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

## OVERVIEW OF E-MOBILITY PRODUCTS

E-mobility products refer to vehicles powered by on-board batteries or other energy storage devices, primarily used for short-distance personal or small-group commuting. They mainly comprise (i) LSEV, which are typically designed with enclosed or semi-enclosed cabins, feature lower maximum speeds and shorter ranges, and meet the multi-passenger short-distance travel needs; and (ii) electric two-wheelers, covering electric scooters, electric balance bikes and electric bicycles, which are generally flexible and portable and are suitable for single or double riders.

## OVERVIEW OF THE GLOBAL LSEV INDUSTRY

### Definition and Classification of LSEV

LSEVs are four-wheeled electric vehicles designed for short-distance transportation and neighborhood mobility with an attainable speed exceeding 20 miles per hour but not more than 25 miles per hour on a paved level surface and a gross vehicle weight rating of less than 3,000 pounds, and are permitted to operate legally on certain public roads. LSEVs are widely used in scenarios such as neighborhood commuting, scenic area tours, and short-distance travel within campuses or communities. LSEVs differ significantly from automobiles in performance and functions, and the two are not mutually substitutable.

**LSEV and Automobile Performance Comparison**

| | LSEV | Automobile |
|---|---|---|
| **Distance of travel** | Short-distance oriented | Supports both short and long trips |
| **Battery capability** | Low capacity, short range | High capacity, long range |
| **Usage restrictions** | Limited road access | Full road network access |
| **Speed** | Low speed (20-25 mph) | High speed (>25mph) |

*Note: "long-distance" is defined as trips with a single-trip distance exceeding 20 km, while "short-distance" refers to trips with a single-trip distance below 20 km.*

*Source: Frost & Sullivan*

### Factors Underpinning the High Growth Potential of the LSEV Industry

#### *Total Cost of Ownership Advantage*

Cost advantage is a key driver of LSEV to market penetration, as LSEVs generally involve lower upfront costs and long-term operating and maintenance costs than traditional automobiles. Compared with traditional automobiles, LSEVs typically have lower maintenance and repair costs and other recurring expenses. Their parts and components are generally less expensive and due to their smaller size and lower power output, LSEVs consume less energy per mile. In terms of insurance costs,

traditional gasoline-powered vehicles typically incur annual premiums ranging from US$1,500 to US$2,700 in the U.S., while LSEVs generally have lower premiums, further supporting the total cost-of-ownership advantage of LSEVs.

The total cost-of-ownership advantage of LSEVs is further reflected in their lower operating and maintenance costs over the product lifecycle. In terms of energy consumption, the electricity cost per 100 kilometers for an LSEV is significantly lower than the fuel cost for a fuel-powered car over the same distance. According to research by the U.S. Department of Energy, electric vehicles (the broader category to which LSEVs belong) save approximately 6 cents in fuel costs per mile compared with gasoline vehicles. In addition, due to relatively simple mechanical structure and low maintenance requirements, LSEVs generally incur lower maintenance and repair costs than traditional automobiles, and certain recurring expenses, such as insurance premiums and service costs, may also be lower, subject to applicable local requirements and usage scenarios. In certain markets, policy measures such as inspection exemptions or purchase-related incentives, may further reduce the cost of ownership and lower the barrier to use. China has issued the Guiding Opinions on Vigorously Developing Sports Tourism and Promoting the High-quality Development of the Sports Industry, as well as the Guideline Catalog for Industrial Restructuring (2024 Edition), to guide the high-quality development of related sectors and optimize the industrial structure.

