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OVERVIEW OF GLOBAL AND CHINA'S POWER INDUSTRY

Amid the ongoing global energy transition and advancing carbon peaking initiatives, the global power industry is accelerating its transformation towards cleaner power generation and more intelligent grids. Global grid investment increased from US$300.0 billion in 2021 to US$470.0 billion in 2025, representing a CAGR of 11.9% from 2021 to 2025. This growth was primarily driven by accelerated renewable energy deployment, rising electricity demand from transportation electrification and rapid data center expansion, and increasing global requirements for grid security and resilience.

China's total electricity consumption increased from 8,312.8 TWh in 2021 to 10,368.2 TWh in 2025, representing a CAGR of 5.7% from 2021 to 2025, and is expected to further reach 14,342.5 TWh by 2030, with a CAGR of 6.7% from 2025 to 2030. With the acceleration of China's energy structure transformation and the advancement of its carbon peaking and carbon neutrality goals, its power industry has entered a new development stage guided by the principles of clean, low-carbon, safe and efficient energy. Since 2021, China's total investment in power engineering has grown from RMB1,048.1 billion in 2021 to RMB1,732.3 billion in 2025, representing a CAGR of 13.4% from 2021 to 2025, and is expected to further increase to RMB3,309.7 billion in 2030, with a CAGR of 13.8% from 2025 to 2030.

OVERVIEW OF GLOBAL AND CHINA'S POWER DISTRIBUTION AND UTILIZATION EQUIPMENT AND SOLUTIONS INDUSTRY

Definition and Classification of Power Distribution and Utilization Equipment and Solutions Industry

A power system is an integrated system that converts various primary energy sources into electrical energy and delivers, distributes and utilizes such electricity through power grids. Based on the flow of electricity, a power system is generally divided into four segments: power generation, transmission and transformation, distribution, and utilization. The power distribution and utilization equipment and solutions industry encompasses equipment, systems and related solutions used in distributing electricity from the terminal end of the transmission network to end-users and their subsequent utilization. It covers both conventional power distribution and utilization equipment and smart power distribution and utilization equipment and solutions. Positioned downstream in the power system, this industry serves as a critical link connecting power grids with end-users, and its development directly affects the security, reliability and efficiency of electricity supply. The industry is centered on the manufacturing and supply of power distribution and utilization equipment, while increasingly incorporating automation, digitalization and intelligent technologies to provide integrated solutions and related services.

According to *the Standard for Voltage Levels of Electric Power Systems* and commonly adopted classifications by organizations such as the International Electrotechnical Commission ("IEC"), voltage levels in power systems are generally categorized into high voltage, medium voltage and low voltage. Medium voltage typically refers to voltage levels ranging from 1 kV to 35 kV, low voltage refers to voltage levels of 1 kV and below, and high voltage refers to voltage levels above 35 kV. Within China's power grid system, the distribution segment primarily serves voltage levels of 35 kV and below, with 10 kV serving as the principal distribution voltage level. On the utilization side, electricity is typically delivered through low-voltage distribution networks operating at 0.4 kV, from which residential users generally receive single-phase 220V electricity and commercial and industrial users generally receive three-phase 380V electricity.

Power System Segment	Power Generation	Power Transmission and Transformation	Power Distribution	Power Utilization
Description	The process of converting primary energy into electrical energy	The transmission of electricity through high-voltage and ultra-high-voltage transmission lines	The reduction of voltage and distribution of electricity to end-user terminals	The metering, monitoring and utilization of electricity by end users
Applicable Voltage Range	Not applicable	Above 35 kV (exclusive)	Above 1 kV (exclusive) and up to 35 kV (inclusive)	1 kV (inclusive) and below
Major Products and Solutions	Thermal, solar, wind power generation equipment, etc.	High-voltage transformers, high-voltage switchgear, relays, substations and automation systems, etc.	Distribution transformers, ring main units, medium-/low-voltage switchgear, prefabricated substations, distribution automation systems, etc.	Electricity meters, AMI systems, energy management systems, etc.

