continuous cutting-edge innovation in automation, digitalization and intelligentization, we have built an expansive ecosystem of synergistic businesses spanning industrial automation and digitalization, NEV powertrain systems, intelligent robots and digital energy solutions that share common technological foundations. We are dedicated to providing global customers with intelligent, efficient, green and safe integrated products and solutions, advancing industry technology for a better world through technological breakthroughs and innovative applications.

Based on in-house R&D, we have built a multi-layered technology system that integrates multiple disciplines, robust manufacturing techniques and cross-scenario applications. Leveraging this system, we have established full-stack development and delivery capabilities that cover core industrial components as well as integrated hardware-software solutions. Underpinned by acute insights into industry dynamics and customer needs, we have developed a comprehensive industrial technology product and solution portfolio deployed across more than 40 industries, covering control, drive, execution, sensing and robotics in industrial fields, as well as electric drive and power supply systems in the NEV sector. Due to our highly efficient customization and rapid full-lifecycle responsiveness, together with full-scenario platform-based and modular solution capabilities, we have earned the trust of customers worldwide and secured leading market positions. According to Frost & Sullivan, on a global level, we are the largest Chinese player in the industrial automation and digitalization sector and a top 3 third-party supplier of NEV powertrain systems, each in terms of revenue in 2025.

Through our journey of over two decades, with remarkable strategic foresight and a conviction of constant self-reinvention, as well as outstanding capabilities to port technology across industries, we have successfully achieved the breakthrough of expanding from industrial automation and digitalization into the NEV powertrain sector, achieving a momentum of continued growth across industry cycles. Today, the AI-driven industrial transformation and global energy transition are poised to reshape the world, presenting the global industrial technology sector with an unprecedented opportunity. We intend to embrace this opportunity by maintaining a global vision and leveraging cutting-edge technologies such as AI to continuously build solutions that deeply integrate automation, digitalization and intelligentization for industrial scenarios, and to drive our NEV powertrain system products to be more platform-based and intelligent. We will also accelerate our strategic positioning in emerging businesses, including intelligent robots and digital energy solutions, to build an industrial technology ecosystem for the future.

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The chart below demonstrates key highlights of our business.



Notes:

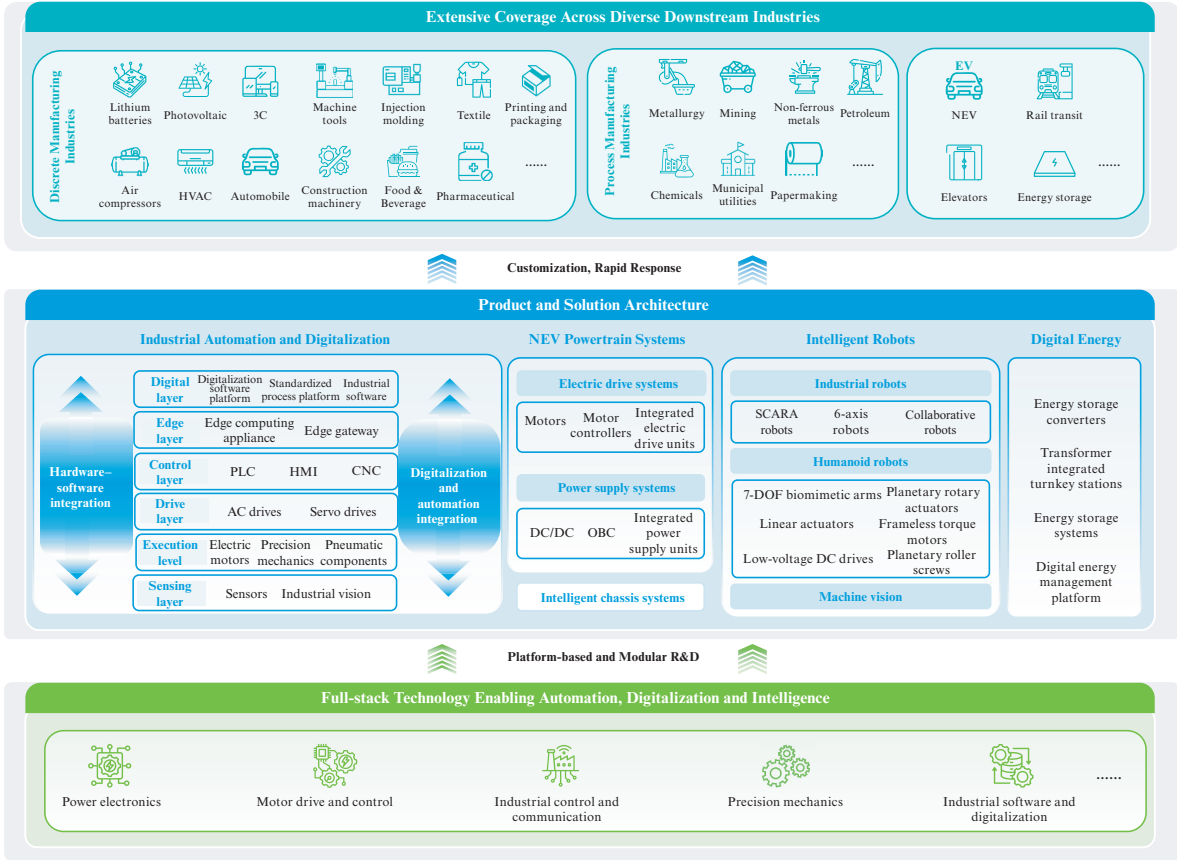
- In terms of revenue in 2025, according to Frost & Sullivan.
- Based on a period ended 2025, according to Frost & Sullivan.
- In terms of installment volume in 2025, according to Frost & Sullivan.
- In terms of sales volume in 2025, according to Frost & Sullivan.
- Revenue for the years from 2010 to 2022 was prepared in accordance with PRC GAAP, whereas revenue for the financial years from 2023 to 2025 was prepared in accordance with IFRS.
- As of December 31, 2025.

Our Business

Built on a foundational technology platform that integrates automation, digitalization and intelligentization, we operate two core business lines, namely industrial automation and digitalization and NEV powertrain systems. We have expanded into emerging businesses, including intelligent robots and digital energy solutions. Across these business segments, we offer global customers comprehensive products and solutions for a broad spectrum of vertical industrial applications, empowering the global industrial transformation.

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Abbreviations: 3C = computer, communication and consumer electronics; SCARA = selective compliance assembly robotic arm; DC/DC = direct current to direct current converters; OBC = on-board chargers; PLC = programmable logic controllers; HMI = human-machine interface; CNC = computer numerical control; DOF = degree-of-freedom.

Industrial Automation and Digitalization

We focus on automation, digitalization and intelligentization in industrial applications and have developed solutions throughout what we characterize as six technological layers: digital (數字), edge (邊緣), control (控制), drive (驅動), execution (執行) and sensing (傳感). Our offerings include alternating current (AC) drives, servo systems, control systems (PLCs, HMIs and CNCs), high-performance motors, precision mechanical components, pneumatic components, sensors, industrial vision systems and core elevator components. We also offer full-scenario intelligent industrial software and integrated “cloud(雲)-edge(邊)-device(端)” digitalization software platforms. See “—Our Product and Solution Portfolio—Industrial Automation and Digitalization.”

We provide customers with multi-product packaged solutions, customized solutions based on industrial automation technologies and industrial know-how, as well as a unified system architecture fusing digitalization and automation. Through these offerings, we redefine the boundaries of the industrial automation and digitalization business from mere hardware integration to deeper software-driven transformations.

Our products and solutions are widely applied across discrete manufacturing industries such as lithium batteries, 3C manufacturing, machine tools, injection molding, textiles and elevators, as well as process manufacturing industries such as metallurgy, mining, non-ferrous metals, petroleum and chemicals.

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We are the leader in China’s industrial automation and digitalization industry with a dominant market position. According to Frost & Sullivan, we have ranked first among Chinese industrial automation and digitalization players in terms of revenue for 10 consecutive years as of 2025. In 2025, our general-purpose servo systems, low-voltage AC drives, medium- and high-voltage AC drives and integrated elevator controllers all ranked first in China in terms of revenue, with market shares of 30.9%, 19.6%, 14.1% and 40.0%, respectively.

NEV Powertrain Systems

We operate our NEV powertrain system business through our subsidiary, Suzhou Inovance Automotive Co., Ltd. (“Inovance Automotive”), which is separately listed on the ChiNext Board of the Shenzhen Stock Exchange (301656.SZ). We provide high-quality electric drive systems and power supply systems for passenger and commercial NEVs. We also intend to gradually conduct R&D and business development relating to intelligent chassis systems.

We maintain a leading market position in the NEV powertrain system industry both globally and in China. According to Frost & Sullivan, we are the third-largest third-party supplier of NEV powertrain systems globally and the largest Chinese third-party supplier of NEV powertrain systems in China, each in terms of revenue in 2025. We have also ranked first among third-party suppliers of NEV motor controllers in terms of installation volume in China for five consecutive years as of 2025.

Intelligent Robots

We position intelligent robots to be the key embodiment of physical AI. Our intelligent robot business encompasses industrial robots and humanoid robots.

For industrial robots, we offer SCARA, six-axis and collaborative robots as well as machine vision products. According to Frost & Sullivan, our industrial robots have a market share of 8.8% in China in terms of sales volume in 2025, ranking us second among Chinese companies and fourth overall. Specifically, our SCARA robots command the largest market share of 28.1% in China in terms of sales volume in 2025.

For humanoid robots, we focus on core components and scenario-based solutions. Our products include seven-degree-of-freedom biomimetic arms, planetary rotary actuators, linear actuators, frameless torque motors, low-voltage DC drives and planetary roller screws. We will continue to empower the humanoid robotics industry and support the large-scale deployment of humanoid robots in industrial scenarios.

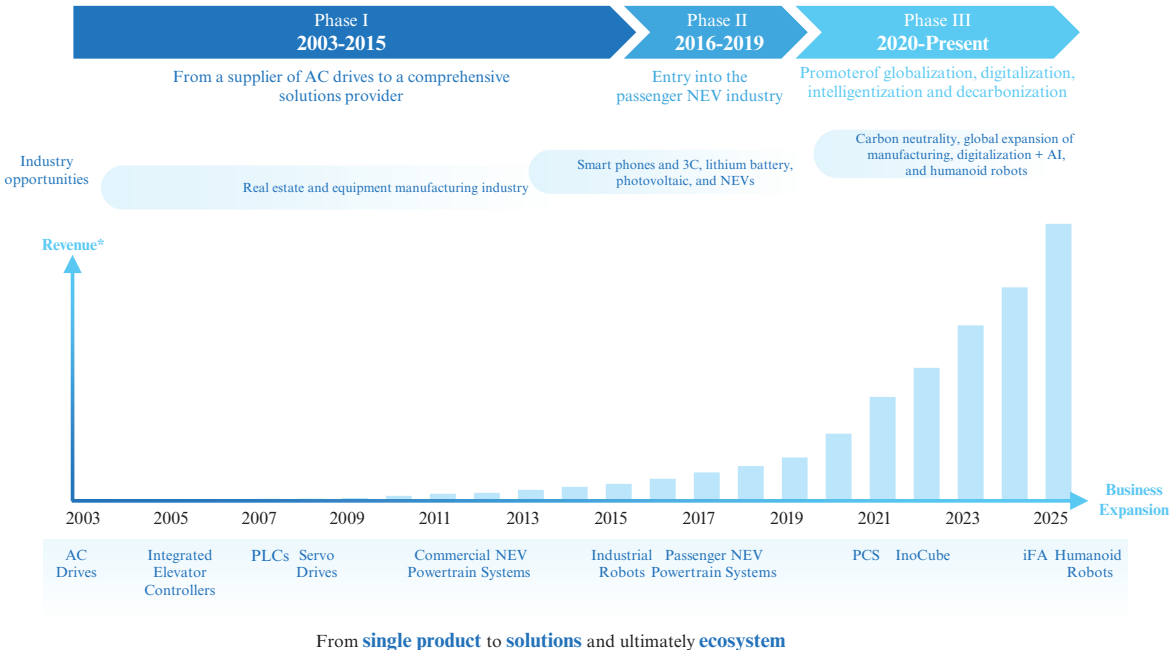
Digital Energy Solutions

Our digital energy solutions focus on the full spectrum of scenarios across the energy sector, including power generation (源), grid (網), load (荷), storage (儲) and decarbonization (碳). We primarily offer power conversion systems (PCS), transformer integrated turnkey stations, energy storage systems and a digital energy management system. Our digital energy solutions provide digital tools covering energy management, optimization and operations. We are actively promoting the adoption of our digital energy solutions in comprehensive energy management scenarios such as zero-carbon industrial parks (零碳園區), aiming to drive the upgrade of power infrastructure in the era of AI and to support the carbon management of our customers. According to Frost & Sullivan, our medium- and high-power PCSs hold a global market share of 6.7% in terms of shipment volume in 2025, ranking fifth globally.

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Our History of Transformation

Our development history is one of embracing change and turning change into lasting strength. Our name, Inovance, reflects our core belief in advancement through innovation. For over two decades since inception, we grew from a supplier of AC drives into an industrial technology company with total solutions and deep customization expertise. When new industry opportunities emerged, we seized them decisively, leveraging common core technologies to enter new growth areas and transforming ourselves into an enterprise with multiple business lines developing in parallel. Guided by a long-term vision, we are committed to becoming a centennial company that sustains innovation and transcends industry cycles. The following diagram illustrates the key stages of our development:



From **single product** to **solutions** and ultimately **ecosystem**

* Revenue for the years from 2003 to 2022 was prepared in accordance with PRC GAAP, whereas revenue for the financial years from 2023 to 2025 was prepared in accordance with IFRS.

- *Phase I — From AC drives to comprehensive solutions (2003–2015).* We started out as a supplier of AC drives based on vector control technology. Through technology-driven and industry-focused marketing, we were able to replicate solutions and achieve scalable growth across numerous industries, such as the elevator industry.

At the time, the industrial automation market had long been dominated by foreign brands. Drawing on our evaluation on the future trend of the manufacturing industry, we expanded our product portfolio beyond AC drives to include servo systems and PLCs, among other products. Over time, we evolved into a comprehensive industrial technology group delivering solutions spanning the drive, control, execution and sensing layers.

- *Phase II — Expansion into NEV industry, establishment of multiple business foundation (2016–2019).* Anticipating the rapid expansion of the passenger NEV market, we leveraged our foundational technology system to enter the industry and established Inovance Automotive in 2016, dedicated to driving rapid growth in the NEV business.

We also expanded into industrial vision, industrial robots and precision mechanics, gradually building a technology foundation spanning optics (光), mechanics (機), electronics (電), hydraulics (液) and magnetics (磁). Furthermore, we proactively

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expanded into high-growth-potential sectors at the forefront of the technology revolution and energy transition, including smartphones, lithium batteries and photovoltaic, laying a strong foundation for high-quality, transformative growth.

- *Phase III — Promoter of globalization, digitalization, intelligentization and decarbonization (2020–now).*

We mark 2022 as the beginning of our full-scale international expansion. In that year, we established localized business operations overseas across key functions including R&D, manufacturing, sales and after-sales services, to better serve customers and supply chain partners globally. Our overseas revenue grew rapidly, reaching RMB2.6 billion in 2025.

We accelerated the advancement of our industrial software and digitalization strategy by launching three core software platforms, InoCube, InoQuickPro and iFA. These platforms create a unified data infrastructure with the integration of digitalization with automation, strengthening the competitiveness of our solutions and customer loyalty.

Riding the wave of intelligent robots and AI, we established our intelligent robot division based on the existing industrial robot business, strategically placing ourselves into the humanoid robotics industry. We also expanded into intelligent chassis systems as the next step in the NEV industry.

In parallel, we have been accelerating the development of digital energy solutions, covering power generation (源), grid (網), load (荷), storage (儲) and decarbonization (碳) and promoting the use of green energy, energy conservation and emission reduction in industrial production and enabling zero-carbon factories and zero-carbon parks. We also established a digital energy division in parallel.

Our Market Opportunities

Given our role in providing automation, digitalization and intelligent technologies to a broad range of manufacturing industries, we believe we have unique insights into where the next major market opportunities will emerge. We believe the following factors will be key drivers of our next phase of sustainable growth.

Against the backdrop of accelerating AI development and the deep integration of digitalization and automation, industrial automation and robotics are entering a period of transformative opportunity.

As AI technologies rapidly advance, industrial companies worldwide are accelerating the upgrading and replacement of their existing manufacturing equipment and solutions. Together with the scaled growth in AI infrastructure, these forces are driving a new wave of demand for industrial automation and robots. In addition, humanoid robots as a frontier field in industrial technologies will continue to benefit from advances in AI. According to Frost & Sullivan, the global industrial automation and digitalization market is expected to reach RMB2.6 trillion by 2030, while the global industrial robotics market is expected to reach RMB173.8 billion and the global humanoid robotics market is expected to grow into a trillion-dollar industry by 2050.

We believe that our capabilities in industrial automation and intelligent robots help us better seize these opportunities, and our solid technical foundation in humanoid robot core components and system solutions will position us as a key enabler in the global humanoid robot supply chain.

Rising global penetration of NEVs is fueling surging demand for core components.

Driven by the trends of electrification and intelligentization, the global NEV industry is undergoing profound change. The penetration of NEVs continues to rise and the market demand for and per-vehicle value of powertrain-related core components continue to increase. According to

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Frost & Sullivan, global NEV penetration rose from 7.8% in 2021 to 23.6% in 2025 and is expected to approach 50% by 2030. By then, the global NEV powertrain system market is projected to reach RMB708.0 billion, representing an estimated CAGR of 16.4% between 2025 and 2030.

As a leader in China’s NEV powertrain industry, we will continue to benefit from and lead the global automotive industry’s electrification and intelligentization trends.

Chinese manufacturing is accelerating globalization, facing vast market potential.

With the reconfiguration of global supply chains and manufacturing capacity increasingly distributed across multiple locations, overseas markets offer expansion opportunities. According to Frost & Sullivan, the overseas industrial automation market reached RMB1.5 trillion in 2025, more than four times the size of the Chinese market. In the same year, the overseas annual sales of NEVs reached 8.7 million units and are expected to reach 31.1 million units in 2030, representing an estimated CAGR of 29.0%.

As a core supplier deeply involved in the upgrading of China’s manufacturing industry and its “going global” drives, we expect to benefit from additional demand from their global expansion and will also actively advance our own “going global” initiatives by leveraging our customers’ global network. We also uphold the “Globalocal” philosophy to build robust, localized overseas operating capabilities through forward-looking investment, so that we can fully capture the broad growth opportunities in global markets.