***High Adaptability to Short-Distance Travel and Diverse Usage Scenarios***

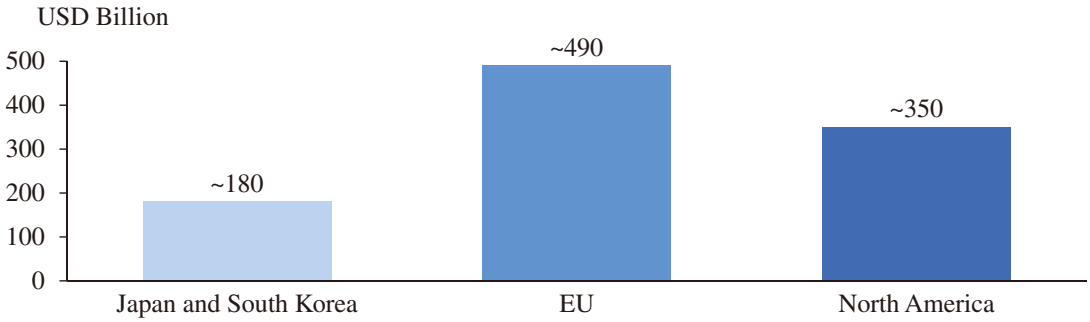
LSEVs are well suited for short-distance mobility scenarios due to their compact size, low-speed design and relatively low operating and maintenance costs. They can be used for urban short-distance commuting, intra-community transportation and travel on narrow roads in towns and villages, where full-size automobiles may not be necessary or cost-efficient.

**Serviceable Addressable Market Size in Key Global Markets**

The serviceable addressable market ("**SAM**") represents the segment of the market that a specific product or service can actually cover or serve. The global SAM for LSEV can reach the trillion-dollar level. In terms of market maturity across regions, the North American market is the most developed, followed by the EU, while the Japan-South Korea market is still in the early stages of development. In terms of market size by region, the EU ranks first, followed by North America and Japan and South Korea. In terms of growth potential, measured by the CAGR for the next five years, North America also leads, followed by the EU, Japan and South Korea. There are more than 50 competitors in each of these key regional markets. The differences in market maturity, market size and growth potential across these regions are mainly attributable to factors such as the intensity of short-distance travel demand, regulatory environment, consumer spending power and transportation use cases. For example, in the United States, Federal Motor Vehicle Safety Standard ("FMVSS") No. 500 (49 CFR § 571.500) provides a federal regulatory framework for low-speed vehicles.

The North American market, characterized by over 60% of travel concentrated in short-distance scenarios, strong demand for transportation from the middle class and elderly populations, and high-frequency usage scenarios like gated communities, possesses higher market maturity. Middle-class consumers have relatively high income and are mostly family households with demands for family trips and daily commuting, and can afford to purchase LSEVs. The elderly age bracket market also shows strong demand for low-speed, safe and easy-to-operate travel tools, which perfectly align with the inherent product features of LSEVs. In addition, there are a large number of elderly communities in the United States, where most intra-community trips are short-distance. Walking imposes a heavy physical burden on the elderly, while driving traditional automobiles is unnecessary. As such, LSEVs are well suited for commuting within retirement communities. Driven by evolving lifestyle trends and rising outdoor leisure needs, both the middle-class and elderly consumer segments jointly underpin the substantial market potential of LSEVs, and these two major customer groups are in line with the Group's current customer profiles. According to the U.S. Census Bureau's 2024 estimates, there are approximately 59.3 million Americans aged 65 and over, accounting for 17.7% of the total U.S. population.

**SAM Size for LSEV in Key Global Markets**




*Note: "CAGR" refers to the estimated compound annual growth rate of the LSEV market in each region from 2026 to 2030*

*Source: Frost & Sullivan, IMF, expert interview, public filing*

## LSEV Industry Chain

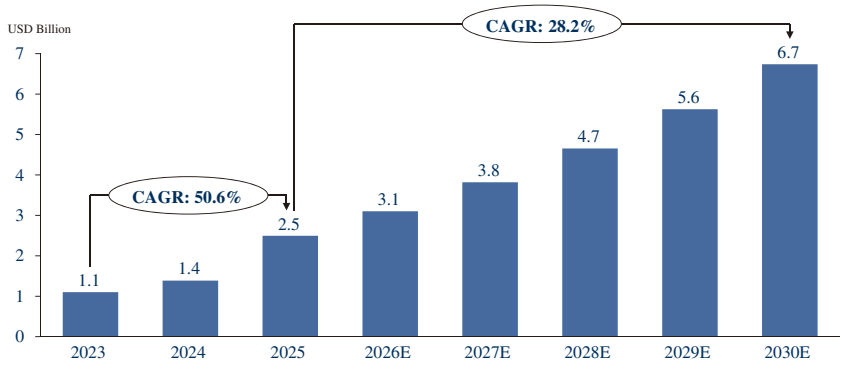
The LSEV industry chain can be divided into three main segments: upstream core component supply, midstream vehicle manufacturing and system integration, and downstream diversified application scenarios.