Market Size of Global and China's Power Distribution and Utilization Equipment and Solutions Industry

Driven by continuous growth in electricity demand, increasing electrification and rapid expansion of renewable energy capacity, the global power distribution and utilization equipment and solutions market has exhibited steady growth. From 2021 to 2025, the market size of the global power distribution and utilization equipment and solutions industry by revenue increased from RMB1,170.6 billion to RMB1,696.6 billion, representing a CAGR of 9.7% from 2021 to 2025, and is expected to further grow to RMB2,380.2 billion by 2030, with a CAGR of 7.0% from 2025 to 2030.

As one of the largest power markets globally, China's power distribution and utilization equipment and solutions market has maintained steady growth. Benefiting from continued grid investment, new power system development and upgrading end-user electricity demand, the market size of China's power distribution and utilization equipment and solutions industry by revenue increased from RMB253.9 billion in 2021 to RMB311.1 billion in 2025, representing a CAGR of 5.2% from 2021 to 2025, and is expected to further increase to RMB438.6 billion by 2030, with a CAGR of 7.1% from 2025 to 2030.

Looking ahead, as renewable energy generation continues to increase, power systems are accelerating toward a new-type power system characterized by coordinated interaction across the "source-grid-load-storage" framework. Under this framework, the need for coordinated operation among the generation side ("source"), grid side ("grid"), utilization side ("load") and energy storage side ("storage") is becoming increasingly significant. The expanding integration of renewable energy and growing diversification of load structures are placing higher requirements on real-time sensing, dynamic regulation and intelligent control capabilities of power distribution and utilization systems, driving upgrades toward greater automation, digitalization and intelligence, and creating broad development opportunities for the smart power distribution and utilization equipment and solutions industry.

OVERVIEW OF GLOBAL AND CHINA'S SMART POWER DISTRIBUTION AND UTILIZATION EQUIPMENT AND SOLUTIONS INDUSTRY

Definition and Classification of Smart Power Distribution and Utilization Equipment and Solutions Industry

With the continuous evolution of power systems towards digitalization and intelligence, traditional power distribution and utilization systems are transitioning from equipment-centric, manually operated models to integrated management models characterized by data-driven operations, system coordination and intelligent decision-making. The smart power distribution and utilization equipment and solutions segment has emerged as a key development direction within the broader industry. From a penetration perspective, the share of smart power distribution and utilization equipment and solutions within the overall power distribution and utilization equipment and solutions market has continued to increase. Globally, the penetration rate rose from 27.9% in 2021 to 34.3% in 2025 and is expected to reach 42.3% by 2030. In China, the penetration rate rose from 34.3% in 2021 to 54.3% in 2025 and is expected to reach 68.5% by 2030.

Smart power distribution and utilization equipment and solutions refer to integrated solution systems based on sensing, communication connectivity, automated control and data analytics technologies. By integrating equipment, systems and data across both distribution and utilization segments, these solutions enable automated, digitalized and intelligent management of the entire electricity distribution and utilization process. Compared with traditional power equipment, smart equipment and solutions provide real-time condition monitoring, remote supervision, intelligent control and data analysis capabilities in addition to fundamental electrical functions, thereby enhancing operational efficiency, power supply reliability and system safety.

From the perspective of functions and application segments, smart power distribution and utilization equipment and solutions can be broadly categorized into: (i) smart power distribution equipment and solutions, and (ii) smart power utilization equipment and solutions. On the distribution side, smart distribution equipment and solutions are primarily applied in medium- and low-voltage distribution networks, enabling fault detection and localization, automatic isolation and service restoration through real-time monitoring, analysis and control of distribution equipment and grid operations, thereby improving distribution system automation and reliability. On the utilization side, smart power utilization equipment and solutions are deployed at the end-user level, enabling energy metering, utilization monitoring, load management and energy efficiency optimization by collecting, analyzing and managing electricity usage data.