The pursuit of “dual carbon” targets, together with the rapid scaling of AI compute, is driving the upgrade of new power systems and reshaping the global energy landscape.

China’s “dual carbon” targets (or the “30/60” targets, referring to peaking carbon emissions before 2030 and achieving carbon neutrality by 2060), together with the global shift toward decarbonization development, are converging with the surging power demand driven by the expansion of AI compute infrastructure. The combination of these trends is driving demand for clean energy and smart energy management and placing higher requirements on grid regulation and intelligent capabilities of power infrastructure. According to Frost & Sullivan, the global energy management market is expected to reach RMB442.0 billion by 2030, representing an estimated CAGR of 10.3% from 2025 to 2030.

Based on our extensive experience and technological capabilities in industrial technology, we are now extending and replicating these strengths in the energy management field, aiming to develop digital energy solutions as one of our next growth drivers.

Our Financial Performance

We have demonstrated strong revenue performance and profitability as well as robust cash flows. In 2025, we achieved a revenue of RMB45.1 billion, representing an increase of 21.8% from 2024, and net profit of RMB5.2 billion, representing an increase of 19.0% from 2024. In 2025, our net cash generated from operating activities was RMB6.7 billion.

During the Track Record Period, we achieved strong and high-quality growth. In 2023, 2024 and 2025, we recorded revenue of RMB30.4 billion, RMB37.0 billion and RMB45.1 billion, respectively, representing a CAGR of 21.8%. We continued to invest heavily in R&D, with R&D expenses of RMB2.6 billion, RMB3.1 billion and RMB4.3 billion in 2023, 2024 and 2025, respectively, which represented 8.6%, 8.5% and 9.4% of revenue of the same years, respectively. Looking ahead, we will concentrate our R&D efforts on areas with significant market potential, including control systems, industrial software and digitalization, humanoid robots, digital energy solutions and AI application, in order to support our long-term growth.

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OUR COMPETITIVE STRENGTHS

We believe the following strengths enable us to fully capitalize on future opportunities and achieve sustainable growth.

Leadership in China’s Industrial Technology Sectors

Leading Chinese Brand with Market Leadership Across Multiple Industries

Our technological innovation and customer service capabilities reinforce each other and form a virtuous flywheel spanning technology leadership, customer accumulation, economies of scale and continuous innovation. This flywheel has made us a rare “dual champion” in China with leading positions in both the industrial automation and digitalization and NEV sectors. This leadership underpins our sustained innovation in industrial technology and provides strong momentum for our long-term growth.

- *Leadership in industrial automation and digitalization.* We are the largest Chinese player in the global industrial automation and digitalization sector in terms of revenue in 2025. We also rank among the top players in several core verticals. In general-purpose servo systems, we are among the top five globally in terms of revenue in 2025. In the same vertical, we have also ranked first in China in terms of revenue for five consecutive years from 2021 to 2025, with a market share reaching 30.9% in 2025. In AC drives, we have ranked first in China in each of the low-voltage and medium/high-voltage segments for two consecutive years in 2024 and 2025, with market shares of 19.6% and 14.1% in 2025, respectively. In PLCs, we rank first in China among the Chinese suppliers in terms of revenue in 2025, with a market share of 5.7%. In industrial software, we launched China’s first fully integrated automation software platform, the iFA platform, in 2025, making us one of a few enterprises globally with this capability. In intelligent elevators, we are the largest integrated controller supplier in China in terms of revenue in 2025, with a market share of 40.0%.
- *Leadership in NEV powertrain systems.* We hold a leading position in core components of NEV powertrain systems globally. We are the world’s third-largest and China’s largest third-party supplier of NEV powertrain systems in terms of revenue in 2025. We are also the world’s second-largest third-party supplier of NEV motor controllers in terms of revenue in 2025, and China’s largest third-party supplier of passenger NEV motor controllers in terms of installation volume in 2025. Furthermore, we are China’s largest third-party supplier of stators and second-largest third-party supplier of electric drive systems for passenger NEVs, each in terms of installation volume in 2025. We currently serve more than half of the top ten global NEV brands in terms of global sales volume in 2025.
- *Outstanding achievements in emerging businesses.* We have also delivered strong results in our emerging businesses, namely intelligent robots and digital energy solutions. In industrial robots, we are the second-largest domestic industrial robotics supplier in China in terms of sales volume in 2025, with a market share of 8.8%. We have also been the largest SCARA robot supplier in China for three consecutive years from 2023 to 2025, with a market share of 28.1% in 2025. In digital energy solutions, we rank fifth in the global medium- and high-power energy storage PCS industry in terms of shipment volume in 2025.

Industry Leadership Aggregating Brand, Industry and Resource Advantages

Our industry leadership has resulted in strong brand influence, deep domain expertise and rich resources, which reinforce our competitive edge, create a virtuous cycle in which leaders pull further ahead, solidify our leading position and widen our competitive moat, driving long-term, steady business growth.

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- *Brand.* We have earned broad customer trust, successfully set industry benchmarks and steadily enhanced our brand value by producing technologically advanced and reliable products. We are included in the list of 2025 top 500 “World’s Best Companies for Sustainable Growth” in *Time* magazine. We also rank second among the “Top 50 China Automation and Digitalization Brands” published by Gongkong.com (工控網), a widely used industry source, in 2025. Our strong brand helps us acquire customers more efficiently and deepen long-term partnerships.
- *Domain expertise.* Our leading scale and breadth of industry coverage have enabled us to build a large customer base anchored by the world’s leading manufacturing enterprises. Over time, we have accumulated extensive application know-how and customer feedback across diverse scenarios and complex operating conditions. We have also built a solid base of core technologies and patents, which enables us to provide more advanced solutions for our customers. In addition, we maintain competitive advantages in supply chain management, manufacturing efficiency and product cost control through our economies of scale, allowing us to maintain strong profitability while safeguarding product performance and service quality.
- *Resources.* As an industry leader, we attract top talent and ecosystem partners, which provide robust support for R&D, business expansion and industrial transformation. We deploy substantial resources at critical moments to move quickly into new growth areas and accelerate both cutting-edge technology breakthroughs and the development of new businesses. In parallel, we have built a strong capital platform with diversified, flexible financing channels, providing sustained and reliable capital support.

Comprehensive Platform with Full-Stack Technologies, Complete Product and Solution Portfolio and Strong Customization Capabilities

We have built a full-stack technology system that integrates hardware and software and serves a broad range of applications. Our solutions are tailored to highly specific manufacturing processes and diverse industry needs, while preserving strong compatibility and interoperability across all hardware and software components. These solutions enable us to (i) support the implementation of increasingly complex and refined production processes, (ii) significantly shorten the deployment cycle of customers’ production lines, (iii) reduce operation and maintenance costs, (iv) enhance operational efficiency and product quality and (v) achieve seamless, end-to-end data flows.

Comprehensive Core Technology System Creating Strong Entry Barriers

Over more than two decades of continuous R&D investment, we have built deep expertise in key foundational technologies, including power electronics, motor drive and control, industrial control and communications, precision mechanics and industrial software and digitalization. On this basis, we have developed a full-stack technology system that is multi-disciplinary, technique-intensive and applicable across multiple scenarios.

Comprehensive technology system. Our core business lines involve highly complex systems engineering. For example, in industrial automation and digitalization, we are committed to comprehensive improvements in production capacity, yield and stability; in NEV powertrain systems, we focus on the enhancement of driving performance while balancing safety and driving range. Achieving these goals requires cross-disciplinary technological capabilities and the close integration of process design and manufacturing. We therefore take a systematic approach that integrates optical engineering, machine vision, mechanical engineering, structural mechanics, power electronics, fluid mechanics, thermodynamics, electromagnetics, materials science and software engineering, creating strong technology synergies among these disciplines. The synergies not only significantly improve product performance, but also broaden downstream application opportunities and enhance the competitiveness of our integrated solutions.

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Industry-leading breakthroughs. Supported by our robust R&D system, we have a proven record of delivering industry-leading technology breakthroughs.

- Our next-generation industrial network technology system, WiTSnet, has been incorporated into the International Electrotechnical Commission (IEC)’s international industrial communication standard. It has achieved multi-node synchronization jitter accuracy of 240 nanoseconds, less than 10 nanoseconds multi-node synchronization precision jitter (being the timing variation between nodes). In addition, We have launched INO AIR, the world’s first industrial wireless synchronized motion control solution, which features one millisecond communication cycle, one microsecond synchronization precision jitter and reliability exceeding 99.9999%.
- Our flagship SV680 series high-performance servo drive delivers an industry leading 3.5KHz speed loop bandwidth response and is equipped with a 26-bit high precision encoder, representing significant advances in safety, performance, functionality and intelligence.
- We support the upgrade of high-end equipment and the development of critical national infrastructure. Our products have been deployed in the world’s first 140-meter class pile driving vessel, the world’s first 20MW offshore wind turbine, China’s first integrated large-scale fracturing vessel, as well as in shield tunnelling machines, drilling platforms and other major engineering projects and equipment.
- We have developed the iFA platform, China’s first fully integrated automation software platform, which combines design simulation, virtual commissioning and production operations. Our iFA platform enables customers to achieve flexible manufacturing of diverse products in varying volumes, quickly and at lower cost.
- We commenced mass production of silicon carbide (SiC) motor controllers for 800V vehicle electrical architecture and were among the first domestic manufacturers to apply 1,200V SiC devices in the motor control units in NEVs.
- We developed China’s first domestically produced high-speed SCARA robot. Through multiple technology breakthroughs, this product achieves one of the fastest cycle times in the industry and has been widely adopted in smart phone, lithium battery, photovoltaic and other scenarios that demand extreme efficiency and process precision.

Substantial R&D investment. We are firmly committed to sustained and substantial R&D investment. We operate multiple R&D centers globally. As of December 31, 2025, we had 7,670 R&D personnel, representing 28.1% of our total workforce, which forms a well-structured, highly specialized and scalable talent base. During the Track Record Period, our aggregate R&D expenses exceeded RMB10.0 billion, representing 8.9% of our aggregate revenue. Through our sustained R&D investment and systematic development of R&D talent, we continuously enhance our core technology capabilities and solidify our industry-leading position.

Multi-product, Multi-layered and Multi-scenario Solutions

We offer a comprehensive product and solution portfolio that serves a wide range of industries. In the industrial automation and digitalization sector, our offerings cover both hardware and software products and span the digital, edge, control, drive, execution and sensing layers. We are one of a few industrial automation enterprises globally with a comprehensive product system across optics (光), mechanics (機), electronics (電), hydraulics (液), pneumatics (氣), magnetics (磁) and digital (數), with applications in more than 40 industries. In the NEV industry, we serve a diversified customer base by offering products and solutions to more than 40 leading automotive OEMs. Our products can be applied to battery electric vehicles (BEVs), plug-in hybrid vehicles (PHEVs) and extended-range electric vehicles (EREVs). Leveraging our extensive product categories and deep understanding of different application, we are able to cross-sell products and provide customers with

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highly integrated, reliable and customized multi-product solutions. These solutions create significant value by accelerating project delivery, improving system stability and performance and enhancing customers’ total value of ownership (TVO).

Our efficient customization capabilities allow us to offer tailored solutions addressing customer demands more precisely and help them achieve a differentiated competitive edge. To balance customization with scalable efficiency, we have adopted a platform-based and modular technology architecture, which we leverage to provide scenario-specific manufacturing solutions. For example, lithium battery production involves a series of complex processes, including coating, calendaring, die-cutting and winding. We provide tailored solutions covering the entire process, including products for controllers, servo systems and visual systems, as well as industrial robots, linear motors and pneumatic components. These offerings have delivered significant gains in production capacity and efficiency for our customers and have helped us become one of the leading automation solution providers in the lithium battery industry.

Customer-Centric, Full-Lifecycle Responsiveness

We start from proactively identifying and defining customers’ needs, and serve customers through the full lifecycle from solution design and product development to large-scale manufacturing, delivery and after-sales service. On this basis, we have built a responsive system that enables us to respond to customer requirements effectively.

Rapid Definition of Customer Needs by Being at the Front Line

We place strong emphasis on the deep understanding and rapid response to customers. To support this, we have established a collaborative team structure comprising an industry head, a chief engineer and a product manager, who work together on industry research, technology planning, product delivery and customer management. Under this structure, the industry head acts as an industry expert who provides strategic guidance for our technologies and products. The chief engineer leads the implementation of technology roadmaps and system architecture. The product manager is responsible for translating industry and technology plans into concrete products and solutions. This cross-functional unit enables us to align our products and solutions with customer needs more quickly and accurately.

Our deep understanding of industry dynamics and development trends, together with our close participation in customers’ production environments, enable us to anticipate and identify potential valued opportunities in areas such as efficiency improvement, energy conservation and emission reduction and intelligent upgrading. We co-create with customers using our industry insights to rapidly design and implement systematic solutions. In doing so, we continuously generate incremental value for customers and strengthen long-term cooperative relationships.

Rapid Product Development with Agile R&D Architecture

By building a highly efficient and agile R&D system, we have significantly increased product development speed and iteration efficiency. We have a platform-based technology architecture, built on a multi-layer R&D model spanning root technologies, modular design, product platform, standard and customized products and comprehensive solutions. This advances the modularization and standardization of core components and functional units, enabling core technologies to interoperate and be replicated across different product categories and laying a solid foundation for scalable and efficient development. We also implement an asynchronous development model to enable a rolling pipeline in which we develop one product generation, reserve one platform generation and conduct research on frontier generation in parallel. Through forward-looking technology and platform module, the platforms and modules required for new product development are prepared in advance. This enables rapid product definition, development and time-to-market, effectively shortening development cycles and supporting our ability to respond quickly to market and customer needs. For example, leveraging our sustained R&D investment and the build-out of

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our agile R&D system, we have, in quick succession, launched multiple servo products targeting different applications, including the SV610, SV640, SV630 and SV660 series, based on our *Polaris* servo technology platform.

Agile Manufacturing and Delivery through Flexible Production Capacity and Digital Enablement

We continuously improve our production and delivery efficiency through flexible deployment of production capacity and the use of digital tools. We organize our production lines into high-capacity modular lines and flexible assembly lines, tailored to standardized mass production and more bespoke, non-standard processes respectively. We also unify equipment standards and standardize process flows, enabling key equipment and process steps to be shared across different stages of production. This combination allows us to better meet customer requirements for rapid delivery and efficient mass production. In addition, we operate production bases across multiple locations in China and in countries such as Hungary, Thailand and South Korea, which strengthen our localized manufacturing capabilities and shorten delivery lead times.

Responsive Service Support with Extensive Network

We are actively building a “globalocal” service network to provide customers with timely and professional support. As of the Latest Practicable Date, we had established on-the-ground service capabilities covering 40 countries and regions, with 65 overseas joint warranty centers and 20 overseas spare parts centers, enabling us to respond to customer needs quickly and efficiently. In China, we have a robust sales and service network. Our coverage extends to the city level in coastal regions, and to the county and district level in provinces such as Jiangsu and Zhejiang.

Cross-Domain and Cross-Industry Expansion Capabilities

Our customized, modular technology and solutions give us strong platform-based transfer capabilities, enabling us to continually extend customers, industries and technology applications. For each customer, we continue to explore its diverse needs and expand from supplying a single product to providing full-stack products and integrated solutions to maximize the value of the customer relationship. In each industry, we continuously engage with new customers and increase our penetration with the support of our model that offers platform-based products with modular customization. For similar or related technologies, our platform architecture supports efficient technology extension, enabling us to scale into new applications.

Deepening Penetration within Existing Customers

We focus on offering in-depth services to key customers, identifying and addressing their evolving needs to maximize the value of each relationship. We typically start with a single lead product, then build out a multi-product portfolio and finally extend to production line-level and factory-level digital and intelligent upgrades, covering the full value chain of products, solutions, systems and operations. For example, with a leading precision manufacturing customer, we have expanded from supplying a single product to providing comprehensive hardware-software solutions that cover the entire spectrum from dedicated machines to full assembly lines. We deliver solutions spanning the digital, edge, control, drive, execution and sensing layers, forming a full-stack offering. This approach has significantly strengthened customer loyalty and enabled us to build a close strategic partnership. As a result, our wallet share and depth of coverage within this customer have continued to increase.

Replicating Solutions within and Across Industries

In each industry, we continuously engage with new customers and increase our penetration with platform-based products with modular customization. We typically start with the industry leaders, prioritizing their most complex and demanding application requirements. Successful delivery in these applications helps us establish a strong reputation and build trust within the industry. Once our solutions are validated with these leading customers, we extract the industry-common elements and

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standardize them into products and solution packages. We then rapidly roll out these standardized offerings to a broader set of customers in the same industry, achieving efficient replication from lead customers to long-tail customers, driving the continued growth of our market share.

In areas with similar process techniques, we rely on the transferability of our platform to extend both industry and scenario boundaries. For example, our winding control technologies were first deployed in cable and packaging applications and later expanded into continuous material processing industries such as textiles, printing and film processing. We have continuously enhanced our tension control and synchronization control capabilities and upgraded our algorithms in multiple iterations. The improvements and upgrades have enabled us to extend these technologies further into precision manufacturing scenarios such as photovoltaic wafer cutting and lithium battery winding.

Expanding Our Business Into New Domains

We leverage the following principles to continuously seize industry opportunities and drive the steady expansion of our business: the forward-looking assessment of global industry trends and technological evolution, a disciplined commitment to long-term investment, the replication of foundational technical capabilities across different industries and a flexible organizational structure.

For example, anticipating the rapid growth of China’s passenger NEV market, we established Inovance Automotive in 2016 focusing on NEV powertrain solutions. In only eight years, Inovance Automotive generated revenue of more than RMB10.0 billion in 2024 and went public in 2025. It has become a core pillar of our business, accounting for nearly half of our revenue in 2025.

We similarly expanded into the emerging businesses of intelligent robots and digital energy solutions, which are poised to become our future revenue drivers. We established an intelligent robot division to develop and offer industrial robots, humanoid robotic components and robotics vision products. Our core strengths in control algorithms, servo drives and motor systems are highly synergistic with robotic joint modules. Combined with our extensive experience in industrial manufacturing scenarios, these capabilities support the commercialization of our intelligent robotic products.

We also established a digital energy division. Based on our core technology expertise in power electronics, business experience in energy storage PCS and solid customer base from industrial automation and digitalization, we have further extended our capabilities to the load, or the energy consumption, side. We provide energy management and decarbonization products and solutions to industrial and commercial customers, and are actively developing overseas markets.