System integration, midstream brand operation, and downstream service ecosystems are becoming higher value-added areas. System integration refers to the technical integration of core components such as the battery, motor, and electronic control system, in compliance with the relevant industry standards. Brand operation refers to establishing brands and carrying out marketing and sales activities, such as channel deployment and consumer targeting, to enhance consumer loyalty and brand influence and revenue. The downstream service ecosystem refers to building a complete service chain that covers pre-sales consulting, delivery, and after-sales support. Established LSEV companies increasingly seek to build long-term competitive advantages through a "hardware + software + services" model which equips vehicles with software systems and supported by pre-sale and after-sales services to customers. Our Company's products and services cover vehicles, intelligent software, and both pre-sales and after-sales services, and therefore meet the operating requirements of this model.

## Global LSEV Market Size

### *Global LSEV market size*

**Global LSEV Market Size, 2023-2030E**




*Source: Frost & Sullivan, IMF, expert interview, public filing*

### Analysis of Success Factors for LSEV Enterprises

***Globalized production capacity layout.*** Established enterprises focus on the United States as a key market. On one hand, they establish production bases in supply chain hubs such as Southeast Asia, leveraging local labor and raw material resources to control basic costs. On the other hand, they deploy vehicle and core component manufacturing capabilities in key regions of the United States, forming a dual-track production capacity system.

***Established overseas sales network.*** Building distributor relationship and cultivating high-quality distributors are core supports for leading manufacturers in constructing competitive barriers. Leading manufacturers focus on building the distributor system, prioritizing the selection and cultivation of partners with strong financial capabilities, a younger profile and the potential for deeper collaboration.

***Continuous product iteration capability.*** Established enterprises focus on users' core needs and scenario pain points to drive product upgrades across three dimensions: hardware, functionality and experience. Such user-oriented iteration can help match market changes, build word-of-mouth through differentiated functions, and support sales and brand recognition.

### Drivers and Development Trends in the LSEV Market

***Diversified demand in community scenario accelerates market penetration.*** Demand from the elderly for stable transportation and short-distance shopping, the pursuit of flexible commuting and convenient parking among young people, and the need for equipment transport in daily community operations collectively expand market demand. Meanwhile, vehicle lightweighting, foldable designs and long-range capabilities further align with the practical usage scenarios of community transportation. Foldable design solutions that allow key components such as seats and roof, or the whole LSEV, to be folded quickly to reduce the volume.

***Upgraded outdoor leisure consumption drives market expansion.*** The outdoor leisure economy covers economic activities related to outdoor activities including golfing, camping, cycling, hiking, mountaineering and suburban excursions. Residents in Europe, America and other developed regions generally advocate nature, pursue a leisure and healthy lifestyle, and are keen on outdoor activities, driving the rapid growth of the market. The growth of outdoor leisure activities, such as scenic area tours and camping, has increased demand for mobility products that are not only functional, but also convenient, low-noise and suitable for outdoor usage scenarios. Compared with traditional fuel-powered transportation vehicles, LSEVs have no tailpipe emissions during operation, generate relatively low noise and are generally compact in size, which makes them well suited for use in scenic areas, campsites and other outdoor leisure settings where environmental impact, noise control and ease of movement are important considerations. In addition, consumers in these scenarios increasingly expect mobility products to provide a better user experience beyond basic passenger or goods transportation. By incorporating smart modules that support functions such as navigation, Bluetooth connectivity and smart locks, LSEVs can better meet consumers' demand for convenient and user-friendly short-distance mobility in outdoor leisure scenarios, thereby supporting the continued expansion of the LSEV market.

## GLOBAL E-MOBILITY INDUSTRY COMPETITIVE LANDSCAPE

### Overview of the E-Mobility Industry Competitive Landscape

Among them, E-Mobility manufacturers with annual revenue exceeding US$300 million are defined as top-tier players. E-Mobility manufacturers with annual revenue ranging from US$50 million to US$300 million are defined as second-tier players.