Value Chain of Smart Power Distribution and Utilization Equipment and Solutions Industry

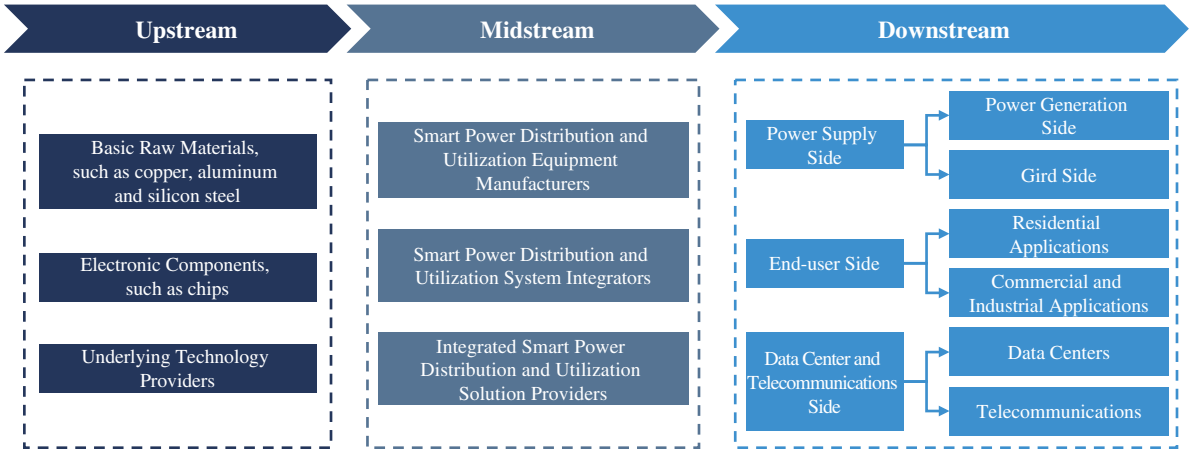
The value chain of the smart power distribution and utilization equipment and solutions industry comprises upstream suppliers of raw materials, core components and underlying technologies, midstream equipment manufacturers and system integrators, and downstream power system operators and end-users. The industry is characterized by strong technology-driven development and deep integration with application scenarios.

At the upstream level, participants primarily include suppliers of raw materials (copper, aluminum, silicon steel and insulation materials), core components (sensors, chips, power electronic devices and communication modules) and foundational technologies (embedded software, data processing algorithms and communication protocols). These inputs provide the foundational support for condition monitoring, data acquisition and remote communication functions, and their performance directly impacts the reliability and intelligence level of midstream products.

At the midstream level, participants primarily include equipment manufacturers and system integrators. Equipment manufacturers provide a wide range of intelligent devices across both distribution and utilization sides, including intelligent switchgear, distribution automation terminals, smart meters and power quality equipment. System integrators further combine hardware, software and communication

networks into comprehensive solutions tailored to specific application scenarios, including distribution automation systems, advanced metering infrastructure and energy management systems. As the industry evolves, midstream enterprises are increasingly transitioning from single-product suppliers to integrated solution providers, with those possessing strong system integration and software development capabilities gaining a competitive advantage.

At the downstream level, participants primarily include power grid companies, industrial enterprises, residential users, and commercial and public buildings. Power grid companies represent the primary demand for smart power distribution equipment and solutions, driven by distribution network automation upgrades and smart grid development. Residential, industrial and commercial users constitute the primary demand for smart power utilization equipment and solutions. Residential demand is mainly driven by smart metering deployment and replacement, while industrial and commercial demand is concentrated in electricity monitoring, energy efficiency management and power quality optimization. With the rapid development of data centers, electric vehicle charging infrastructure, distributed energy and energy storage systems, downstream demand is becoming increasingly diversified.