Visionary and Experienced Management Team

Extensive Industrial Experience of Our Founders and Core Management Team

Our founder and core management team have an extensive background in industrial technology. Led by Mr. Zhu Xingming, they have long been engaged in the industrial technology sector and possess cross-disciplinary technical expertise spanning power electronics, control, software and communications. They have also accumulated extensive management experience and developed a global perspective through their work at leading international industrial technology companies. Our management team has been highly stable, with an average tenure of more than fifteen years, and has established strong alignment with our corporate strategy and values. The team places significant emphasis on technological accumulation and sustained R&D investment, which provides solid support for our continued business expansion.

Sharp Strategic Insight and Decisive Execution

Leveraging their foresight into industry trends and technological evolution, our management team can make swift decisions and drive effective execution of our strategies. These capabilities enable us to stay ahead through successive waves of industrial upgrades. In our early years, our team

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followed an independent technology roadmap despite a highly challenging operating environment. Even when facing operating pressure, they maintained strategic focus with a strong entrepreneurial spirit. Since then, we have proactively positioned ourselves to capture multiple waves of industry opportunities and have achieved a series of business breakthroughs. For example, in 2005, we were an early mover in developing integrated elevator controllers, capturing the high-growth stage of the real estate industry. In 2007 and 2008, we launched high-performance servo systems and PLCs ahead of the market, capitalizing on the rising demand for high-speed, high-precision and high-reliability production equipment in the consumer electronics, lithium battery and photovoltaic industries. Since 2016, we have focused on NEV powertrain systems, seizing industry opportunities from the rapid growth of China’s NEV industry. Looking ahead, the management team plans to focus on trends such as intelligentization, decarbonization and globalization, with particular emphasis on intelligent robots, digital energy solutions and overseas business expansion.

Continuous Organizational Transformation, Commitment to Excellence and Preservation of Entrepreneurial Spirit

Entrepreneurial spirit is at the heart of our organization and drives our teams to strive for continuous improvement, proactively embrace evolving change and continually reinvent themselves. We have always stayed close to our customers and market demand, continually refining our organizational structure in line with our businesses evolution to improve customer responsiveness and delivery capabilities. Taking our industrial automation division as an example, we have progressively expanded our organizational structure from product lines to industry lines, and then to an “industry + region” organizational model, achieving continuous growth in market share. This has brought us closer to our customers and deepened our understanding of their demand, which collectively improve both our responsiveness to customers and our delivery capabilities. As our scale has grown, we have upgraded our management systems in a timely manner. For example, we have engaged professional consulting firms to support our organizational transformation, systematically reviewing and reshaping core functions including governance, strategy, R&D, marketing, supply chain and human resources. We have also driven comprehensive optimization of key processes such as order-to-cash (OTC) and integrated product development (IPD), enabling our operating model to support higher business volumes and the parallel development of multiple business lines.

The sustainable development of a business not only stems from strategy and execution, but is also rooted in a deep cultural foundation. We uphold core values of creating customer value, empowering employees to drive success, collaborating to innovate and striving for excellence. These core values together define our cultural identity and code of conduct across our organizations. Our corporate culture quietly motivates us to stay true to our original aspirations throughout periods of change and to continually overcome new challenges, providing lasting momentum for our sustainable, long-term development.

OUR STRATEGIES

Unlock Growth Potential for Our Core Businesses

For our core businesses, we plan to adopt the following strategies to further unlock their growth potential.

Industrial Automation and Digitalization

Expand product lines. We will continue to extend our high-end product and solution portfolio and actively develop new products addressing markets with potential annual demand of more than RMB10.0 billion, such as CNC, high-performance motors, precision mechanical components, pneumatic components, sensors and industrial vision products.

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Deepen penetration in high-end sectors. We intend to further expand into new high-end manufacturing industries and increase our penetration across the entire production process in industries where we already have a presence. Key target industries include discrete manufacturing industries such as machine tools, automotive manufacturing and 3C manufacturing, as well as process manufacturing industries such as chemicals and metallurgy.

Strengthen the integration of automation and digitalization. With “software-defined” as the core approach, we are building an integrated software and data foundation that connects equipment, production lines, factories and industrial parks through industrial and digitalization software platforms such as iFA, InoQuickPro and InoCube. We will continue to develop integrated “cloud–edge–device” digital solutions through multiple pathways including in-house development, M&As and external collaboration, transcending product-level competition through the integration of digitalization and automation.

NEV Powertrain Systems

Deepen engagement with overseas customers. We aim to acquire new overseas automotive OEM customers and further increase our share of business with existing customers. While consolidating sales of our existing products, we will offer a more diversified range of products and solutions tailored to customer needs.

Broaden product lines. First, we intend to continue expanding our portfolio of standard powertrain system modules, including stator assemblies, rotor assemblies and power modules. Second, we plan to strengthen the promotion and sales of highly integrated X-in-one drive assemblies. In addition, we intend to develop intelligent chassis system, such as suspension, by leveraging our technological strengths in power electronics and precision mechanics to deliver competitive solutions.

Strengthen Our Global Presence to Lay a Foundation for World-Class Industry Leadership

Industrial automation, digitalization and intelligentization, together with the global energy transition, represent significant global market opportunities. Overseas markets are larger than the Chinese domestic market and provide us with considerable room for further growth. We intend to continue implementing our global strategy and, while pursuing organic growth, to actively and prudently explore overseas M&A opportunities. We will focus on potential targets with strong brands, advanced technologies and high-quality sales channels to accelerate our global expansion.

Globalocal Philosophy

We adhere to our “Globalocal” philosophy, which focuses on a global vision with localized operations. We are promoting globalization across R&D, supply chain, sales and services, with the dual objectives of achieving mutual benefit with global partners and contributing to the high-quality development of global manufacturing. With this approach, we aim to enhance both our competitiveness and the scale of our business in overseas markets. Going forward, we plan to increase investment in overseas sales and service networks, R&D centers and production capacity, and to extend our efficient operations system on a global basis.

Go Global with Our Leading Solutions and Our Customers

With respect to taking our leading solutions overseas, we intend to introduce solutions with clear competitive advantages to customers in emerging markets and to small- and medium-sized customers in developed markets, such as Europe and the United States, while offering customized solutions to large customers in the developed markets. In parallel, we intend to ride the wave of Chinese enterprises going global by deepening cooperation with them. As these customers expand overseas, we will accelerate our global expansion.

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Accelerate Emerging Business Development

Intelligent Robots

We will continue to drive the intelligentization of industrial robots and the industrialization of humanoid robots.

Industrial robots are the foundation of our intelligent robot business. We plan to further enhance the stability, precision and intelligent functionality of industrial robots under complex operating conditions, while continuing to refine our product and solution portfolio and strengthen our ability to serve multiple application scenarios.

We have launched a range of core humanoid robotic components, including seven-degree-of-freedom biomimetic arms, planetary rotary actuators, linear actuators, frameless torque motors, low-voltage DC drives and planetary roller screws. We intend to support the development of the humanoid robotics industry with these core components and to facilitate the deployment of humanoid robots in industrial settings.

Digital Energy Solutions

In response to the rapid adoption of AI and the global transition to low-carbon energy, we are actively developing our digital energy business, building on our strong technological capabilities in power electronics and digitalization. We help customers improve energy efficiency and achieve low-carbon, sustainable development, and we intend to focus particularly on overseas business opportunities arising from energy transition.

We have adopted an “Inovance Industrial Zero-Carbon Formula $1+4+X=0$ ” as our core framework. In this framework, “1” represents a single ecosystem collaboration platform. “4” represents four key flows, which are equipment flow, process flow, energy flow and information flow. “X” represents multiple industry scenarios including steel, mining, ports and transportation. “0” represents our zero-carbon objective. We aim to transition from sales of standalone products, such as PCS and energy management systems, to comprehensive solutions that tightly integrate the storage side and load side, with the ultimate goal of providing complete zero-carbon solutions.

Upgrade AI Capabilities Systematically

We intend to further integrate industrial mechanisms, processes, hardware and systems, and drive the large-scale deployment of AI in industrial scenarios. Centered on our iFG (Inovance Factory Genius) platform, we plan to continuously upgrade our AI capabilities, both to enhance our products and solutions and to improve internal management efficiency and quality.

External empowerment. For our customers, we plan to accelerate the integration of iFG with our existing products, enabling a shift from traditional control logic to intelligent operation. For example, iFG will support enhanced capabilities such as intelligent temperature control, motion control and imaging. It will also support intelligent configuration, automatic early malfunction warning, operational data analysis and process optimization. These capabilities are intended to improve system stability, reduce the complexity of use and commissioning and accelerate project delivery for our customers. In addition, iFG will be offered as a software platform that can be delivered directly to customers. By strengthening its capabilities in data management, model training, intelligent agent development, application deployment and cloud-edge collaboration, we intend to enable customers to rapidly develop industrial AI applications that reflect their specific process characteristics.

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Internal efficiency enhancement. Internally, we plan to promote the in-depth application of AI in key functions including R&D, manufacturing, delivery and operation management. In R&D, we intend to enhance the efficiency of demand analysis, automated coding, rule verification and testing through the combined use of localized models and simulation platforms. In manufacturing, we plan to use intelligent analysis of data related to process, equipment and quality to improve production stability and yield. In delivery and services, we expect to rely on intelligent diagnostics and platform-based tools to improve the accuracy and responsiveness of trouble shooting and resolution. In operation management, we plan to deploy AI assistants to automate routine tasks and enhance overall collaboration efficiency.

Sustain ESG Investment and Deepen Sustainable Development

Fulfilling Global Sustainability Responsibilities

We have embedded sustainable development into our long-term business strategy. We have adopted “2850” and “3030” carbon reduction targets. Specifically, we aim to achieve peak operational carbon emissions by 2028 and operational carbon neutrality by 2050, and to reduce the greenhouse gas emissions intensity of our major suppliers by 30.0% by 2030 compared with 2021. To achieve these targets, we are improving energy efficiency and reducing emissions through measures such as energy management, energy-saving technological upgrades, equipment intelligence and process optimization, while also increasing the proportional use of renewable energy. On the supply chain side, we plan to refine our sustainable procurement requirements and assessment mechanisms, incorporate carbon reduction requirements into supplier onboarding and performance management, and work with our supply chain partners to jointly achieve emission reduction objectives.

Green Technology Empowering Global Manufacturing Customers

We extend our green technology capabilities into our customers’ products and solutions, helping global manufacturing customers upgrade in an efficient and low-carbon manner. Guided by our sustainability framework, we focus on delivering sustainable value by improving manufacturing efficacy and product quality, achieving savings in energy, space, labor and materials, and enhancing safety for both equipment and personnel. We intend to offer more high-efficiency, energy-saving industrial automation products and system solutions, and to combine these with our digital energy business to provide energy-saving support from equipment to the entire factory. Since 2023, we have, through product and solution innovation, helped avoid an aggregate of over 18.0 million tons of CO₂-equivalent greenhouse gas emissions. Going forward, we plan to incorporate contribution of customer emission reduction into our product and solution evaluation system and to expand the application of our capabilities to additional industry scenarios, thereby further enhancing our role in enabling the green transformation of the manufacturing sector.

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OUR PRODUCT AND SOLUTION PORTFOLIO

Overview

Over the past two decades, we have served a wide range of global customers. With our full stack product architecture and end to end solutions, we progressively expanded our business from industrial automation and digitalization to NEV powertrain systems, and further into emerging businesses, such as intelligent robots and digital energy solutions. The following table sets forth a breakdown of our revenue by business lines for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	<i>(RMB in thousands, except for percentages)</i>					
Industrial automation and digitalization	19,365,950	63.7%	18,727,221	50.6%	22,245,402	49.3%
New energy vehicle powertrain systems	9,366,813	30.8%	16,079,756	43.4%	20,322,582	45.1%
Emerging businesses	1,017,667	3.3%	1,550,093	4.2%	1,795,019	4.0%
Others ⁽¹⁾	641,962	2.2%	656,238	1.8%	722,250	1.6%
Total	30,392,392	100.0%	37,013,308	100.0%	45,085,253	100.0%

Note:

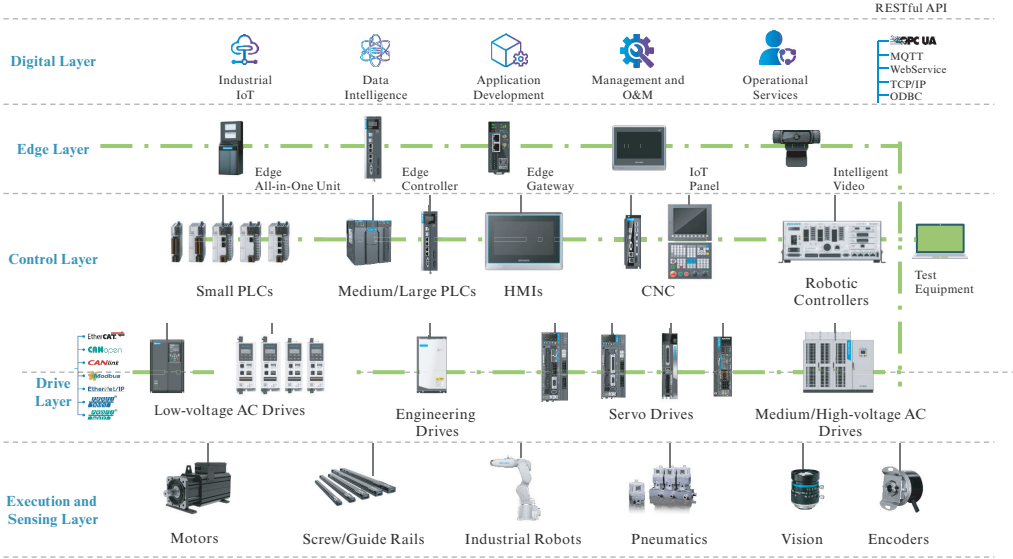
(1) Primarily representing our rail transit business.

Industrial Automation and Digitalization

Overview

Our industrial automation and digitalization is our foundational business line. We provide a broad range of automation and digitalization products and solutions built around the digital, edge, control, drive, execution and sensing layers. Our core offerings, as set out in the diagram below, include (i) digital layer products, such as digital factory management software platform, standardized engineering development platform and industrial digitalization software; (ii) edge layer products, such as edge integrated controllers and edge gateways; (iii) control layer products, such as PLCs, HMIs and CNC systems; (iv) drive layer products, such as alternating current (AC) drives and servo drives; (v) execution layer products, such as motors, precision mechanical components and pneumatic components; and (vi) sensing layer products, such as sensors and industrial vision systems.

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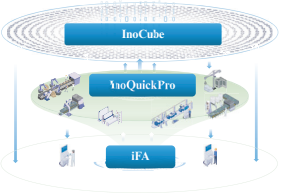



Our products and solutions serve customers across diverse industries, including discrete manufacturing industries such as lithium batteries, photovoltaic, 3C manufacturing, machine tools, injection molding, textile, printing and packaging, air compressors, heating, ventilation and air conditioning (HVAC), automotive manufacturing, construction machineries, pharmaceutical and elevators, as well as process manufacturing industries, such as metallurgy, mining, non-ferrous metals, petroleum, chemicals, municipal utilities, paper making and electric power. For the aforementioned customers, automated control, precise motion and digitalized operations are critical to production efficiency. By reducing manual operations, improving performance accuracy and enabling seamless data sharing, our solutions enhance the overall operational efficiency and create greater value for our customers in the production processes. In many applications, our automation technologies are also fundamental to process implementation and scalable manufacturing, enabling stable, repeatable and high-precision execution of complex production processes that could not otherwise be achieved efficiently or at scale.





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Key Products

The table below sets forth our key industrial automation and digitalization offerings.

Products	Functions and Applications
Digital Layer	
<p>Digital integrated solutions</p> 	<p>Our digital integrated solutions comprise InoCube, InoQuickPro and iFA platforms.</p> <p>InoCube platform is a digital factory management software platform that integrates automation and digitalization. It enables the digitalization of production, equipment operation and maintenance, and energy management through centralized control and monitoring. It adopts an integrated “cloud–edge–device” architecture and separates engineering and runtime environments to support flexible and scalable deployment.</p> <p>InoQuickPro platform is a standardized engineering development platform that supports the rapid design, deployment and optimization of industrial automation control programs and HMI. Built on our practical experience in serving diverse industrial customers, the platform provides common standards and specifications, unified program frameworks, development tools and related services to enable the standardization of control logic, human-machine interaction, data structures and coding practices.</p> <p>iFA platform is a full-scenario intelligent industrial digitalization platform, serving as a unified software foundation across our portfolio of industrial automation products. It enables the configuration, programming, commissioning and simulation of devices and systems, and provides a consistent engineering environment for complex production lines.</p>
Control Layer	
<p>PLCs</p> 	<p>PLCs act as the core control units for industrial automation systems and execute preset logic programs to control equipment and production processes. Our PLCs are designed as digital, intelligent and integrated controllers that support complex and data-driven production environments. They are categorized into medium- and large-scale PLCs and small PLCs. Small PLCs are mainly used in the consumer electronics, textile, packaging as well as food and beverage markets. Medium- to large-scale PLCs are primarily used in discrete manufacturing industries such as photovoltaic, lithium battery and 3C manufacturing, as well as in process manufacturing industries including metallurgy, chemicals, petrochemicals and municipal utility projects.</p>



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Products	Functions and Applications
<p>Human-machine interfaces (HMI)</p> 	<p>HMI provide visual screens and operating panels that allow operators to monitor equipment status and control production processes. Our HMI offer rich communication options, strong processing performance and flexible expansion to connect with a wide range of industrial devices. They are used in workshops, control rooms and production lines to display real-time data, alarms and parameters in a user-friendly way.</p>
<p>Computer numerical control (CNC) controllers</p> 	<p>CNC controllers execute digital programmed instructions to control machine tools and processing equipment, enabling precise industrial operations such as cutting, drilling, milling and forming. Our CNC controllers feature integrated, intelligent and differentiated designs that support multiple machining processes and meet customized production requirements. They are mainly used in spring-forming machines, glass processing equipment, laser cutters, engraving machines, PCB drilling machines and coating systems.</p>
Drive Layer	
<p>Alternating current (AC) drives</p> 	<p>AC drives control the speed and torque of electric motors to improve energy efficiency and process stability. They also provide comprehensive protection for motors, as well as electric and mechanical equipment linked to the motors for power transmission and control.</p> <p>Our AC drives include low-, medium- and high-voltage ones, featuring an integrated, modular and differentiated design that can be flexibly configured and customized to meet diverse client requirements. Our low-voltage AC drives are primarily used in industries such as injection molding, textile, air compressors and HVAC. Our medium- and high-voltage AC drives are mainly used in large-scale industrial applications and process manufacturing industries, including metallurgy and chemicals.</p>
<p>Servo drives</p> 	<p>Servo drives are the core control components within servo systems, regulating motor current, speed and position in real time. Our servo drives offer high-precision motion control, fast and dynamic response and robust protection features to support demanding automation tasks. They are mainly used in high precision applications such as lithium battery, automobiles, printing and packaging and 3C manufacturing, where accurate, stable and responsive control is required.</p>