**Global E-Mobility Enterprise Ranking and Market Share (by Revenue), 2025**

| Ranking | Company | Revenue ($US in million) |
|---|---|---|
| Top Tier | Company B, Company C, Company E, Company A, The Company | >300 |
| Second Tier | Company D | 50-300 |

## Global LSEV Market Ranking

**Global LSEV Enterprise Ranking and Market Share (by Revenue), 2025**

| Ranking | Company | Revenue ($US in million) | Market Share |
|---|---|---|---|
| 1 | The Company | 1,957.4 | 10.9% |
| 2 | Company A | 1,929.9 | 9.6% |
| 3 | Company B | 1,185.0 | 6.6% |
| 4 | Company C | 766.0 | 4.3% |
| 5 | Company D | 346.3 | 1.9% |

*Source: Frost & Sullivan, expert interview, public filing*

*Note:*

1. Company A is a non-listed company established in 2007, focusing on the R&D, production and sales of LSEVs;
2. Company B is an enterprise founded in 1954 and is a non-independently listed entity. Its core business comprises the R&D and manufacturing of LSEVs;
3. Company C is an enterprise established in 1958, which was listed on NASDAQ in 1993 and is currently a non-independently listed entity. Company C focuses on the R&D, production and global sales of LSEVs;
4. Company D is a non-listed company founded in 2017, with its core business being the R&D and production of LSEVs.
5. Company E is a brand under a listed company established in 2012, focusing on the R&D, production and sales of electric two-wheelers, electric scooters and electric balance bikes.

## LSEV Industry Entry Barriers

### *Technical barriers*

The LSEV industry has relatively high technical requirements. Enterprises must possess deep technical expertise in key areas such as the three-electric system and unmanned driving technology. The three-electric system consists of batteries, motors and electronic controls, serving as the core component of new energy vehicles. The system is critical for LSEVs and delivers core functions including stable cruising range, power output and intelligent vehicle control. In addition, leading industry players are actively exploring unmanned driving technology to enhance overall product competitiveness and product strength. For instance, optimization work on the chassis structure and the application practice of intelligent connectivity technology for LSEVs require substantial R&D investment and professional technical support. Furthermore, product iteration in this industry is rapid, making it difficult for new entrants to reach the corresponding technical level in a short time. Significant time and capital must be devoted to R&D. These factors collectively constitute high technical barriers.

### *Supply chain barriers*

A well-established supply chain system is crucial for ensuring product quality and supply stability. Established enterprises, through long-term development, have built close cooperative relationships with numerous high-quality suppliers, enabling them to ensure stable raw material supply while achieving effective cost control. Moreover, a globalized production capacity layout can further reduce production costs. However, for new entrants, building such an efficient and stable supply chain system is quite challenging. It requires considerable time and effort to find suitable suppliers and coordinate relationships among various segments of the supply chain. Therefore, the supply chain constitutes a significant competitive barrier within the industry.

## GLOBAL ELECTRIC TWO-WHEELER INDUSTRY OVERVIEW

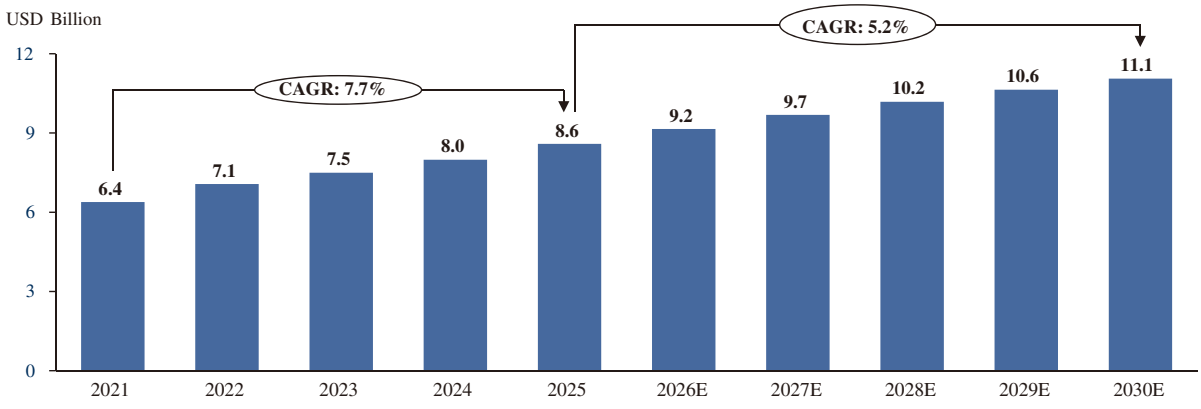
### Definition and Classification of Electric Two-Wheelers