Source: Frost & Sullivan

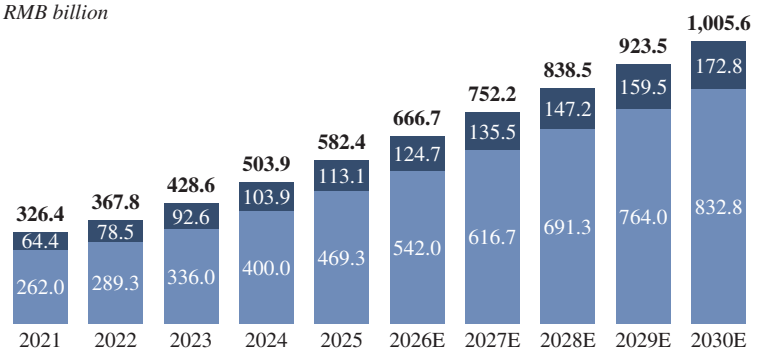
Market Size of Global Smart Power Distribution and Utilization Equipment and Solutions Industry

Driven by increasing distribution network automation, large-scale renewable energy integration and growing complexity of end-use electricity scenarios, the global smart power distribution and utilization equipment and solutions market has exhibited rapid growth. From 2021 to 2025, the market size of global smart power distribution and utilization equipment and solutions industry in terms of revenue increased from RMB326.4 billion to RMB582.4 billion, representing a CAGR of 15.6% from 2021 to 2025. Among this, the global smart power distribution equipment and solutions segment increased from RMB262.0 billion to RMB469.3 billion, representing a CAGR of 15.7% from 2021 to 2025, while the global smart power utilization equipment and solutions segment increased from RMB64.4 billion to RMB113.1 billion, representing a CAGR of 15.1% over the same period.

By 2030, the market size of global smart power distribution and utilization equipment and solutions industry is expected to reach approximately RMB1,005.6 billion, representing a CAGR of 11.5% from 2025 to 2030. Among this, the global smart power distribution equipment and solutions and smart power utilization equipment and solutions segments are expected to reach approximately RMB832.8 billion and RMB172.8 billion, respectively, representing CAGRs of 12.2% and 8.9% during the same period.

Market Size of Smart Power Distribution and Utilization Equipment and Solutions Industry (Global), 2021-2030E

CAGR	2021-2025	2025-2030E
Smart Power Distribution Equipment and Solutions	15.7%	12.2%
Smart Power Utilization Equipment and Solutions	15.1%	8.9%
Total	**15.6%**	**11.5%**



Source: International Energy Agency ("IEA"), Frost & Sullivan

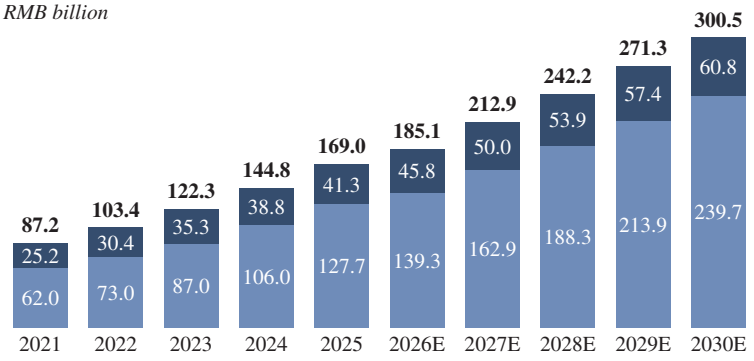
Market Size of China's Smart Power Distribution and Utilization Equipment and Solutions Industry

Driven by new power system development and increasing demand for intelligent upgrades, China's smart power distribution and utilization equipment and solutions market has maintained rapid growth. From 2021 to 2025, the market size of China's smart power distribution and utilization equipment and solutions industry in terms of revenue increased from RMB87.2 billion to RMB169.0 billion, representing a CAGR of 18.0% during the period. Among this, the smart power distribution equipment and solutions segment increased from RMB62.0 billion to RMB127.7 billion, representing a CAGR of 19.8% from 2021 to 2025, while the smart power utilization equipment and solutions segment increased from RMB25.2 billion to RMB41.3 billion, representing a CAGR of 13.2% over the same period. In recent years, bid prices for smart power distribution and utilization equipment and solutions awarded by large-scale grid groups in China have experienced certain pricing pressures. For example, in 2025, average winning bid prices for smart meters awarded by major grid groups in China generally declined as the industry entered a transition period between existing-generation and next-generation smart meter standards. Intensified competition for existing-generation products and ongoing industry-wide cost optimization efforts contributed to lower winning bid prices during the year. Since 2026, as the deployment of next-generation smart meters accelerates, products incorporating enhanced functionalities and higher technical specifications are expected to support a gradual recovery.