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Products	Functions and Applications
<i>Execution and Sensing Layers</i>	
<p>Motors</p> 	<p>Motors provide the core mechanical power for global industry and infrastructure. Our motors primarily comprise servo motors and permanent magnet synchronous motors. Our motors are available in a wide range of models, featuring high energy efficiency, high safety and high precision to support different loads and operating conditions. They are applied in a broad range of machinery, including construction machinery, machine tools, conveyors, hoists, pumps and fans, and are also widely deployed in advanced manufacturing sectors such as photovoltaic, lithium battery and food and beverage production, supporting their stable, continuous and efficient operation.</p>
<p>Precision mechanical components</p> 	<p>Precision mechanical components provide high-accuracy mechanical transmission and positioning through components such as precision ball screws, linear guide rails and linear modules. They are used in equipment that requires stable and precise motion control, primarily including CNC machine tools, automated production lines and testing equipment.</p>
<p>Pneumatic components</p> 	<p>Pneumatic components use compressed air to drive and control mechanical movement, such as in cylinders and valves. They are mainly used in automated production lines for clamping, lifting, sorting, assembly and other repetitive actions, especially in electronics, food, packaging and general manufacturing industries.</p>
<p>Sensors</p> 	<p>Sensors detect physical conditions such as position, distance, speed, temperature and pressure and convert these into electronic signals. They are widely installed on production equipment and production lines to monitor operating status, enable safety control and predictive maintenance, and act as key control points in upgrading automation control to digitalized systems, thereby improving automation, safety and quality consistency.</p>
<p>Industrial vision systems</p> 	<p>Industrial vision systems use cameras and image processing to identify, inspect and locate objects on production lines. They are applied in automatic quality inspection, defect detection, barcode and code reading, size and appearance measurement, and guidance of robots for precise positioning and assembly.</p>

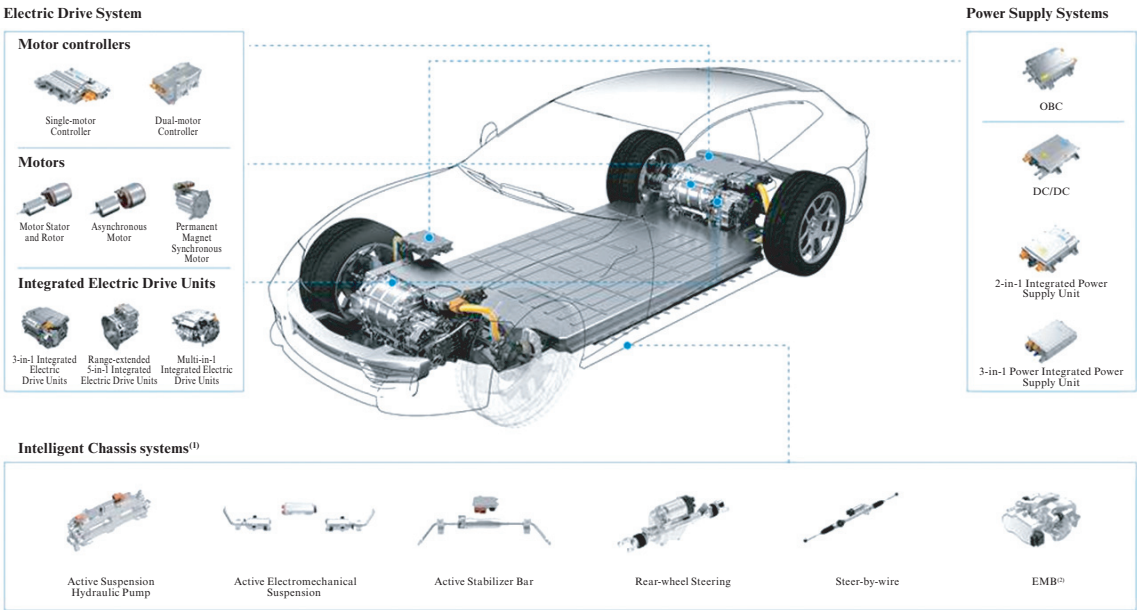
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Products	Functions and Applications
Intelligent Elevator Solutions	
Integrated elevator controllers 	Our integrated elevator controllers are core control components that integrate control algorithms, AC drive and safety logic in a single unit. They enable speed control, precise levelling, start-stop control and comprehensive safety protection throughout elevator operation, delivering high stability and energy efficiency. They are used in residential and commercial properties, as well as in the renovation and upgrading of older elevators.
Elevator electrical products 	Our elevator electrical products primarily comprise display systems, signal acquisition units and ancillary electrical components.

NEV Powertrain Systems

Overview

Our NEV powertrain systems include components and solutions for BEVs, PHEVs and EREVs, comprising electric drive, power supply systems and intelligent chassis systems. We operate this business line through Inovance Automotive, which was spun off and listed in 2025. Our products support automotive OEM customers throughout the lifecycle of vehicle programs, from model design to powertrain system development, and further to vehicle production and after-sales quality assurance. Through the integration of electric drive and power supply systems, our solutions help improve vehicle performance, energy efficiency, safety and system reliability. We have launched offerings of intelligent chassis systems, including active suspension hydraulic pumps and active stabilizer bars.




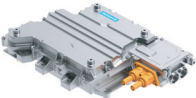

Notes:

1. We have secured design-wins for active suspension hydraulic pumps and active stabilizer bars in this business segment.
2. Represents electro-mechanical brake.




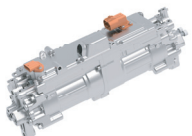

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Key Products

The table below sets forth our key NEV powertrain system product offerings.

Product	Functions and Applications
<p data-bbox="204 465 469 495"><i>Electric Drive System</i></p>  <p data-bbox="284 651 344 674">Motors</p>  <p data-bbox="244 864 384 887">Motor controllers</p>  <p data-bbox="272 1084 363 1149">Integrated Electric Drive Units</p>	<p data-bbox="587 465 1390 622">Our electric drive systems comprise motors, motor controllers and integrated electric drive units. They are core components in NEVs that convert electrical energy into kinetic energy, deliver power and enable precise vehicle control. They collectively provide propulsion for BEVs, PHEVs and EREVs.</p> <ul data-bbox="587 645 1390 1169" style="list-style-type: none"> <li data-bbox="587 645 1390 768">● Our motors convert electrical energy into mechanical power to drive the wheels. They are engineered for high power density, efficiency, low noise and stable performance across a wide range of operating conditions. <li data-bbox="587 786 1390 969">● Our motor controllers convert direct current from the traction battery into alternating current and adjust voltage, frequency and current to control the motors. They support multiple control strategies and communication interfaces and are designed for high reliability, safety and seamless integration with vehicle control units. <li data-bbox="587 987 1390 1169">● Our integrated electric drive units combine motors, motor controllers and reduction gearboxes in a compact assembly. They reduce system size and weight, simplify installation and improve overall system efficiency. As platform based products, they can be configured for different power levels and layouts to suit diverse NEV models.

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Product	Functions and Applications
<p><i>Power Supply Systems</i></p>  <p>DC/DC</p>  <p>OBC</p>  <p>Integrated Power Supply Unit</p>	<p>Our power supply systems comprise DC/DC converters, on-board chargers (OBCs) and integrated power supply units. They are core components that regulate traction battery charging and discharging, and enable the conversion and distribution of electrical energy. They support a full portfolio of BEVs, PHEVs and EREVs across multiple vehicle classes.</p> <ul style="list-style-type: none"> • Our DC/DC converters convert high-voltage direct current from the traction battery into low-voltage direct current to supply power to low-voltage loads, including lighting, air conditioning, audio systems and multiple electronic control units. They offer high conversion efficiency, stable output, strong electromagnetic compatibility and compact size to enhance vehicle energy efficiency and optimize packaging. • Our OBCs convert external alternating current, such as power from household or public charging points, into direct current suitable for charging the traction battery in NEVs. They support different charging voltages and power levels, offer high conversion efficiency and integrate multiple protection functions to ensure safe and reliable charging for both passenger vehicles and commercial vehicles. • Our integrated power supply units combine functions such as DC/DC conversion, onboard charging and PDU in a single unit, and in some cases integrate additional power electronics functions. This combination reduces the number of separate components, saves space and helps reduce system cost. Our integrated power supply units provide high integration, modularity and reliability for customers seeking compact NEV power supply solutions.
<p><i>Intelligent Chassis Systems</i></p>  <p>Active Suspension Hydraulic Pump</p>  <p>Active Stabilizer Bar</p>	<p>Our intelligent chassis systems comprise active suspension hydraulic pumps and active stabilizer bars. The active suspension hydraulic pumps provide active control in the longitudinal (forward and backward), lateral (side to side) and vertical (up and down) directions, while the active stabilizer bars actively reduce vehicle tilting caused by lateral forces during cornering or lane changes. Together, they improve vehicle stability, comfort and handling.</p>

Emerging Businesses

Leveraging our deep expertise in motion control, power electronics and industrial digitalization, we have identified and are pursuing new market opportunities adjacent to our core business segments. We have two emerging business lines, namely (i) intelligent robots, including

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end-to-end industrial robotic solutions and core humanoid robotic components, and (ii) digital energy solutions, including PCs, energy storage and energy management products and solutions designed for industrial decarbonization and energy transition scenarios.

Intelligent Robots



Overview

We offer end-to-end industrial robotic solutions. Our portfolio covers (i) industrial robots, including SCARA robots, six-axis robots and collaborative robots, supported by machine vision products, such as industrial cameras, and vision software platforms, (ii) core humanoid robotic components, including seven-degree-of-freedom biomimetic arms, planetary rotary actuators, linear actuators, frameless torque motors, low-voltage direct current (DC) drives and planetary roller screws, and support the deployment of broad humanoid robotic solutions in industrial scenarios.



Leveraging our experience in motion control, industrial communication and system integration, our intelligent robots are designed to be compact, reliable and easy to deploy. Through graphical programming, hand-guiding (drag-and-teach) functions and flexible configuration options, our solutions help customers automate a wide range of processes in flexible manufacturing, precision assembly and material handling while reducing the need for complex programming and shortening deployment time.

Key Products


The table below sets forth our key intelligent robot offerings.

Product	Functions and Applications	
<p>Industrial Robots</p>	<p>SCARA robots</p> 	<p>SCARA robots are flexible in the horizontal movement, and rigid in the vertical direction, enabling them to withstand downward pressure. They are characterized by high speed, high precision, a compact structure and high rigidity along specific axes. SCARA robots are mainly used for pick-and-place and simple assembly. Our SCARA robots combine a small footprint with high repeatability, which makes them suitable for space-constrained production lines. Our SCARA robots are typically deployed in electronics, consumer goods and light industrial manufacturing for material handling, loading and unloading, screw tightening and other repetitive tasks that benefit from high speed and consistent quality.</p>
	<p>Six-axis robots</p> 	<p>Six-axis robots are industrial robots that simulate the motion of a human arm in three dimensional spaces through six rotary joints connected in series. Their key characteristic is six degrees of freedom, enabling them to reach any position and orientation within their working range. Our six-axis robots offer a wide working envelope and high positioning accuracy, which makes them suitable for precision manufacturing, welding, polishing, dispensing and complex assembly operations. Our six-axis robots are widely used in precision and smart manufacturing environments where customers need to automate multi-angle operations that previously relied on skilled manual labor.</p>




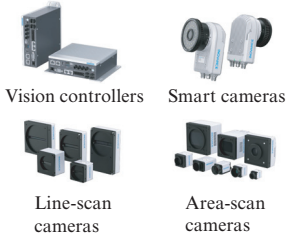
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Product		Functions and Applications
	<p>Collaborative robots</p> 	<p>Our collaborative robots are industrial-grade collaborative robots that offer the flexibility and safety typical of collaborative robots, while also providing the precision and reliability of industrial robots. They are designed to work safely alongside human operators without extensive guarding in many use cases. Our collaborative robots feature built-in safety functions, lightweight and compact design, and an intuitive human-machine interface. Users can set up tasks for our collaborative robots through graphical programming and hand-guiding instead of complex coding, which shortens deployment time and lowers the skill barrier. Our collaborative robots are typically used in flexible production changeovers, precision assembly, machine tending, packaging, palletizing and material handling on small-batch, multi-variety production lines.</p>
<i>Humanoid Robotic Components</i>	<p>Seven-degree-of-freedom biomimetic arms</p> 	<p>Seven-degree-of-freedom biomimetic arms are a core actuator designed for humanoid robotic applications, featuring high degrees of freedom, high precision and high reliability. Its joint layout and range of motion are structurally aligned with the biomechanical characteristics of the human upper limb, enabling dexterous, human-arm-like movements and complex operations, and making it a key component for humanoid robots to perform fine tasks and achieve natural interaction. The seven-degree-of-freedom biomimetic arm can be widely used in scenarios including humanoid robotic upper-limb manipulation, flexible gripping and assembly on intelligent manufacturing production lines, precision operations of service robots.</p>

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Product	Functions and Applications
<p data-bbox="395 376 598 432">Planetary rotary actuators</p> 	<p data-bbox="715 376 1396 1137">Planetary rotary actuators are the power cores and control hubs of humanoid robotic joints, providing precise and efficient rotary motion output and effectively serving as the robots’ “joint hubs” and “nerve endings.” Typically integrating a frameless motor, a planetary gear set as the core speed-reduction and torque-transmission mechanism, dual encoders and a driver into a single module, these actuators adopt a highly integrated design and offer high integration density, high torque density, fast dynamic response and high reliability. Compared with conventional distributed joint solutions, planetary rotary actuators use modular integration to significantly reduce joint size and weight and minimize assembly tolerances, thereby enabling flexible joint motion, improving stability during gait transitions and posture adjustments, and helping robots maintain balance under external disturbances, while also reducing system installation, commissioning and maintenance costs. Planetary rotary actuators are widely deployed in critical joints such as humanoid robotic hips, knees and ankles underpinning the high dynamic performance and high-precision control of humanoid robots.</p>
<p data-bbox="395 1153 598 1187">Linear actuators</p> 	<p data-bbox="715 1153 1396 1650">Linear actuators are the core components of humanoid robots. They convert rotary motion into precise linear motion, effectively serving as the robots’ “muscles” and “bones.” Typically adopting a planetary roller screw transmission mechanism paired with a frameless torque motor and a torque sensor as the core transmission structure, these actuators offer high stiffness, high load capacity, long service life and high energy conversion efficiency. Compared with conventional solutions, planetary roller screws employ multi-point thread engagement to withstand higher loads and impacts, enabling stable straight-knee walking and helping the robot maintain balance when carrying heavy objects or subjected to external shocks. Linear actuators are widely deployed in heavy-load joints such as humanoid robotic legs and upper arms.</p>

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Product		Functions and Applications
	<p>Frameless torque motors</p> 	<p>Frameless torque motors are the core power component of humanoid robotic joints. Their compact structure, in which the rotor and stator are directly integrated, allows tight combination with reducers and torque sensors, making them a preferred solution for achieving compact joint drives with high torque density in humanoid robots.</p>
	<p>Low-voltage direct current (DC) drives</p> 	<p>Low-voltage DC drives are the core control units of precision drive systems and are characterized by compact size, wide input-voltage range, comprehensive protection functions and ease of commissioning. Their integrated control architecture interfaces seamlessly with various protocol encoders and frameless torque motors, making them a key solution for achieving miniaturized drive systems with high response speed. Our low-voltage DC drives are suitable for applications including the precision control of humanoid robotic joint drives.</p>
	<p>Planetary roller screws</p> 	<p>Planetary roller screws are our third-generation screw drive product that combines high load capacity, long service life and high transmission efficiency. Owing to their reverse-rotation structure, the elongated nut can be directly coupled with the rotor magnets, making them the solution of choice for miniaturized linear actuators with high thrust density. They are currently widely used in upper- and lower-limb joints of humanoid robots.</p>
Robotics Vision products	 <p>Vision controllers Smart cameras</p> <p>Line-scan cameras Area-scan cameras</p>	<p>We also offer a comprehensive portfolio of robotics vision products to support industrial robotic applications, including vision controllers, smart cameras, line-scan cameras and area-scan cameras. Together, these products provide intelligent robots with visual guidance, enabling high speed image acquisition, positioning, measurement, recognition and defect detection, and allowing our customers to rapidly build, deploy and optimize intelligent vision systems across diverse manufacturing and inspection scenarios.</p>

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Digital Energy Solutions

Overview

Our digital energy solutions focus on the full spectrum of scenarios across the energy sector, including power generation (源), grid (網), load (荷), storage (儲) and decarbonization (碳). Leveraging our long-standing expertise in industrial digitalization, power electronics and industrial scenarios, we offer a portfolio of power conversion systems (PCSs), transformer integrated turnkey stations, energy storage systems and digital energy management platform. These solutions support our industrial customers and ecosystem partners in upgrading intelligent equipment, managing energy demand, advancing industrial decarbonization and developing low-carbon and zero-carbon industrial facilities.

Key Products

The table below sets forth our key digital energy solutions.