Electric two-wheelers are two-wheeled transportation tools that integrate modern electronic information technology, intelligent control technology and electric drive systems. They are widely used in scenarios such as short-distance commuting and leisure entertainment. Based on product form and functional positioning, electric two-wheelers can be mainly divided into electric balance bikes, electric bicycles and electric scooters. Electric balance bikes rely on gyroscopes and acceleration sensors to achieve automatic balance, requiring no manual steering control, and are mostly stand-on models commonly used for short-distance travel or leisure scenarios. Electric bicycles retain the pedal-cycling function of traditional bicycles while being equipped with motor-assisted drive, featuring a complete riding structure including handlebars and seats, and are mostly used for scenarios, such as daily commuting and shopping. Electric scooters are based on a scooter frame, equipped with a motor, handlebars and small wheels. They are lightweight and easy to fold, solving the "last mile" commuting need.

### Intelligent Electric Two-Wheeler Market Size

In the smart electric two-wheeler market, mature markets such as North America and Europe account for over 70% of the overall market share. Constrained by saturated market penetration and a shift in consumer demand toward the stock replacement phase, their CAGR is significantly below 5%. In contrast, emerging markets including South America and Southeast Asia make up less than 30% of the total market. Driven by surging demand for short-distance travel amid rapid urbanization and rising consumer purchasing power, their CAGR is close to 10%.

**Global Intelligent Electric Two-Wheeler Market Size, 2021-2030E**




*Source: Frost & Sullivan, expert interview, public filing*

### Drivers of the Intelligent Electric Two-Wheeler Market

***Rising global demand for short-distance mobility.***

With the continuous advancement of urbanization and rising resident income levels, consumers have higher requirements for travel convenience, covering diverse needs such as short-distance commuting, daily transportation and leisure travel. Many suburban residents move to urban areas in pursuit of greater convenience and a higher quality of life. Urbanization-driven and convenience-oriented lifestyle shifts have significantly increased global demand for short-distance commuting, neighborhood travel and leisure mobility. Users increasingly prefer electric two-wheelers over traditional modes due to lower costs, easier access and better adaptation to congestion and parking constraints. This rising demand continues to expand the market foundation worldwide.

***Active industry competition accelerates product iteration.***

New entrants and established manufacturers are rapidly expanding the supply side of the intelligent electric two-wheeler market. Competition drives faster iteration in performance, safety and intelligent features, resulting in more diversified and higher-quality product offerings. The vitality of industry players fuels continuous innovation and supports sustained market expansion.

### Global Intelligent Electric Two-Wheeler Market Competitive Landscape

Established Chinese manufacturers have a significant position in the global intelligent electric two-wheeler market by virtue of core barriers in technological R&D, compliance certification, and supply chain integration; while tail-end manufacturers remain highly fragmented, mostly surviving through regional OEM services. We hold approximately 1.3% market share in the global electric two-wheeler market.

***Intelligent Electric Two-Wheeler Industry Entry Barriers***

*Supply chain barriers*

Core components such as batteries, motors, controllers and structural frames have a direct impact on vehicle performance and safety, and require long-term matching and calibration to achieve stable quality. Established companies maintain deep cooperation with key suppliers, securing advantages in cost, consistency and reliability. New entrants generally lack the supply chain maturity and verification cycles needed to ensure product stability.

*Distribution and service barriers*

Two-wheelers are used frequently and require ongoing maintenance, which places high demands on sales and after-sales service capabilities. Established players operate extensive and responsive offline service networks, while new entrants must invest significant resources to build comparable capabilities. Limited channel coverage and after-sales capacity constrain their ability to achieve effective market penetration.