By 2030, China's smart power distribution and utilization equipment and solutions market is expected to reach approximately RMB300.5 billion, representing a CAGR of 12.2% from 2025 to 2030. Among this, the smart power distribution equipment and solutions and the smart power utilization equipment and solutions segments are expected to reach approximately RMB239.7 billion and RMB60.8 billion, respectively, representing CAGRs of 13.4% and 8.1% during the same period.

Market Size of Smart Power Distribution and Utilization Equipment and Solutions Industry (China), 2021-2030E

CAGR	2021-2025	2025-2030E
Smart Power Distribution Equipment and Solutions	19.8%	13.4%
Smart Power Utilization Equipment and Solutions	13.2%	8.1%
Total	**18.0%**	**12.2%**



Source: National Energy Administration ("NEA"), Frost & Sullivan

Market Drivers of Global and China's Smart Power Distribution and Utilization Equipment and Solutions Industry

Continuous upgrading of global power infrastructure. Power grids across many mature markets are entering renewal cycles, driving sustained demand for upgrade and replacement of aging distribution infrastructure. Traditional power distribution networks are increasingly unable to meet current requirements for reliability, flexibility and operational efficiency. Grid operators are upgrading existing equipment and introducing intelligent monitoring and automated control systems, thereby promoting the adoption and penetration of smart power distribution equipment and solutions.

Expansion of global grid investment. With growth in global electricity demand and acceleration of electrification, various countries are increasing grid investment, driving both capacity expansion and construction of additional transmission and distribution equipment and systems. As a critical link between the grid and end-users, power distribution networks have become a key focus of investment in automation and digitalization, leading to large-scale deployment of smart power distribution equipment and systems in upcoming investment and construction.

Increasing penetration of renewable energy. The rapid growth in installed capacity of renewable energy sources such as wind and solar, along with the increasing share of distributed energy resources, is transforming power systems from traditional one-way supply models to interactive, bidirectional systems. The intermittency and variability of renewable generation place higher requirements on real-time monitoring, dynamic regulation and intelligent control of distribution systems, driving demand for smart power distribution and utilization equipment and solutions.

Rising demand for refined management on the demand side. Industrial and commercial users are placing greater emphasis on energy efficiency management, electricity cost optimization and load management, driving increasing demand for data collection, real-time monitoring and intelligent analytics. As enterprises shift from extensive electricity usage to refined management, adoption of smart power utilization equipment and solutions, such as smart meters, energy management systems and power quality equipment, continues to increase.

Rapid growth of new power loads driven by AI and computing demand. With the rapid development of AI, big data and cloud computing, global demand for computing power continues to rise, and data center construction has entered a new expansion cycle. Such loads are characterized by high energy consumption, high density and stringent reliability requirements, placing higher standards on capacity allocation, power quality and supply continuity of distribution and utilization systems, thereby driving demand for smart solutions.

Digital transformation and policy support driving industry development. Amid energy transition and power system upgrades, governments worldwide continue to introduce policies supporting smart grids and new power systems, encouraging grid operators and end-users to increase digital investments. During China's 15th Five-Year Plan period, China is expected to further advance new-type power system development, focusing on enhancing the digitalization, intelligence and system regulation capabilities of power grids, while promoting upgrades in power distribution and utilization segments toward greater efficiency, safety and flexibility. These policies are driving sustained growth in market demand for smart power distribution and utilization equipment and solutions.

Future Trends of Global and China's Smart Power Distribution and Utilization Equipment and Solutions Industry

Acceleration of digitalization and intellectualization of power distribution and utilization systems. With the increasing share of renewable energy integration and growing complexity of demand-side load structures, traditional distribution models are increasingly unable to meet requirements for operational efficiency and supply reliability. The deployment of smart equipment and systems continues to expand, driving the transformation of power distribution and utilization systems from electricity delivery infrastructure to data-driven infrastructure with capabilities in data acquisition, condition monitoring and intelligent decision-making.