Product	Functions and Applications
<p>PCS</p> 	<p>PCSs are core power electronic equipment in an energy storage system, enabling bidirectional power conversion between storage units and the AC grid. PCSs are critical in the long term operation of battery systems and in recouping investment in energy storage projects. Our expertise in power electronics and communication control allows us to produce PCSs that are industry-leading in terms of conversion efficiency, operational reliability and charge/discharge response speed. Our PCSs can meet the diverse requirements of different energy storage applications with high precision. Our PCS portfolio covers a power range from 12 kW to 3.5 MW, including solar-plus-storage converters, string converters, central converters and grid forming converters, which together address residential, commercial and industrial, and utility-scale ground-mounted power plant applications.</p>
<p>Transformer integrated turnkey stations</p> 	<p>Our transformer integrated turnkey stations integrate PCS with medium-voltage boost and auxiliary components in a single cabinet or skid-mounted unit. Our transformer integrated turnkey stations significantly reduce on-site installation and commissioning workload, simplify system integration, and shorten overall project delivery cycles. They offer high conversion efficiency and excellent grid compatibility, and can operate reliably in harsh environments such as extremely cold, low temperature and high altitude conditions. They are widely used in energy storage systems deployed in deserts, plateaus and at the generation and grid sides. Featuring a hybrid air and water cooling technology, our transformer integrated turnkey stations reduce auxiliary power consumption, improve economic performance and substantially decrease footprint, setting a technology and energy efficiency benchmark for integrated energy storage equipment.</p>

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Product	Functions and Applications
<p>Energy storage systems</p> 	<p>Our energy storage systems are designed for commercial and industrial applications. Our energy storage systems normally integrate PCS, battery management system (BMS), liquid cooling system (LCS), fire automation system (FAS) and liquid-cooled battery sub-systems. Each of these sub-systems features a modular, ready-to-use design that enables rapid installation and significantly enhances on-site installation and maintenance efficiency.</p> <p>Our energy storage systems meet stringent ingress protection requirements, and their safety performance has been extensively proven across a large number of projects. They are designed for a service life of more than 20 years and support one-click black start energy restoration, remote over-the-air (OTA) updates, real-time load and power forecasting, weak-grid support and AI-based intelligent strategy optimization. Through the coordinated operation of these sub-systems, power can be stored and released with high efficiency. Our energy storage systems are suitable for a wide range of use cases, including solar-storage-charging integration, micro-grids, emergency backup power and distribution transformer station applications.</p>
<p>Digital Energy Management Systems—InoCube-FEMS</p> 	<p>InoCube-FEMS is an integrated digital energy management system built for industrial applications, combining energy management, optimization and operation in a single platform. Leveraging our deep expertise in Industrial Internet of Things (IIoT), power electronics and AI-based control technologies, our InoCube-FEMS platform is built on an intelligent, scalable and agile architecture that enables centralized management and closed-loop operation of energy use across diverse industrial scenarios.</p> <p>Our system supports both on-premises deployment and software-as-a-service (SaaS) deployment. For on-premises deployment, InoCube-FEMS features ultra-simple adaptation and plug-and-play connectivity with plant equipment, and uses a low-code development platform to rapidly build flexible configuration applications, enabling refined energy control and integrated energy-saving management at plant level without the need for extensive customization. For SaaS deployment, it provides end-to-end power operation services covering compressed air systems, HVAC, water systems, solar power, energy storage, carbon assets and load aggregation, helping customers manage their energy assets across the full lifecycle from deployment and operation and maintenance through to value-added services, maximize the value of those assets and build a green, efficient and sustainable modern industrial energy system.</p>

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Case Study

We integrate our energy storage hardware and software into complete digital energy solutions that cover applications across power generation, grid, load, storage and decarbonization. The combination enables our customers to implement standardized and modular grid-side, generation-side and user-side energy storage projects, with centralized monitoring, power flow control and optimized charging and discharging strategies. The following case study illustrates a selected project in which our digital energy solutions have been deployed, demonstrating our capabilities in energy storage, management and optimization.

Near-zero carbon smart factory for an automobile manufacturing base

We support our customer’s green and low-carbon transition at an automobile manufacturing base in central China by delivering an integrated energy solution tailored to its operational requirements. In this project, we deploy our InoCube-FEMS platform as the central energy management platform and combine our digital solutions with our understanding of industrial production to address both energy-saving and process requirements.

The InoCube-FEMS platform integrates digital technologies including energy Internet architecture, 5G connectivity and big data analytics, and consolidates key operational systems across the plant, including power distribution, air compression, HVAC, lighting, photovoltaic generation and energy storage. Leveraging the data captured by the platform, we work with the customer to develop energy consumption algorithms and optimization models, and to link these with the customer’s cost management systems, enabling effective decarbonization and cost control. In addition, we support the customer in optimizing its production processes to achieve energy savings while maintaining precise, stable manufacturing performance.

Emission reduction results

Our solution established a closed-loop energy management system spanning plant, workshop, production line and equipment levels. It achieved overall energy savings of over 10.0%, including approximately 20.0% energy savings in air compressing systems. The system also enables monitoring of energy consumption at the vehicle model level and supports optimization of the plant’s energy mix and traceability of green power.

The project serves as a near-zero-carbon smart factory benchmark in the automotive manufacturing sector and provides a replicable model for the green and low-carbon transition of manufacturing facilities.

Key Operational Data

The following table sets out the sales volume by business segment for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
	<i>(units in thousands)</i>		
Industrial Automation and Digitalization	21,581	19,755	25,934
NEV Powertrain Systems	2,226	4,619	5,934
Emerging Businesses	27	30	38

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OUR CORE TECHNOLOGIES

Our ability to develop competitive products and solutions is underpinned by a set of core technologies accumulated through years of R&D. These technologies form the technological foundation of our product portfolio and support the development of our industrial automation and digitalization, NEV powertrain systems and emerging businesses.

Power Electronics Technologies

Our power electronics technologies focus on efficient power conversion and precise control. These technologies are used to optimize motor drive performance, improve the efficiency of electrical energy conversion and support the intelligent and low-carbon development of industrial systems. We have developed (i) high-efficiency power electronics device application and optimization technologies, which improve the overall system efficiency and power density of our products, (ii) advanced power device drives and topology application technologies, which reduce energy losses and enhance system reliability, and (iii) modular and integrated system design technologies, which enable flexible configuration and accelerate product development across applications.

With these technologies, our products and solutions are designed to achieve high efficiency, high power density, low electromagnetic interference and prompt response. Our power electronics technology is primarily applied in (i) NEV powertrain systems, such as motor controllers and OBCs, (ii) industrial automation and digitalization products such as servo drives and AC drives and (iii) digital energy solutions such as energy storage systems.

Motor Drive and Control Technologies

Our motor drive and control technologies focus on software and algorithms, enabling more precise, faster and more efficient motor control. We have developed (i) AC drive technology, which is a core technology that changes the frequency and amplitude of the voltage supplied to an alternating current motor, so that the motor’s speed, torque and position can be precisely controlled, (ii) high-precision servo drive and motion control technologies, which enable accurate control of complex machine movement, and (iii) multi-axis synchronization control technologies, which enhance system coordination and overall control accuracy, (iv) prompt response and energy-efficient technologies, which support rapid system response and reduce energy consumption across diverse operating conditions.

With these technologies, our products and solutions are designed to achieve speed control accuracy with deviation less than $\pm 0.01\%$, current response in the microsecond range, high efficiency typically exceeding 95.0% (meaning that more than 95.0% of the input energy is converted into useful work and less than 5.0% is lost) and low vibration and noise during operation. Our motor drive technology is primarily applied in (i) industrial automation and digitalization products, including AC drives and servo drives, (ii) intelligent robots, including industrial robots and humanoid robots, (iii) NEV powertrain systems, including motor controllers, and (iv) traction systems for rail transit.

Industrial Control and Communication Technologies

Our industrial control and communication technologies are our proprietary foundational technologies used in industrial automation and digitalization. We have developed (i) advanced industrial control algorithm technologies, which enable high-precision and stable system control, (ii) real-time industrial communication technologies, which achieve efficient data transmission and low-latency system interaction, and (iii) system-level integration and coordinated control technologies, which enhance overall system efficiency and operational stability across complex applications.

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With these technologies, our products and solutions enable high-precision control in complex process scenarios, millisecond-level response and high-bandwidth, low-latency communication performance. Our industrial control and communication technology is primarily applied in (i) industrial automation and digitalization products, including PLC and HMI systems and (ii) intelligent robots, such as robotic control system.

We have also developed next-generation industrial networking technologies. In February 2026, WiTSnet, for which we played a leading role in the development, was approved by IEC for inclusion in the international industrial communication standard. It has become part of the global industrial communication standard framework alongside established protocols such as EtherNet/IP, PROFINET and EtherCAT.

Precision Mechanics Technologies

Our precision mechanics technologies are built on industrial automation and integrate motor drive, motion control and physical actuation into advanced, high-precision solutions. These technologies are designed to deliver the ultra-high positioning accuracy and rapid response required in high-end equipment manufacturing. We have developed (i) high-precision mechanical design and manufacturing technologies, which enable products to meet stringent performance requirements in complex operating environments, (ii) modular and integrated mechanical design technologies, which enhance product reliability and ease of maintenance, and (iii) precision mechanics and assembly technologies, which enable high product consistency and stable performance over long operating cycles.

Based on these technologies, our products and solutions are designed to achieve micron-level precision, high rigidity, high reliability and extended service life. Precision mechanics technology is primarily applied in (i) industrial automation and digitalization products, including injection molding machines, and ball screws for machine tools and electric cylinder modules, (ii) industrial robots, including ball screw spines, and (iii) humanoid robotic components, including planetary roller screws and linear joints.

Industrial Software and Digitalization Technologies

We have developed (i) industrial automation software development technologies, which connect with our iFA platform and support our unified software foundation, (ii) digital twin modeling and simulation technologies, which enable interaction and optimization between virtual models and physical systems, and (iii) data analytics and AI deployment technologies, which improve production efficiency and intelligent decision-making.

Our software systems are designed to achieve high integration, real-time performance, strong scalability and intelligent operational support. Our industrial software technology is primarily applied in industrial automation and digitalization products, including InoCube platform, InoQuickPro platform and iFA platform.

OUR RESEARCH AND DEVELOPMENT CAPABILITIES

Technological innovation constitutes the foundation of our long-term competitiveness. As a technology focused company, we have developed a structured and scalable R&D system that is designed to support sustained technological advancement and enable rapid market responsiveness. Our R&D framework integrates strategic planning, platform development and customer-oriented customization, which enables us to continuously enhance our product performance and expand into new application areas across our core business segments.

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Our R&D Philosophy and Process

“Root Technologies” and Cross-Business Platform Synergies

We define “root technologies” as core technical capabilities that directly translate into customer-perceived competitive advantages or effectively address key challenges in applications. In addition to focusing solely on technical sophistication, we also prioritize technologies that enhance product performance, reliability, usability and overall customer experience.

Our root technologies are centered on power electronics and motor drive control algorithms, which formed the foundation of our early AC drives and servo systems. As our business expanded, our root technologies also expanded into areas such as vibration and noise suppression (NVH), advanced control algorithms, compiler and virtualization technologies for control systems and industrial software architecture.

Building on these root technologies, we have established a multi-layer R&D architecture that links root technology platforms, modular design, product platforms, standard products, customized products and complete solutions. At the root technology platform level, we abstract and modularize core technologies into reusable functional blocks. Through modular design, these technology modules are incorporated into common product platforms for different applications. From these product platforms, we derive a broad range of standard products with unified specifications and performance characteristics, which can then be flexibly configured and extended into customized solutions to address differentiated customer needs and application scenarios. This hierarchical platform and modular development approach improves R&D efficiency by enabling parallel development across product lines, reduces the complexity and lead time of customer-specific customization, and increases the reuse of key product modules and technologies across multiple businesses. It also helps us maintain technical consistency and quality standards while continuously enriching our product portfolio and solution offerings.

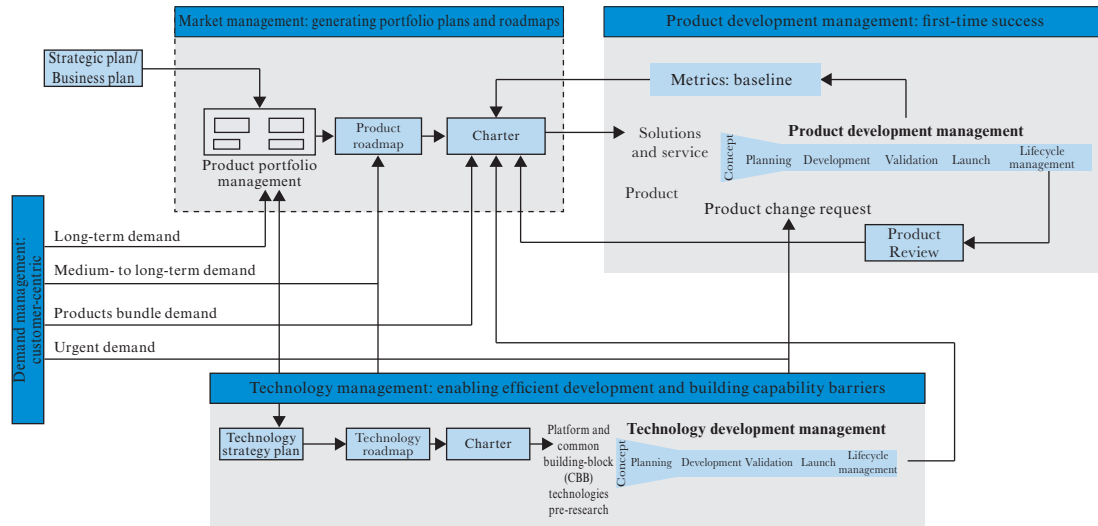
IPD-Based Integrated Development Framework

We adopt an IPD framework to systematically manage product innovation from concept to lifecycle management. Under our IPD framework, our technology and product development are driven by macro industry trends, our strategic priorities, key customer needs, technology evolution and competitive positioning.

Our IPD process covers demand management, market management, technology management and product development management. Demand management focuses on collecting market and customer requirements and mapping these to different subsequent processes. Our market management then translates requirement inputs into product portfolio decisions, roadmap planning and charter management. Once a product passes the planning stage, it moves into product development management, which spans the concept, planning, development, validation and launch stages, as well as ongoing product lifecycle management. Throughout these stages, technology management supports both market management and product development management to ensure R&D efficiency and effective cross-team collaboration. Throughout the

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development cycle, we focus on maximizing value for key customers, building scalable product platforms and delivering customer-specific solutions based on those platforms. The chart below sets forth our typical IPD process:



Our R&D activities cover technology research, platform product development and customized product development. Through technology research and pre-research, we keep pace with leading international technologies, address gaps in critical technologies and conduct forward-looking research on key components. Through platform product development, we create high-performance, highly reliable and cost-efficient standardized platform products that enable integrated solutions for our customers. Through customized product development, we deliver innovative, tailored solutions to customers in specific industries.

Asynchronous Layered Development Architecture

To balance long-term technology accumulation with rapid customer responsiveness, we implement an asynchronous layered development model that encompasses three generations: technology research for the product development for the current generation (產品開發一代), platform development for the reserved generation (平台儲備一代) and frontier generation (技術預研一代). This structure enables a rolling pipeline in which one generation is in product development, the next is secured at the platform level and the following generation is already under technological research.

- For the current generation, we develop application-oriented and customer-specific products derived from mature platforms, allowing us to respond quickly to evolving customer requirements.
- For the reserved generation, we develop standardized, high-performance and cost-effective product platforms. These platforms serve as the basis for scalable product families and enable modular reuse across different business segments.
- For the frontier generation, we conduct forward-looking technology research and pre-development activities, focusing on critical components and core algorithms designed to address potential technological gaps and future industry trends.

This layered and asynchronous model enables us to accelerate commercialization of new technologies while maintaining long-term platform competitiveness.

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AI-Enabled R&D and Product Empowerment

We have incorporated AI technologies into both our internal R&D processes and our product functionalities. For our internal R&D processes, we utilize AI tools to enhance development efficiency, including AI-assisted programming, code quality inspection and knowledge sharing. In our development processes that adopt AI-assisted programming, approximately 20.0% to 50.0% of the code ultimately incorporated into our products is generated by AI tools.

For product functionality, we embed AI capabilities into selected industrial automation products to enhance performance and user experience. For example, in industrial HMI applications, AI-powered features enable automatic interface generation and data interpretation based on simplified user inputs. We also explore AI applications in predictive maintenance and system optimization across multiple industrial scenarios.

Through continuous integration of AI technologies into both development workflows and product offerings, we aim to improve R&D productivity and product intelligence and, create value for customers.

R&D Organizational Structure

Our R&D process is primarily led by our R&D Management Department, which is responsible for technology strategy, core platform development and product engineering. Other functions, including Product Competitiveness Center (產品競爭力中心) and application engineering teams, collaborate closely with the R&D Management Department to ensure alignment between product definition, market demand and technology evolution. This structure enables us to translate market insights into product roadmaps and technology priorities in a systematic manner.

We have established a multi-location R&D network combining domestic and overseas centers. As of December 31, 2025, we primarily operated domestic R&D centers in major cities across China, including Shenzhen, Suzhou, Xi'an, Nanjing, Dalian, Ningbo and Shanghai, among others. In addition, we had overseas R&D centers in Germany and South Korea, which had strengthened our access to advanced international technologies, talent and application know-how and support our overseas business expansion. Our R&D organization and global footprint enable close collaboration between platform R&D teams and frontline application teams, and allow us to combine localized customer support with global technology collaboration, thereby facilitating both incremental product optimization and forward-looking technology research.

As of December 31, 2025, we had 7,670 R&D personnel, representing approximately 28.1% of our total workforce. Our R&D team primarily consists of engineers and technical experts with strong academic backgrounds and extensive industry experience. Among our R&D personnel in China, approximately 89.2% of them have a bachelor's degree or above, and approximately 46.4% hold master's degrees or above. Many of our senior experts have over 10 years of service with us, contributing to the continuity and accumulation of core technological expertise. We place emphasis on long-term talent development and technical succession. We also place strong emphasis on external R&D collaboration. We have established structured cooperation mechanisms with leading universities and research institutions. These collaboration mechanisms complement our in-house R&D efforts and help us accelerate innovation and broaden the application of our core technologies.

R&D Investment

We maintain a disciplined and continuous investment strategy in R&D in pursuit of long-term technological leadership and product competitiveness. Our R&D expenses amounted to approximately RMB2,624.1 million, RMB3,147.1 million and RMB4,255.8 million in 2023, 2024 and 2025, respectively, representing approximately 8.6%, 8.5% and 9.4% of our total revenue for the respective years. Our R&D investment is not solely driven by short-term product cycles, but is guided by long-term technology roadmaps and platform development plans, ensuring sustained innovation across multiple business segments.

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INTELLECTUAL PROPERTY

Intellectual property rights serve as a cornerstone of our business strategy and are instrumental in safeguarding our future commercial success. It is vital for us to secure and uphold our intellectual properties to safeguard our innovative technologies, inventions and expertise. As of December 31, 2025, our key intellectual properties comprise (i) 2,715 issued patents and 1,458 patents under application, (ii) 583 registered trademarks and 72 trademarks under application, (iii) 660 copyrights and 7 copyrights under application and (iv) 24 registered domains.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material legal, arbitral, or administrative proceedings or claims of infringement of any intellectual property rights, in which we may be a claimant or a respondent. Our Directors confirm that they are not aware of any material legal, arbitral or administrative proceedings of infringement of any third parties’ intellectual property rights by us as of the Latest Practicable Date. See “Appendix VI—Statutory and General Information.”