## GLOBAL POWERSPORTS INDUSTRY

### Definition and Classification of Powersports

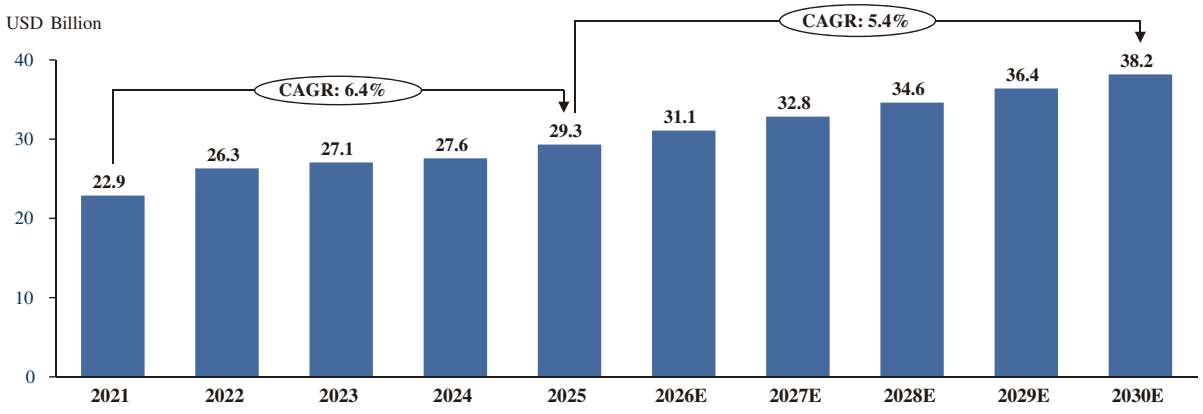
Powersports are a category of vehicles specifically designed for complex outdoor scenarios. They require strong environmental adaptability, enabling normal operation and function fulfillment under various harsh and complex outdoor conditions. Powersports are mainly divided into two categories,

being ATVs and off-road motorcycles. ATVs have excellent passability, capable of traversing various terrains such as rugged mountains, muddy swamps and gravel-filled wilderness. They are often used in outdoor exploration, off-road competitions and some outdoor work scenarios. Off-road motorcycles are relatively flexible and portable, making them suitable for outdoor areas with relatively better road conditions but requiring quick maneuvering, such as rural roads and roads around scenic areas. They are also widely used in outdoor recreation, leisure and short-distance transportation.

### Global Powersports Market Size

In the global powersports market, North America accounts for approximately half of the market share due to its mature outdoor recreation culture, with a CAGR of less than 5%. Europe and the Asia-Pacific region together account for less than 40% of the market, with a growth rate of about 5%. Emerging markets, including Latin America and Southeast Asia hold a market share of roughly 10%. However, driven by the advancement of agricultural mechanization, the rise in outdoor recreation demand, and infrastructure construction, their growth rate reaches about 10%, making them an important growth driver for the global market.

**Global Powersports Market Size by Revenue, 2021-2030E**




*Source: Frost & Sullivan, expert interview, public filing*

### Analysis of the Raw Material of E-Mobility Products

| Main Raw Materials | Unit | 2021 | 2022 | 2023 | 2024 | Key Factors Influencing Pricing |
|---|---|---|---|---|---|---|
| Lithium Iron Phosphate Batteries (24V 10AH) | RMB/ Unit | 300-500 | | 300-450 | 200-350 | • **Raw Material Fluctuations:** Lithium carbonate prices dropped to RMB150,000 per ton in 2024, while iron phosphate prices increased by RMB500 per ton;<br>• **Market demand split between two sectors:** Most batteries are used in electric vehicles, squeezing supply for industrial applications |
| Hub Motor (Below 500W) | RMB/ Unit | 400-800 | 350-700 | 300-600 | 250-500 | • **Rare Earth Price Fluctuations:** Price of praseodymium and neodymium declined in 2023, reducing electricity costs;<br>• **Lightweight Innovation:** Optimizing magnet geometry to reduce material usage |
| Primary Aluminum | RMB/ Ton | 15,000-24,000 | 16,000-26,000 | 17,000-20,000 | 18,000-22,000 | • **Energy Costs:** 2022 coal/power hikes lifted prices; 2024 stable supply aided 2023-2024 recovery;<br>• **NEV Demand:** EV frame lightweight use boosted consumption, lifting 2023-2024 prices. |
| Iron Ore | RMB/ Ton | 600-1,700 | 650-1,000 | 700-950 | 700-850 | • **Supply Swings:** Australia/Brazil shipments drove 2021 extremes; 2023-2024 stability narrowed volatility;<br>• **Auto Steel Demand:** Vehicle/construction needs softened prices post-2022. |