Regional divergence in global market development. The smart power distribution and utilization equipment and solutions market is exhibiting differentiated development patterns. In mature markets such as Europe and the United States, where power infrastructure is relatively well established, the focus is shifting from additional construction to intelligent upgrading and modernization of existing grid assets. In emerging markets such as Southeast Asia, the Middle East, Latin America and Africa, power distribution networks are expected to accelerate their transition from low automation levels toward digitalized and intelligent stages as power infrastructure improves.

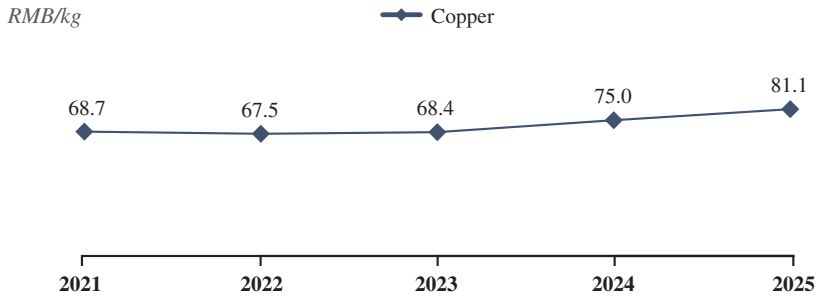
Increasing importance of demand-side management and strengthening integration between distribution and utilization. Under the new power system framework, the demand side is evolving from a passive consumption end into an active participant with the capability to regulate and interact with system operations. The expansion of demand response, load management and distributed energy integration scenarios is driving deeper coordination between distribution and utilization across data, control and system levels, accelerating the formation of an integrated "generation, grid, load, storage" operating model, accelerating the evolution of power distribution and utilization systems from relatively independent operation toward integrated and coordinated operation.

Evolution from equipment sales to integrated solutions and service-oriented models. As the industry matures and competition in standalone hardware intensifies, the focus of competition is shifting from individual equipment to comprehensive solution capabilities. Smart power distribution and utilization solutions involve the coordinated integration of equipment, communication systems and software platforms, placing higher requirements on system design, project delivery and operation and maintenance capabilities. Enterprises with diversified product portfolios, strong system integration capabilities and robust software platforms are better positioned to secure projects and establish long-term customer relationships. The industry is therefore evolving from a hardware-driven model toward one jointly driven by equipment, systems and services.

Cost Analysis

Copper is among the key raw materials used in the production of smart power distribution and utilization equipment and new energy products. From 2021 to 2025, the average market price of copper in China rose from RMB68.7/kg to RMB81.1/kg. The price trend mainly reflected changes in global supply and demand dynamics, supported by increasing demand from power grid investment, new energy deployment and electrification trends and broader industrial activities.

Average Market Price of Raw Material of Smart Power Distribution and Utilization Equipment and Solutions Industry in China, 2021-2025



Source: Wind, Frost & Sullivan

COMPETITIVE LANDSCAPE OF GLOBAL AND CHINA'S SMART POWER DISTRIBUTION AND UTILIZATION EQUIPMENT AND SOLUTIONS INDUSTRY

Competitive Landscape of Global Smart Power Distribution and Utilization Equipment and Solutions Industry

In terms of revenue from smart power distribution and utilization equipment and solutions in 2025, our Group ranked No. 7 globally with a market share of 1.9%, being the only Chinese company among these top seven players.

Top Seven Companies by Revenue of Smart Power Distribution and Utilization Equipment and Solutions Globally, 2025

Ranking	Company	Company Business Overview	Headquarters Location	Revenue of Smart Power Distribution and Utilization Equipment and Solutions (RMB Billion)	Market Share
1	Company A	Covering both smart power distribution and smart power utilization, with a primary focus on smart power distribution	Switzerland	79.1	13.6%
2	Company B	Covering both smart power distribution and smart power utilization, with a primary focus on smart power distribution	France	65.2	11.2%
3	Company C	Covering both smart power distribution and smart power utilization, with a primary focus on smart power distribution	Germany	64.0	11.0%
4	Company D	Integrated smart power distribution and utilization	Ireland	32.4	5.6%
5	Company E	Smart power utilization	United States	17.3	3.0%
6	Company F	Smart power utilization	Switzerland	12.2	2.1%
7	**Our Group**	**Integrated smart power distribution and utilization**	**China**	**11.2**	**1.9%**
Top Seven				**281.4**	**48.4%**
Total				**582.4**	**100.0%**

Source: Frost & Sullivan

Notes:

1. Company A, founded in 1988 and listed on the SIX Swiss Exchange and Nasdaq Stockholm, is primarily engaged in electrification, automation and digitalization solutions, including power grids, smart distribution systems and industrial automation products.