MANUFACTURING

Our manufacturing philosophy is to build a professional, resilient and scalable production system that consistently delivers high quality, competitive and fast evolving products to customers. We organize our global production on a “unified planning, regional specialization and global collaboration” basis, with specialized production bases dedicated to major product categories and supported by distributed regional warehouses to shorten delivery lead time and enhance flexibility.

We have established a group-wide quality management framework combining ISO9001-based system management with product and supplier quality control, applied consistently across our domestic and overseas production bases to ensure product consistency and full traceability. At the same time, we continue to advance digital and intelligent manufacturing. Our key manufacturing processes are supported by advanced industrial management systems, and we are upgrading our supply chain digital platforms to turn equipment and process data into actionable data assets that drive ongoing improvements in quality, efficiency and cost. Through modular product and process design, flexible line configuration and multi-skilled workforce deployment, we are able to support multi-SKU mixed production and fast changeover, while maintaining reliable manufacturing performance and delivery capability.

Production Bases

We have established a specialized and coordinated manufacturing network in China and overseas to support our broad industrial automation portfolio and growing international business. As of December 31, 2025, we primarily operated major production bases in Suzhou, Changzhou, Yueyang, Nanjing, Shanghai, Jinan, Xi’an and Dalian in China. Each base is positioned as specialized factories for designated product categories, which simplifies plant management, supports professionalized operations and improves overall manufacturing efficiency. To support our global customers, as of December 31, 2025, we also operated overseas production bases in Hungary, Thailand and South Korea, forming the core of our overseas supply chain and providing localized manufacturing support for international markets. As of the same date, we were also preparing to establish a production base in Mexico to further support the development of our business in the Americas.

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The table below sets forth the planned capacity, actual production volume and utilization rate by business lines during the years indicated.

	For the year ended December 31,								
	2023			2024			2025		
	Planned capacity ⁽¹⁾	Actual production volume	Utilization rate ⁽²⁾	Planned capacity	Actual production volume	Utilization rate	Planned capacity	Actual production volume	Utilization rate
	<i>(units in thousands, except for percentages)</i>								
Industrial Automation and Digitalization	29,916	21,954	73.4%	29,659	20,050	67.6%	31,325	25,464	81.3%
NEV Powertrain Systems	2,866	2,391	83.4%	5,442	4,845	89.0%	7,640	6,108	79.9%
Emerging Businesses	40	29	72.8%	52	35	66.1%	57	36	62.7%

Notes:

- (1) Our planned capacity of each business line for each year is calculated based on the number of working days per year, the number of operating hours per day and the pace of production output per hour. Due to the complexity of our production processes and the involvement of multiple interrelated production stages, we primarily measure utilization rates based on key equipment within our production lines, which we believe are representative of the overall utilization of our production capacity.
- (2) The utilization rate for each year is calculated by dividing the actual production volume for one year by the planned capacity for the same year.

The utilization rate of our industrial automation and digitalization product line decreased from 73.4% in 2023 to 67.6% in 2024, primarily due to a decline in actual production volume as a result of the overall downturn in the manufacturing sector. This utilization rate then increased to 81.3% in 2025, mainly driven by a recovery in manufacturing market demand.

The utilization rate of our NEV powertrain systems increased from 83.4% in 2023 to 89.0% in 2024, primarily due to our timely expansion of production capacity in response to rapid NEV market growth. This utilization rate then decreased to 79.9% in 2025, mainly due to our continued expansion of production capacity.

The utilization rate of our emerging businesses decreased from 72.8% in 2023 to 66.1% in 2024, and further to 62.7% in 2025. These continuous decreases were primarily attributable to our ongoing expansion of production capacity to reserve capacity in advance for emerging businesses.

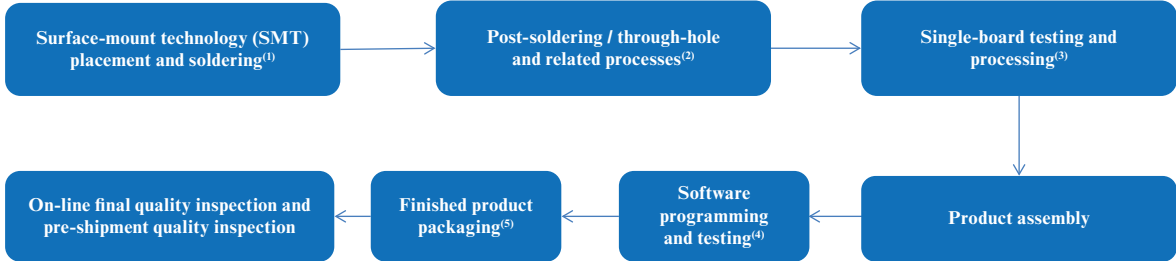
Manufacturing Processes

Our manufacturing processes involve the coordinated management of raw materials and components, production, assembly, testing, packaging and warehousing, and are designed to support a diversified product portfolio across multiple product lines. We design and oversee our manufacturing processes in a standardized and digitalized manner, integrating product design, process engineering and manufacturing execution across our manufacturing facilities. Our major production-related functions are supported by application systems dedicated to production planning activities and a manufacturing execution system (MES) for shop-floor operations, which support the execution and coordination of our manufacturing processes and allow us to monitor production status and track work orders in a timely and transparent manner. We implement consistent manufacturing practices and quality control procedures across our production bases, which enhance production consistency, quality stability and operational efficiency.

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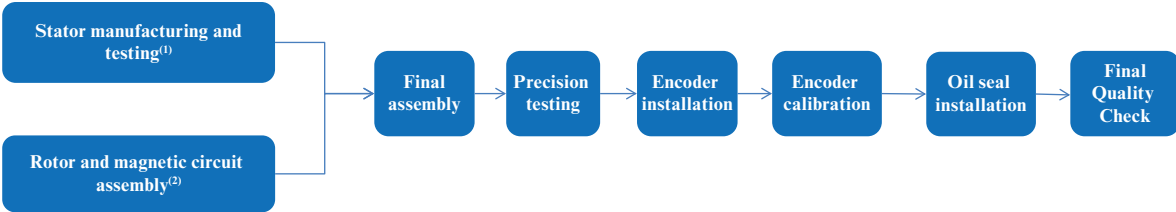
The following diagrams demonstrate the illustrative manufacturing processes for our representative products.

Industrial Automation and Digitalization: Servo Drives



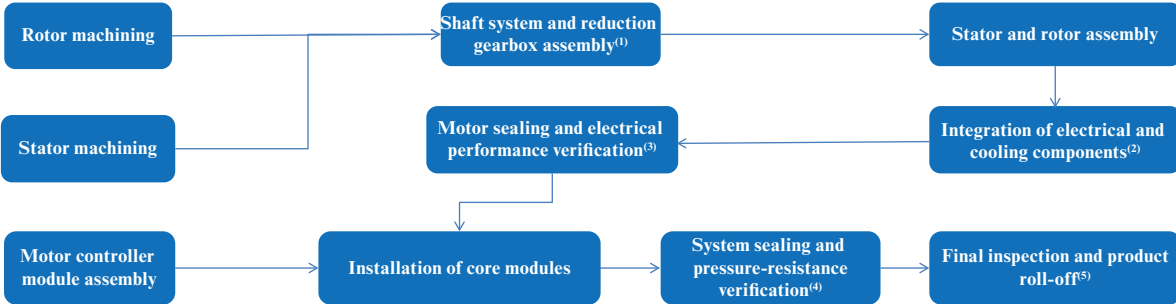
- (1) Including SMT material preparation, laser barcoding, solder paste printing, solder paste inspection (SPI), component placement, reflow soldering and automated optical inspection (AOI). For double-sided boards, the process from solder paste printing to AOI is repeated once.
- (2) Including pre-processing, through-hole insertion, wave soldering, manual soldering and AOI, and dispensing.
- (3) Including in-circuit testing (ICT) testing, automatic test equipment (ATE) testing, coating, single-board warehousing/delivery for assembly, automatic labelling, laser marking, thermal grease application, single-board fastening, module tightening and visual inspection.
- (4) Including software programming, safety compliance testing, burn-in testing, digital display testing and finished product functional testing.
- (5) Including automatic box folding, heat-sealed bagging and clean packaging.

Industrial Automation and Digitalization: Servo Motors



- (1) Including winding, core rounding, welding, housing insertion, stator testing, potting and appearance inspection.
- (2) Including core press-fitting, dispensing, magnet insertion and bearing press-fitting.

NEV Powertrain Systems: Integrated Electric Drive Units



- (1) Including housing measurement, stator thermal fit, reducer accessories assembly, shaft system press-fitting, shaft system height measurement, shaft system housing insertion and reduction gearbox housing assembly.
- (2) Including three-phase cable connection, resolver assembly, oil cooler assembly and oil pump installation.
- (3) Including electrical performance testing, oil seal press-fitting and motor air-tightness testing.
- (4) Water channel air-tightness testing, motor controller cover plate assembly and pressure-resistance testing.

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- (5) End of line (EOL) and noise, vibration and harshness (NVH) testing, automatic appearance inspection and packaging and roll-off.

Logistics and Warehouse

We have a standardized policy framework for logistics and warehouse management across our integrated supply chain. It guides our logistics center and relevant departments to plan and operate in a coordinated way, with operating efficiency and reliable customer delivery as key objectives. We plan from customer and business needs back through the supply chain to align activities and resources, improve utilization of logistics capacity and support stable production.

Our logistics planning integrates physical and information flows to improve delivery performance while reducing operating and opportunity costs. Proposed logistics arrangements are assessed against a set of core principles derived from our established factory planning and operational practices, which we use as benchmarks to determine whether a plan is sound and effective.

We manage inventory and warehouse performance through annual and periodic inventory turnover targets for normal and controlled goods, and we monitor performance against these targets on a regular basis. Low-turnover and slow-moving stock is subject to targeted analysis, classification, disposition and continuous improvement to accelerate clearance and minimize inefficient inventory. Responsibility for inventory optimization and turnover is allocated to specific planning roles, including procurement, production, engineering and R&D planning engineers, who conduct root cause analysis and implement concrete optimization measures for the materials under their remit.

Inventory Management

Our inventories mainly comprise raw materials, work in progress and finished products. Our inventory management is closely linked with our production plans and benefits from our strong relationships with customers and suppliers, which enable us to effectively manage inventory levels, mitigate inventory-related risks and enhance our overall operational efficiency.

To effectively manage our inventories, we have implemented an inventory management system that documents and monitors incoming and outgoing materials on a regular basis to maintain an optimal inventory level that satisfies customer needs while minimizing wastage and avoiding obsolescence. We set annual inventory turnover targets and measure performance using an inventory turnover rate calculated with reference to cost of sales and the average carrying value of inventories. Inventory owners and dedicated inventory management personnel review turnover performance on a monthly basis, identify materials that fall short of targets and formulate corresponding control and disposal measures, including the optimization of procurement, production planning and logistics processes as well as the timely handling of slow-moving and obsolete inventories. We also classify and manage inventories in accordance with dedicated internal procedures, and regularly analyses inventory loss to drive continuous improvement of our end-to-end inventory control mechanism. Through these measures, we closely manage inventory levels to support production while improving capital efficiency and reducing the risk of inventory write-downs.

QUALITY ASSURANCE

We have established a comprehensive quality management system that covers the full lifecycle of our products, from project initiation and design and development through procurement, incoming inspection, production, testing and final delivery. Our quality control standards and procedures are designed to align with applicable industry requirements and customer specifications, and to ensure that our products meet the performance and reliability expectations of our customers.

BUSINESS

We have implemented detailed Incoming Quality Control (IQC) framework, which applies to all purchased components. These instructions specify the roles and responsibilities of logistics, warehouse, IQC inspectors and supplier quality engineers. To ensure the effectiveness and consistency of inspection, our IQC framework requires verification of the validity and prudent inspection of required criteria. Our inspection personnel must use measuring equipment, follow documented requirements and operate in controlled environments with specified lighting, temperature and humidity ranges. We also maintain clear visual identification and segregation of material status throughout the inspection process.

Each of our business divisions has a dedicated quality function that is responsible for implementing and overseeing quality management within its respective product lines, including the incoming inspection controls described above. These quality teams work closely with our R&D, procurement, manufacturing and customer service teams to define inspection standards and work instructions, identify key quality control points, monitor process performance and address potential quality issues in a timely manner. We have built quality information systems and related quality modules to generate, record and manage inspection orders, test results, nonconformity workflows and material status, which allows us to monitor and manage quality metrics in a more refined and transparent way.

SALES AND MARKETING

We sell our products and solutions through a combination of direct sales and distributorship. We conduct a comprehensive evaluation when deciding whether to adopt a direct sales or distribution model. Factors considered include the characteristics of different product lines, the competitive landscape in the local market, location of distributors, customer size and sales costs. We are dedicated to enhancing the service quality of our sales personnel and partnering with our distributors to deliver consistent, high-quality services and improve customer experience. By actively managing our sales network, we continue to expand our market coverage and capture sales opportunities both in China and overseas.

For our NEV powertrain systems, digital energy solutions and intelligent elevator solutions, we primarily rely on direct sales to better manage delivery and meet customers’ complex and customized needs. For industrial automation and digitalization offerings (excluding intelligent elevator solutions) and intelligent robots, we primarily sell them through distributors. We also adopt a direct sales model to serve large-scale strategic customers with significant procurement volume for industrial automation and digitalization offerings (excluding intelligent elevator solutions) and intelligent robots. The following table sets forth a breakdown of our revenue by sales channel in absolute amounts and as percentages of our total revenue for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	<i>(RMB in thousands, except for percentages)</i>					
Direct sales	19,675,322	64.7%	26,407,100	71.3%	31,593,818	70.1%
Distributorship	10,717,070	35.3%	10,606,208	28.7%	13,491,435	29.9%
Total	30,392,392	100.0%	37,013,308	100.0%	45,085,253	100.0%

Distributorship

We adhere to the principle of combining distribution with close customer engagement. We make use of market resources through distributors to expand our market coverage. At the same time, our sales and technical personnel regularly communicate with end customers to understand their needs, collect feedback and provide timely technical support.

BUSINESS

We maintain an extensive distributor network, which enables us to efficiently reach and support a broad range of customers with our products and services, enhancing our market expansion capabilities. Our distributors are also our customers, and we maintain buyer-seller relationships with them.

Distributor Selection and Management

We have established a distributor management system covering selection, authorization, performance assessment, incentive mechanisms, training and termination. We generally enter into framework agreements with our distributors. In selecting distributors, we primarily consider factors such as alignment with our values, industry experience, local end-customer resources, technical service capabilities, sales personnel allocation, financial strength and inventory support capabilities. Technical personnel of the distributors are generally required to obtain our technical certification. We give priority to distributors with a solid track record and higher market recognition and influence.

We categorize and manage distributors based on the business characteristics of their regions, industries and customer types. We continually review their performance through annual targets and ongoing assessment mechanisms. If a distributor fails to achieve the agreed targets, this will generally affect its eligibility for incentives and the subsequent cooperation arrangements with us.

We generally do not adopt exclusive distribution arrangements. Instead, we plan and manage our distributorship layout in a coordinated manner across regions, industries and end customer segments. We consider the registration and geographic location as an important basis for coordinating end customer development by different distributors. Distributors are generally required to conduct sales within their authorized regions or business scopes. If they wish to expand their business scope, they are required to apply to us in advance for additional authorization. In respect of conduct that disrupts market order or other breaches of our channel policies, we may, depending on the specific circumstances, take corresponding measures, including issuing warnings, adjusting pricing or credit arrangements, cancelling incentive eligibility or terminating cooperation. In addition, we have implemented the following detailed policies to manage our distributors:

- *Management of channel conflict and prevention of cannibalization.* We adopt the following measures: (i) formulating an overall channel plan based on region, industry and end customer dimensions, and identifying the sequence of customer development and business attribution through customer registration and attribution management mechanisms; (ii) implementing annual pricing policies and market order management measures to investigate and address activities that disrupt market order; and (iii) continuously monitoring distributors’ market conduct through routine inspections, on-site visits, handling of complaints and internal inspections conducted by regional managers, channel managers and relevant business teams.
- *Inventory and stock management.* In general, we require distributors to maintain a level of safety stock commensurate with the scale of their business, and we regularly monitor and review their inventory plans. General automation products have certain technical attributes and reusability, and distributors’ purchases are typically aligned with actual end-customer demand, regional delivery efficiency and routine stocking needs, rather than being purely driven by volume targets. If we identify abnormal inventory turnover or potential slow-moving risks at any distributor, we will usually communicate with and review such distributor and, depending on the circumstances, liaise with other channels with demand to explore reasonable inventory adjustment arrangements.

Our distributors may engage sub-distributors, but we do not enter into agreements or establish direct relationships with these sub-distributors. As a result, we do not have direct control over sub-distributors. We may hold our distributors (who have direct contractual relationship with us) responsible if any sub-distributor violates our management policies.

BUSINESS

Number of Distributors and Its Movement

The following table sets forth the number of our distributors and the movements in the years indicated.

	As of December 31,		
	2023	2024	2025
Number at the beginning of the year	761	861	908
Increase in number of new distributors	102	57	40
Decrease in number of distributors ⁽¹⁾	2	10	42
Number at the end of the year	861	908	906

Note:

- (1) Representing distributors that did not have any transactions with us during the respective year but had transactions with us in the previous year.

The number of our distributors remained stable during the Track Record Period. In 2023, 2024 and 2025, we entered into business collaboration with 102, 57 and 40 new distributors, respectively, and had a decrease of 2, 10 and 42 distributors, respectively. The gradual decline in the number of new distributors and the increasing number of distributors exiting our network reflect our ongoing optimization of our distributor base. During the Track Record Period, we progressively engaged with stronger distributors to support our business expansion, while phasing out distributors with weaker market competitiveness and those undergoing changes in their own business focus. As we gained a better understanding of the capabilities of distributors, we were able to refine and streamline our distributor network to achieve a more efficient and effective coverage.

To the best of our knowledge and after reasonable inquiry, all of our distributors during the Track Record Period were Independent Third Parties. As of the Latest Practicable Date, we had nine distributors operated by seven former employees. The aggregate revenue from these distributors accounted for less than 1.0% of our revenue in each year during the Track Record Period. All transactions with these distributors are conducted on an arm’s length basis and on terms consistent with those agreed with our other distributors.