## Global Powersports Industry Drivers and Development Trends

***Policy-driven green and intelligent development.*** Policies in various countries strongly promote the development of the powersports industry towards green and intelligent directions. For example, China's New Energy Vehicle Industry Development Plan (2021–2035) drives the electrification and intelligent upgrading of special-purpose vehicles, while the EU's Regulation (EU) 2016/1628 on emissions from non-road mobile machinery promotes the low-emission transformation and technical compliance standardization of outdoor special-purpose vehicles. Such policies encourage enterprises to increase investment in technology R&D, enhancing the environmental performance, electrification and intelligence level of vehicles.

***Technological innovation enhances product performance and functionality.*** Continuous breakthroughs in new energy technologies and autonomous driving technologies, along with developments in solid-state batteries and hydrogen fuel cell technology, are improving the performance of powersports, enriching their functionalities, and simultaneously enhancing operational convenience and safety. Solid-state battery refers to an innovative battery technology that uses a solid electrolyte as the medium for ion transmission. Solid-state batteries feature larger capacity and longer driving range. However, the market is still in the early stage of development and has not been widely adopted. It is expected to be gradually applied to LSEVs in the future. For example, the TLG Super Electric Y7 adopts solid-state battery technology. We are a Chinese enterprise and subject to the legal and regulatory system of China. The United States is not only our major revenue source at this stage but also a key strategic layout region in the future with high business relevance. Accordingly, policy support from China is conducive to the sales and promotion of our products in the U.S. market.

## GLOBAL POWERSPORTS MARKET COMPETITIVE LANDSCAPE

Overseas manufacturers have a significant position in the global powersports market with advantages in brand heritage, technical R&D, global supply chains, regulatory compliance, and market positioning, while further solidifying their leading status through intelligent technology integration. We hold approximately 0.5% market share in the global powersports market.

### *Powersports Industry Entry Barriers*

*Product barriers*

Powersports operate in demanding environments such as mountainous, muddy or gravel terrains, which impose strict requirements on product power performance, structural strength, durability and safety. Leading brands establish product advantages through long-term extreme-condition testing, professional competition validation and accumulated user feedback, creating strong reliability credentials. These product-level advantages are difficult for new entrants to replicate in the short term.

*Supply chain barriers*

The powersports industry relies heavily on coordinated supply-chain collaboration, requiring manufacturers to build stable links across both upstream components and downstream channels. New entrants, lacking long-standing supplier integration and established channel resources, face substantial challenges in building comparable systems, forming a significant entry barrier.

## SOURCE OF INFORMATION

This section includes information from the F&S Report commissioned by us, as we believe information imparts a better understanding of the global LSEV and powersports industries. We believe that Frost & Sullivan has specialized research capabilities and experience in this industry in China. Frost & Sullivan is an independent market intelligence provider that provides market research, information and advice to companies in various industries, including the global LSEV and powersports industries. We have agreed to pay a commission fee of RMB750,000 for the F&S Report. We are of the view that the payment of such fee does not impair the fairness of the conclusions drawn in the F&S Report. Figures and statistics provided in this document and attributed to Frost & Sullivan or the F&S Report have been extracted from the F&S Report and published with the consent of Frost & Sullivan.

In preparing the F&S Report, Frost & Sullivan conducted detailed research which involved primary research that involved expert interviews and company interviews, and secondary research analyzing information and statistics published by government departments, industry associations, publications and studies by industry experts, public company annual and quarterly reports, Frost & Sullivan's other research reports, online resources and data from Frost & Sullivan's research database. Frost & Sullivan also assumes that (1) the social, economic and political environments of China, the U.S. and globally will remain stable during the forecast period, (2) the data quoted from authoritative agencies remains unchanged, (3) related market drivers are expected to continue to drive the growth of the relevant markets in the forecast period, and (4) there is no extreme force majeure events or new industry regulation which would materially or fundamentally affect the relevant markets.

## DIRECTORS' CONFIRMATION

After making reasonable inquiries, our Directors confirm that, to the best of their knowledge, there has been no adverse change in the market information presented in the F&S Report since the date of the report which may qualify, contradict or have an impact on the information in this document.