Standard Terms with Distributors

We typically enter into standard distribution agreements with our distributors. Revenue is recognized when the control of the products is transferred. We believe that our standard distribution agreement adequately incentivizes our distributors to actively promote and sell our products, while also providing us with proper control over the distribution network.

The following sets forth a summary of the key commercial terms and arrangements that we typically enter into with our distributors.

- *Term.* The term of our distribution agreements is generally one year, subject to renewal by mutual agreement.
- *Designated distribution area.* We authorize and designate specific geographic regions for each distributor’s sales activities. Distributors should not sell our products outside the authorized regions without our prior written consent.
- *Scope of distribution rights.* Distributors are granted non-exclusive rights to distribute our products. Distributors must comply with the product scope and pricing determined by us. Any change to the authorized products or pricing requires our prior written consent.

BUSINESS

- *Minimum purchase amount and sales targets.* For each order, distributors are generally required to meet the minimum order value. If an order does not reach this value, the distributor will be responsible for the freight costs. We set sales targets for certain distributors, and their achievement of these targets is a key performance indicator.
- *Goods return and exchange policy.* Distributors may return products only with our prior written consent and in line with our current return policies. Products that are out of warranty, customized or for special purposes, discontinued or end-of-service, or otherwise specified by us are not eligible for return. Once a return is approved, distributors must complete the process within the specified timeframe, follow our instructions on return address and logistics, and, where required, provide the value-added tax invoice information form.

Marketing Activities

We are committed to maintaining and enhancing our brand reputation through a range of targeted marketing activities, while comprehensively showcasing our extensive product portfolio. We understand that high-quality products and solutions and optimized marketing channels complement each other and are key to achieving sustained brand growth and attracting high-quality potential customers. Therefore, we tailor marketing strategies for different types of products and solutions, aiming to enhance brand awareness and expand our customer base.

We host campaigns with existing or potential customers across different industries, showcasing the most suitable products and solutions for their needs. We also market through multiple channels, including vertical scenarios delivered via regional road shows and specialized events, to deepen customer relationships. For example, we launched the “Thousand-Stop Tour (千巡)” series to strengthen on-the-ground marketing and deepen engagement with key customers across China. We operate touring demonstration vehicles that travel across China, showcasing our latest digital, intelligent and low-carbon manufacturing solutions to existing and potential customers. Through tailored customer sessions, industry-focused events, university engagements and industry exhibition, this series enables immersive, scenario-based demonstrations of our technologies, helps us identify and cultivate high-potential opportunities in local markets and supports our overall business expansion and brand building.

Our dynamic marketing and promotional strategies also extend to communication and collaboration with industry partners. We also host and actively participate in industry forums, technical conferences, and exhibitions, using these platforms to present our advanced products and solutions. For example, we created the Inovance Cup as a flagship marketing and talent-branding event, attracting more than 8,000 students from over 400 universities across China. Throughout the competition and its closing forum, industry leaders engage with participants, share insights and exchange innovative ideas. The event also serves as a key stage for us to showcase our latest technologies and strengthen partnerships across the manufacturing ecosystem. In addition, we work closely with domestic and international industry media, releasing information on the latest technological innovations, product and solution upgrades and application developments, ensuring continuous exposure and effective dissemination of our brand message in China and key global markets.

Pricing

We implement a disciplined product pricing policy to ensure transparent, consistent and value-based pricing for our customers and partners. We are establishing a full-process pricing control system that covers product list pricing, market launch pricing and transaction pricing. Under this system, we set pricing frameworks in advance, apply standardized review and approval procedures, and use clear transaction rules to manage discounts and special terms. By improving pricing efficiency and predictability while maintaining reasonable returns, we aim to support sustainable business growth and stable, mutually beneficial commercial relationships.

BUSINESS

OUR CUSTOMERS

Our customers primarily comprise a broad range of automotive OEMs, industrial manufacturers, system integrators and distributors.

In 2023, 2024 and 2025, revenue from our five largest customers amounted to RMB7,121.4 million, RMB10,972.6 million and RMB13,522.7 million, respectively, accounting for 23.43%, 29.64% and 29.99% of our total revenue, respectively. In 2023, 2024 and 2025, revenue from our largest customer amounted to RMB2,336.5 million, RMB5,612.7 million and RMB3,676.8 million, respectively, accounting for 7.69%, 15.16% and 8.16% of our total revenue, respectively.

During the Track Record Period and up to the Latest Practicable Date, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) had any interest in any of our five largest customers in each year during the Track Record Period that are required to be disclosed under the Listing Rules.

Key Contractual Terms

A summary of the typical terms and conditions of our agreements with key customers is set forth below:

- *Product specifications.* Our customers typically set forth specific specification requirements for products ordered, such as name, model, configuration and features.
- *Terms.* The term of the agreement is determined on a case-by-case basis according to each individual agreement.
- *Payment and credit terms.* The sales amounts are separately agreed between both parties. Our customers are typically required to settle payment within 30 to 150 days after the receipt of the invoices, or by installment in accordance with the agreement.
- *Delivery.* We are generally responsible for delivering the products to locations designated by the customers.
- *Transfer of risks.* The risks transfer to customers after they confirm the receipt of our products.
- *Acceptance.* If customers determine that the products received do not meet their requirements, they must notify us in writing within a specified time; otherwise, the products or solutions are considered to be accepted.
- *Termination.* The agreements will be terminated by giving the other party the notice required under each individual agreement, or by other means as set forth in the agreements.

During the Track Record Period and up to the Latest Practicable Date, there was no material breach of agreement and/or any purchase orders with our major customers. During the Track Record Period and up to the Latest Practicable Date, we have not encountered any material complaints, litigation, or incidents concerning the quality or safety of our products or services.

Customer Service and Warranty

We are committed to enhancing customer satisfaction. We typically provide customers with warranty periods based on the type of products. For our industrial automation and digitalization solutions and emerging businesses, we primarily provide warranty periods of 18 months. For new energy vehicle powertrain systems, we provide warranty periods from five to eight years, or for fixed kilometers or mileage.

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We provide comprehensive after-sale services including professional installation, operator training and technical guidance to ensure our products are used safely and efficiently. We also offer ongoing preventive maintenance and rapid remote technical support to ensure our customers’ smooth operation. Our technical service team serves as the primary contact point with customers. This team promptly addresses post-sales inquiries, swiftly diagnoses and resolves customer issues with precision.

Our customer support centers on maintaining continuous communication, catering to the customers’ demands and providing assistance throughout the entire project—from early engagement to post-delivery support. From time to time, we go to the local area where the customer operates to ensure the progress timeline is on track and responsive to inquiries. With our strong emphasis on customer service and long-term customer support, we have not experienced any material product returns or recalls during the Track Record Period.

SUPPLIERS AND SUPPLY CHAIN MANAGEMENT

Raw Materials and Components

We mainly procure power semiconductors, chips, wire and permanent magnets as our raw materials and components. We maintain stable relationships with our suppliers to ensure the stability of material supply and delivery.

Our Suppliers

In 2023, 2024 and 2025, purchases from our five largest suppliers amounted to RMB2,859.0 million, RMB3,886.7 million and RMB3,991.8 million, respectively, accounting for 15.1%, 16.0% and 13.1% of our total purchases, respectively. In 2023, 2024 and 2025, purchases from our largest supplier amounted to RMB1,073.2 million, RMB1,680.8 million and RMB1,541.3 million, respectively, accounted for 5.7%, 6.9% and 5.0% of our total purchases, respectively.

As of the Latest Practicable Date, save for Inovance Investment, a member of our Single Largest Group of Shareholders, holds publicly traded securities in our fifth largest supplier in 2023, none of our Directors, their close associates or any Shareholders which, to the knowledge of our Directors, owned more than 5% of the issued share capital of our Company as of the Latest Practicable Date, had any interest in any of our five largest suppliers during the Track Record Period.

Key Contractual Terms

A summary of the typical terms and conditions of our purchase order with key suppliers is set forth below:

- *Specifications.* We typically specify the raw materials and/or components, specification, price, quantity and other detailed items in each purchase order.
- *Price.* The suppliers are not permitted to increase the price of the raw materials and/or components without our consent.
- *Delivery.* The suppliers are generally responsible for delivery of raw materials and/or components to our designated location specified in each purchase order.
- *Payment.* We typically settle the payment within 30 to 180 days of receiving the invoice from the suppliers.
- *Quality control.* We provide our suppliers with raw materials and/or components specifications in advance, and we inspect the products upon receipt to determine any deviations from their samples and specifications. We have the right to reject and return any products that do not meet our specifications or to request replacement or maintenance.

BUSINESS

- *Termination.* The agreements will be terminated by mutual agreement, or by other means as set forth in the agreements.

Supply Chain Risk Management

We have established a robust supply chain risk management framework to enhance resilience amid global industrial chain restructuring. We classify and categorize our suppliers by cooperation level, performance and role in the value chain, and have issued our multi-tier supplier management standards to manage key upstream raw materials. Leveraging certification under the ISO22301 business continuity management system (BCMS), we operate an end-to-end business continuity management (BCM) system spanning suppliers, our own operations and customers, supported by business impact analyses and regular risk event drills, including simulated disruptions in key supplier deliveries and logistics. We have also implemented comprehensive supplier lifecycle management, including admission reviews, annual technology, quality, responsiveness, delivery and cost (TQRDC) performance assessments, and targeted empowerment training for underperforming suppliers.

OVERLAPPING OF MAJOR CUSTOMERS AND SUPPLIERS

During the Track Record Period, we had five overlapping major customers and suppliers. One of our five largest customers in 2023, 2024 and 2025 was also our supplier in 2025 (“Customer-Supplier A”). Customer-Supplier A is an automotive OEM. During the Track Record Period, we provided NEV powertrain system products to Customer-Supplier A and also purchased power semiconductors from Customer-Supplier A. In 2023, 2024 and 2025, our sales to Customer-Supplier A amounted to RMB2,336.5 million, RMB1,673.6 million and RMB1,688.9 million, respectively, accounting for 7.7%, 4.5% and 3.8% of our revenue during the same periods, respectively. In 2023, 2024 and 2025, our purchases from Customer-Supplier A amounted to nil, nil and RMB117.2 million, respectively, accounting for nil, nil and 0.4% of our total purchases during the same periods, respectively.

In 2023, 2024 and 2025, we also had two, one and three of our five largest suppliers that were also our customers, respectively. In the same years, our aggregated purchase from these major suppliers was RMB1,458.2 million, RMB1,956.4 million and RMB1,980.3 million, respectively, and our aggregated sales to these major suppliers was RMB153.9 million, RMB229.6 million and RMB513.2 million, respectively.

One of our five largest suppliers in 2023, 2024 and 2025 was also our customer during the Track Record Period (“Customer-Supplier B”). Customer-Supplier B is a rolling stock and rail transit equipment manufacturer. During the Track Record Period, we purchased power semiconductors from Customer-Supplier B and also provided energy storage system and rail transit products to Customer-Supplier B. In 2023, 2024 and 2025, our purchases from Customer-Supplier B amounted to RMB671.0 million, RMB726.4 million and RMB646.2 million, respectively, accounting for 3.6%, 3.0% and 2.1% of our total purchases during the same periods, respectively. In 2023, 2024 and 2025, our sales to Customer-Supplier B, amounted to RMB147.5 million, RMB229.6 million and RMB510.4 million, respectively, accounting for 0.5%, 0.6% and 1.1% of our revenue during the same periods, respectively.

One of our five largest suppliers in 2023 was also our customer in 2023 (“Customer-Supplier C”). Customer-Supplier C is a power semiconductor device manufacturer. During the Track Record Period, we purchased power semiconductors from Customer-Supplier C and also provided technology development services and industrial visual system products to Customer-Supplier C. In 2023, 2024 and 2025, our purchases from Customer-Supplier C amounted to RMB349.5 million, RMB248.4 million and RMB233.3 million, respectively, accounting for 1.9%, 1.0% and 0.8% of our total purchases during the same periods, respectively. During the Track Record Period, our sales to Customer-Supplier C were minimal, constituting less than 0.1% of total sales.

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One of our five largest suppliers in 2025 was also our customer in 2025 (“Customer-Supplier D”). Customer-Supplier D is a magnetic materials and related products manufacturer and supplier. During the Track Record Period, we purchased motors and permanent magnets from Customer-Supplier D and Customer-Supplier D collected our obsolete materials. In 2023, 2024 and 2025, our purchases from Customer-Supplier D amounted to RMB217.7 million, RMB493.1 million and RMB544.0 million, respectively, accounting for 1.2%, 2.0% and 1.8% of our total purchases during the same periods, respectively. During the Track Record Period, our sales to Customer-Supplier D were minimal, constituting less than 0.1% of total sales.

One of our five largest suppliers in 2025 was also our customer in 2025 (“Customer-Supplier E”). Customer-Supplier E is a wire and cable manufacturer and supplier. During the Track Record Period, we purchased magnet wire from Customer-Supplier E and Customer-Supplier E collected our obsolete materials. In 2023, 2024 and 2025, our purchases from Customer-Supplier E, amounted to RMB220.0 million, RMB488.4 million and RMB556.9 million, accounting for 1.2%, 2.0% and 1.8% of our total purchases during the same periods, respectively. During the Track Record Period, our sales to Customer-Supplier E were minimal, constituting less than 0.1% of total sales.

Our Directors confirm that the sales to and purchases from each of the overlapping customers and suppliers were not inter-conditional with each other. Our Directors confirm that all our sales to and purchases from the overlapping customers and suppliers were conducted at arm’s length in the ordinary course of business, and under normal commercial terms. All these companies are Independent Third Parties. Our Directors also confirm that prices of the transactions with overlapping customers and suppliers are comparable to similar transactions conducted with other comparable customers and suppliers.

EMPLOYEES

We believe that our professional workforce is the driving force of our long-term growth. As of December 31, 2025, we had 27,292 full-time employees globally, including 26,726 domestic employees and 566 overseas employees. The table below sets forth a breakdown of our employees by function as of December 31, 2025.

Function	Number of employees	Percentage (%)
Manufacturing	13,150	48.2
R&D	7,670	28.1
Sales and Marketing	2,965	10.9
Administrative support	930	3.4
Finance	366	1.3
Others ⁽¹⁾	2,211	8.1
Total	27,292	100.0

Note:

- (1) Others include employees of the procurement, quality control, commerce, safety and environmental, customer service and legal departments.

BUSINESS

COMPETITION

We primarily operate in the industrial automation and digitalization and NEV powertrain system industries. For industrial automation and digitalization, our competitors include international and Chinese suppliers of industrial technologies and solutions. For NEV powertrain systems, we primarily compete with international and Chinese suppliers of electric drive systems, power electronics and other powertrain components. See “Industry Overview.” We continuously invest in cutting-edge technologies and optimize our product portfolio to solidify our leadership in core business lines, while exploring innovative applications that drive the development of intelligent robots and digital energy solutions.

SEASONALITY

We are generally not subject to significant seasonal fluctuations. Our operating results for a particular period may nevertheless fluctuate due to factors such as customer demand, production schedules and the timing of product deliveries.

INSURANCE

We maintain property insurance for our manufacturing facilities, including those located in China and overseas. We have taken limited product liability insurance and transportation insurance for our products, such as export credit insurance. We have taken overseas investment insurance for our overseas investment to address the risk of business interruption caused by overseas expropriation, customer default, war and political unrest. We believe that these insurance policies cover the major risks in our day-to-day operations. In accordance with general market practices, we have not purchased some types of insurance that are not available or generally not required by laws in the locations where we operate. Please see “Risk Factors—Our insurance coverage may not be sufficient to cover all losses or potential claims, which may negatively affect our business, financial condition, results of operations and prospects.” We will continue to review and assess our risk portfolio and make necessary and appropriate adjustments to our insurance program to align with our needs and industry practices. According to Frost & Sullivan, our insurance coverage during the Track Record Period and up to the Latest Practicable Date was in line with industry practices. We did not make any significant insurance claims related to our business during the Track Record Period and up to the Latest Practicable Date.

PROPERTIES

Owned Properties

As of December 31, 2025, our Company and our Major Subsidiaries owned the land use rights of 14 parcels in China, with an aggregate site area of approximately 940,000 sq.m. All of these land parcels have been granted land use right certificates. As of December 31, 2025, our Company and our Major Subsidiaries owned 17 properties, with a gross floor area of approximately 646,000 sq.m., all of which had obtained the relevant title certificates in China. These land parcels and properties are primarily used for production, operations and office. As of December 31, 2025, we had obtained the real estate title certificate for such land parcels and buildings.

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

BUSINESS

Leased Properties

As of December 31, 2025, our Company and our Major Subsidiaries leased 20 properties for production, operations, office and warehousing, with a gross floor area of over 300,000 sq. m., in China.

As of the Latest Practicable Date, we did not complete lease registration with the relevant authorities for certain properties leased by our Company and Major Subsidiaries. According to our PRC Legal Adviser, the failure to complete such registration process does not affect the validity of the relevant property lease agreements, and a maximum penalty of RMB10,000 may be imposed for the non-registration of each lease agreement. See “Risk Factor—Some of our lease agreements were not registered with the relevant government authorities, which may expose us to potential fines” for details. As advised by our PRC Legal Adviser, we believe these defects would not have material adverse effect on our use of the properties for our business. As of the Latest Practicable Date, we had not been ordered to make corrections by the competent local counterpart of Ministry of Housing and Urban Development.

LICENSES AND PERMITS

We are required by relevant laws and regulations to obtain and maintain various licenses and permits to conduct our business. As of December 31, 2025, as advised by our PRC Legal Advisers, we had obtained all necessary licenses, approvals, permits and certificates that are material for our business operations in Chinese mainland, and such licenses, permits, approvals and certificates are valid and subsisting. In addition, as of December 31, 2025, we had obtained all material licenses, approvals, permits and certificates necessary to conduct our business in all relevant jurisdictions.

LEGAL PROCEEDINGS AND COMPLIANCE

We may be involved in legal proceedings in the ordinary course of business from time to time. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any litigation, arbitration or administrative proceedings which could have a material adverse impact on our business, financial condition or results of operations. As of the Latest Practicable Date, we were not aware of any pending or threatened litigation, arbitration or administrative proceedings against us which may have a material and adverse impact on our business, financial condition or results of operations.

During the Track Record Period and as of the Latest Practicable Date, we had not had any non-compliance incidents which our Directors believe would, individually or in the aggregate, have a material operational or financial impact on our company as a whole.

DATA PRIVACY AND INFORMATION SECURITY RISK MANAGEMENT

We primarily provide products and solutions to corporate customers in our industrial automation and digitalization and digital energy solutions. As a result, we process personal information including (i) contact details of business contacts at customers, suppliers and other partners; and (ii) account details and platform operation records of personnel of such partners when they use our digital platforms. In addition, certain of our websites and applications are open for public registration for purposes such as technical communication, product display and pre-sales, in-sales and after-sales support, which involve user account information and service usage data.

BUSINESS

Before processing personal information, we present our privacy policy to individuals and only process their personal information after they have read and expressly agreed to the policy. Our privacy policy specifies that we follow the principles of lawfulness, legitimacy and necessity when collecting and processing necessary personal information, and that we ensure we have an appropriate legal basis for such processing. Personal information collected and generated in respect of our businesses operated within mainland China is stored on servers located in mainland China and is not transferred cross-border. As for retention periods: (i) where laws and regulations prescribe minimum retention periods, we retain data as required; and (ii) where there is no mandatory retention period, we determine the retention period reasonably based on business needs.

We have adopted strict data protection policies to ensure that the collection, storage, use, transmission and deletion of personal information comply with applicable laws and regulations. We have established data security management systems and operating procedures covering, among others, personnel management and training, data security technical measures, identity management and access control, risk alert and handling, and prevention of and response to information security incidents, including but not limited to our Cybersecurity Management Specification, Data Security Management Specification, Personal Information Protection Management System and internal confidentiality policies.

During the Track Record Period and up to the Latest Practicable Date, we had not committed any material breach of mandatory provisions of applicable laws and regulations in respect of the collection, storage, use or protection of personal information and complied in all material respects with applicable laws and regulations on personal information protection, privacy and data security. Given that the PRC legislative and enforcement regime on data privacy and security continues to evolve, we will closely monitor regulatory developments and take appropriate measures in a timely manner.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We are committed to integrating sustainable development principles into our daily operations and decision-making processes. We place great emphasis on environmental, social and governance (“ESG”) matters, including environmental sustainability, social responsibility and governance as a pioneer and leading enterprise in the industry.

Our Board assumes the responsibility of establishing, adopting and reviewing our ESG policies and strategies, monitoring progress towards ESG objectives and managing critical ESG-related issues. They evaluate and address our ESG-related risks while also considering the adoption of additional policies related to environmental protection, social responsibility and internal governance. With supervision of the Board, our management team is responsible for implementing our ESG policies, assessing and mitigating our ESG risks on a regular basis and organizing employee ESG training sessions.

ESG Materiality Assessment and Risk Management

We have identified environmental, social and climate-related material issues through regular assessments and internal reporting processes. We also actively interact with external stakeholders, including our customers and suppliers, government agencies and business partners, through various effective communication channels. Their valuable feedback is consolidated and incorporated into our materiality assessment and corporate strategy where applicable, ensuring their perspectives are considered in our management decision-making process.

We have also adopted an ESG risk assessment and management model that integrates ESG compliance into day-to-day operations, including conducting materiality assessments based on surveys of external stakeholders and carrying out internal audits on sustainability matters, enabling us to continuously enhance our ESG-related operations.

BUSINESS

ESG Governance

Emission

The following table sets forth our GHG emission data during the Track Record Period. We prioritize the recording of GHG emissions of Scope 1, Scope 2 and Scope 3 emissions in our production facilities, as the main source of GHG emissions in our production activities is related to the usage of electricity.

	For the year ended December 31,		
	2023	2024	2025
Scope 1	1,808	4,092	3,891
Scope 2	125,603	148,705	194,832
Scope 3	— ⁽¹⁾	7,848,603	7,302,315

Note:

- (1) Due to a significant change in the methodology used to calculate our Scope 3 emissions in 2024, Scope 3 emission data is not comparable with the data for the following years.

Energy Consumption

We are committed to actively conserving energy, increasing the share of clean energy in our energy mix, and encouraging our upstream suppliers to improve their energy efficiency and reduce emissions. To support these efforts, we have set our “2850 and 3030” emissions reduction targets. We aim to reach peak operational carbon emissions by 2028, achieve operational carbon neutrality by 2050, and reduce the greenhouse gas emissions intensity of our key suppliers by 30% by 2030, compared to 2021. To achieve these targets, we carry out annual greenhouse gas inventories, advance the establishment and certification of energy management systems at our major energy-consuming sites, and develop energy and carbon emissions management platforms. We also continue to optimize management practices and implement energy-saving technological upgrade projects, raise the construction standards for our manufacturing plants, and incorporate suppliers’ greenhouse gas reduction performance into our supplier performance evaluations. During the Track Record Period, the majority of our electricity consumption was primarily attributed to our manufacturing operations, where we consumed 222,514,150 kWh, 271,522,070 kWh and 368,450,247 kWh in 2023, 2024 and 2025, respectively.

Hazardous Waste Emissions

We are committed to standardizing solid waste management, ensuring safe disposal and promoting comprehensive reuse to support cleaner production and sustainable development. We maintain strict control over unorganized emissions, discharge pollutants in full compliance with regulatory permits and continuously enhance the daily operation and maintenance of online monitoring systems to meet emission standards and reduce hazardous waste output. Our hazardous waste mainly includes spent organic solvents, waste packaging containers, waste surface treatment liquids, waste grinding sludge and waste emulsions. During the Track Record Period, the majority of our hazardous waste was primarily attributed to our manufacturing operation, which generated 694 tons, 1,235 tons and 1,857 tons of hazardous waste in 2023, 2024 and 2025, respectively.

Water Consumption

Our water consumption is predominantly sourced from tap water. We are also enhancing the use of water-saving facilities and raising employee awareness to encourage water conservation in their daily work. During the Track Record Period, the majority of our water consumption was primarily attributed to our domestic water use by employees, where we consumed 1,021,444 tons, 1,085,191 tons and 1,162,201 tons in 2023, 2024 and 2025, respectively.

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Employee Benefits and Welfare

We regard employees as our most valuable asset and are committed to building a diverse, equal and inclusive workplace. We have established policies such as the business conduct guideline, the anti-discrimination and harassment procedure and the guidelines for prevention and control of sexual harassment in workplace to regulate employee behavior and promote an inclusive work environment. We treat all employees equally regardless of gender, ethnicity, nationality, culture, religious belief, political affiliation, skin color, sexual orientation, age, social status or disability across all stages of employment. As of December 31, 2025, we had 27,292 employees from over 10 countries and regions. Female employees accounted for 24.3% of our domestic workforce and women held 19.8% of domestic management positions. We also proactively create suitable positions for people with disabilities and plan to expand such initiatives to more production bases.

We strictly comply with applicable labor and employment laws in all jurisdictions where we operate and have established a comprehensive system to protect employee rights. Recruitment is conducted in accordance with the employee recruitment management system and the labor contract management measures, based on fairness, impartiality and openness, and we respect employees' freedom of occupation and career development. We have a zero-tolerance policy towards forced labor, conduct identity and background checks during recruitment. During the Track Record Period, there were no identified incidents of illegal or non-compliant employment, child labor or forced labor.

We provide competitive compensation and a structured welfare and care system that addresses employees' basic, safety, belonging, esteem and self-actualization needs. We comply with wage regulations and the principle of equal pay, and have implemented a salary management system and attendance management measures to standardize the management of remuneration, working hours and leave. In addition to statutory benefits, we offer supplementary commercial insurance (including critical illness, accident and life insurance), various allowances (including overseas allowances), and benefits tailored to specific employee groups such as female employees, employees in hardship, employees with illnesses and overseas assignees.

We also place strong emphasis on employee well-being, work-life balance and communication. We provide paid annual leave above national requirements, as well as legally compliant maternity check-up leave, maternity leave, breastfeeding leave and local leave entitlements such as marriage, bereavement and paternity leave. We have established 29 interest-based clubs, and regularly organize sports meets, marathons and family days. Since 2023, we have implemented an employee assistance program (EAP), including an EAP counselling room and an internal “HUI XIN QING” column. In 2025, we provided 482 hours of individual psychological counselling to 111 employees. In 2025, we organized multiple mental health awareness and stress-relief activities covering more than 9,800 employees, which helped enhance employees' awareness of physical and mental wellbeing and promote a happy work and healthy lifestyle. We also published 30 mental health articles, which received more than 420,000 views in aggregate. We maintain multiple communication channels, including workers' representative congresses, employee satisfaction surveys, a whistleblower mechanism and the President's Mailbox. As of December 31, 2025, we had established labor unions at 13 of our key operating sites, and employees participating in such labor unions accounted for 80.9% of our total employees.

Workplace Safety

We are committed to occupational health and safety and have set long-term goals of zero major safety incidents, zero occupational disease cases, zero environmental accidents and zero regulatory penalties. We maintain a group-wide environment, health and safety (EHS) management system covering all business units, subsidiaries, employment types and partners, and strictly comply with applicable laws and regulations. In 2025, we recorded no major safety incidents, no environmental accidents, no regulatory penalties and no occupational disease cases, with 100% occupational health check-up coverage.

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We have an established safety governance structure, including EMT oversight, a safety production committee and a dedicated EHS department with onsite EHS officers at key plants and subsidiaries. As of December 31, 2025, 65.0% of our key operating sites were certified under ISO 45001:2018 occupational health and safety management systems. We operate an all-employee safety responsibility system and a multi-level internal review mechanism with weekly and monthly inspections. In 2025, the EHS department completed monthly safety inspections for all production areas and achieved a 100% rectification rate for identified safety hazards. In 2025, 65.2% of operational sites conducted occupational health and safety risk assessments, supported by a plan-do-check-act (PDCA) process and semi-quantitative hazard assessment.

We promote safety culture and prevention through training, emergency management and hazardous chemical control. In 2025, we organized 106 special safety training sessions on topics such as safe operating procedures, electrical and chemical safety, special equipment safety and hazard identification, covering all employees and onsite suppliers and partners. We conducted multiple emergency drills, including fire evacuation, chemical and hazardous waste leaks, electric shock and mechanical injuries, and ran themed activities such as work safety month and fire safety month. We manage hazardous chemicals across their lifecycle under dedicated policies and procedures. We also focus on occupational disease prevention through occupational health management regulations, regular hazard detection and medical check-ups, with identified risks, such as noise and certain chemical exposures, monitored and controlled, and no occupational disease incidents or deaths reported during the Track Record Period.

Corporate Governance

We maintain a zero-tolerance policy towards the acceptance of any form of bribes by employees. To further standardize the integrity in our business operation and promote self-discipline among all our employees, we have implemented a set of anti-corruption policies and procedures which are approved and overseen by the management. We have implemented thorough strategies to safeguard our intellectual property. We enter into employment contracts with our employees, which contain provisions with respect to confidentiality, non-competition and ownership of intellectual property. These contracts stipulate that any intellectual property created by individuals during their tenure with us, including internally developed content, is recognized as our exclusive property.

We have established a comprehensive compliance management system covering trade compliance, anti-money laundering, data compliance, intellectual property protection, anti-corruption, anti-unfair competition, conflict of interest management, connected transactions and responsible marketing. Our key internal policies include the business conduct guideline, conflict of interest management measures, employee discipline policy and workplace accountability management system, which regulate both company and employee behavior. Compliance requirements are integrated into key business processes, supported by standard contract templates for commercial and trade activities and annual updates of compliance requirements. For marketing, we comply with the relevant law and industry rules, and during the Track Record Period we did not receive any penalties for product and service marketing, information or labelling.

We place strong emphasis on business ethics, anti-corruption and whistleblower protection. Our business conduct guideline and the management procedures of social responsibility and business ethics apply to all employees, and were updated regularly to reflect new legal and internal requirements, including explicit opposition to forced labor and human trafficking, strengthened data privacy, conflict minerals prohibition, enhanced fair competition and anti-corruption clauses and reinforced insider trading prohibitions. We have established an integrity and honesty working committee, chaired by our chairman, with department heads acting as integrity ambassadors and reporting regularly to the board. We have adopted the INOVANCE anti-fraud whistleblower system and set up dedicated anti-corruption whistleblowing channels (hotline and email), publicized through our website, “Integrity INOVANCE” *WeChat* account and internal posters, with the audit

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department responsible for independent investigations. Employees who violate integrity rules may be subject to disciplinary actions, including downgraded performance ratings, termination, recovery of improper gains and claims for losses, and suspected criminal acts are reported to judicial authorities.

We also advocate fair competition and protect whistleblowers. We strictly comply with the applicable laws and regulations, prohibit defamation and misleading statements against competitors and ban monopolistic practices, and we apply a decision-making system for connected transactions to ensure fair pricing and protection of shareholders’ interests, particularly minority shareholders. We operate formal whistleblowing procedures and protect the confidentiality of whistleblowers, prohibit retaliation and require responsible departments to rectify identified internal control issues. To embed a culture of compliance and ethics, we organize regular compliance and integrity training for directors, senior management and employees, including study of the business conduct guideline and other internal systems, supplemented by targeted training, publicity and examinations. In 2025, we delivered a total of 158 hours of integrity-related publicity and training.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk management is critical to the success of our business operations. Key operational risks that we face include human resource risk, information technology risk, financial reporting risk and compliance and intellectual property rights risks. We also face various market risks. In particular, we are exposed to credit, liquidity, interest rate and currency risks that arise in the normal course of our business. See “Risk Factors” for the discussion of the major risks and uncertainties that we face.

In order to meet these challenges, we have established an internal audit department to oversee and manage the overall risks associated with our business operations from time to time. Our internal audit department currently comprises 10 personnel. It is an independent internal audit body under the Board of Directors and operates under the supervision and guidance of the Audit Committee. Its responsibilities include supervising and evaluating the effectiveness of our internal control systems and risk management across our group, auditing the legality, compliance, truthfulness and completeness of our accounting and other economic information and related financial activities, assisting in organizing and implementing internal control evaluations and submitting internal control evaluation reports to the board, and overseeing the rectification of issues identified in audits and conducting follow-up reviews where necessary.

Financial Reporting Risk Management

We maintain a set of accounting policies in connection with our financial reporting risk management, such as financial reporting management policies, budget management policies, wealth management products investment policies, financial statements preparation policies and finance department and staff management policies. We have various procedures and IT systems to implement our accounting policies, and our finance department reviews our management accounts accordingly.

Human Resource Risk Management

We have set a number of standard operation procedures for human resource management in China and overseas, including the recruiting management policy, personnel records management policy, probation and employment policy, labor contract management policy, social insurance and housing provident fund management policy, training management policy, termination and resignation management policy and attendance and vacation policy. These procedures aim to mitigate our risks in insufficient recruitment, staff attrition, non-compliance with labor regulations, employee information management and others.

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Internal Controls

We have engaged an internal control consultant to issue a long form report in connection with the internal control systems of our Company and our major operating subsidiaries and to report factual findings on our Company's entity-level controls and internal controls of various processes. These processes cover the five components of internal control, namely control environment, risk assessment, control activities, information and communication and monitoring activities. They include sales and receivables management, purchases and payment management, inventory and production management, R&D management, human resources and remuneration management, treasury management, fixed assets and intangible assets management, financial reporting and disclosure controls, tax management, insurance management, information system management, data security management, distributor management, import and export controls and sanctions compliance management, and environmental, social and governance controls. The Internal Control Consultant performed procedures between February 2026 and April 2026 on our internal control system.

We have adopted a series of internal control policies, measures and procedures to facilitate and ensure effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations, among other things. During the Track Record Period, we have regularly reviewed and enhanced our internal control system. The following is a summary of the internal control policies, measures and procedures we have implemented or plan to implement.

- We have set up an internal control department and an internal audit department, which are responsible for the overall internal control development and assessment of our Company.
- Our internal control department is responsible for issuing and amending internal control policies, measures and procedures to ensure that we maintain comprehensive and effective internal control.
- Our internal audit department organizes periodic inspections relating to the implementation of and adherence to the internal controls of each business department. We conduct internal control inspections through on-site visits, random samplings and other means. Upon completion of on-site visits, our internal audit department delivers to the head of the relevant business department information and statistics related to the risks discovered during the visits and any suggested remedial action. The head of the relevant business department is then required to carry out the relevant remedies.
- The head of each business department is responsible for implementing relevant internal control policies, measures and procedures and conducting regular reviews regarding the implementation of such policies, measures and procedures.
- We have implemented relevant internal control policies, measures and procedures for all of our business departments, educating the relevant employees about such policies, measures and procedures, addressing their questions, submitting suggested revisions to such policies, measures and procedures to the internal control department and regularly monitoring the implementation of such policies, measures and procedures.
- We have adopted various measures and procedures for all of our business operations, including project management, quality assurance, intellectual property protection, environmental protection and occupational health and safety. We provide our employees with regular training on these measures and procedures as part of our employee training program. We also organize relevant management system certification through our internal specialized department and regularly monitor the implementation of these measures and procedures.

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- Our internal control department has established a whistleblowing mechanism regarding complaints against our Directors, senior management, employees, customers and other business partners, and independent and fair investigation is conducted for any reported complaints. The internal control department has also established a hotline and specific email for our employees to report their complaints and inquiries. In addition, the internal control department has established whistleblowing policies that regulate the reporting channels, case officers, investigation procedures and the related results reports, and that explicitly state that retaliation against whistleblowers is prohibited.
- We have engaged a compliance adviser to provide advice to our Directors and management team for at least the period commencing from the [REDACTED] and ending on the date that our Company publishes its first full financial year results regarding matters relating to the Listing Rules.

AWARDS AND ACHIEVEMENTS

The following table sets out a summary of the major awards and recognition we had received as of the Latest Practicable Date.

<u>Year</u>	<u>Awards or Recognition</u>	<u>Issuing Organization</u>
2025	Top 500 World’s Best Companies for Sustainable Growth	Time
2025	China ESG Impact List 2025; inclusion in the <i>S&P Sustainability Yearbook (China Edition) 2025</i>	Fortune
2025	No. 2 among the Top 50 China Automation and Digitalization Brands	Gongkong.com
2025	Pioneer Going Global Enterprise Award	Gongkong.com
2025	Enterprise of the Year in the Automation Sector; Most Competitive Innovative Product of the Year	Chinese Association of Automation
2025	Science and Technology Innovation Achievement Award	China Petroleum and Chemical Equipment Industry Association
2025	China Patent Award	National Intellectual Property Administration of the PRC
2024	Asia Future 30	Fortune
2024	National May 1 Labor Certificate	All-China Federation of Trade Unions
2023	Future 50	Fortune
2023	Top 50 China Innovative Enterprises	Fortune
2023	Top 100 China Most Valuable Private Companies List	Hurun