2. Company B, founded in 1836 and listed on Euronext Paris, is primarily engaged in energy management and automation solutions, including electrical distribution equipment, smart grid solutions and energy efficiency management systems.

3. Company C, founded in 1847 and listed on the Frankfurt Stock Exchange, is primarily engaged in industrial manufacturing, electrification and digitalization, including smart infrastructure, power distribution systems and automation technologies.

4. Company D, founded in 1911 and listed on the New York Stock Exchange, is primarily engaged in the provision of electrical products and solutions, including power distribution equipment, power quality systems, electrical automation and intelligent energy management solutions across utility, industrial, commercial and residential applications.

5. Company E, founded in 1977 and listed on the Nasdaq Stock Market, is primarily engaged in energy and water resource management solutions, including smart metering, grid edge intelligence and advanced data analytics platforms.

6. Company F, founded in 1896 and listed on the SIX Swiss Exchange, is primarily engaged in smart metering and energy management solutions, including advanced metering infrastructure and grid management systems.

Chinese enterprises have dominated the global smart meter market. In 2025, the top five companies by shipment volume in the global smart meter market were all Chinese enterprises. In terms of smart meter shipment volume in 2025, our Group ranked No. 1 globally with a market share of 10.1%. From 2020 to 2025, our Group ranked first globally in terms of smart meter shipment volume for six consecutive years.

Top Five Companies by Shipment Volume of Smart Meter Globally, 2025

Ranking	Company	Shipment Volume of Smart Meter (Million Sets)	Market Share
1	**Our Group**	**22.8**	**10.1%**
2	Company G	17.1	7.6%
3	Company H	16.2	7.2%
4	Company I	15.0	6.6%
5	Company J	12.0	5.3%
Top Five		**83.1**	**36.8%**
Total		**225.8**	**100.0%**

Source: Frost & Sullivan

Notes:

1. Company G, founded in 2000 and listed on the Hong Kong Stock Exchange, is primarily engaged in the production and sale of smart metering products and advanced energy management solutions, including smart meters and smart grid solutions.

2. Company H, founded in 1992 and listed on the Shanghai Stock Exchange, is primarily engaged in the production and sale of smart metering products and energy management solutions, including smart meters, advanced metering infrastructure systems and smart grid solutions.

3. Company I, founded in 1970 and headquartered in Zhejiang Province, China, is primarily engaged in the production and sale of smart metering products and energy management solutions, including smart meters and advanced metering infrastructure systems.

4. Company J, founded in 1996 and listed on the Shenzhen Stock Exchange, is primarily engaged in the production and sale of power equipment and energy solutions, including smart metering products, power distribution equipment and energy storage systems.

Competitive Landscape of China's Smart Power Distribution and Utilization Equipment and Solutions Industry

In terms of revenue from smart power distribution and utilization equipment and solutions in 2025, our Group ranked No. 1 in China with a market share of 5.0%.

Top Five Companies by Revenue of Smart Power Distribution and Utilization Equipment and Solutions in China, 2025

Ranking	Company	Revenue of Smart Power Distribution and Utilization Equipment and Solutions (RMB Billion)	Market Share
1	**Our Group**	**8.4**	**5.0%**
2	Company K	7.5	4.4%
3	Company G	7.2	4.3%
4	Company L	7.1	4.2%
5	Company M	7.0	4.1%
Top Five		**37.2**	**22.0%**
Total		**169.0**	**100.0%**

Source: Frost & Sullivan

Notes:

1. Company K, founded in 1995 and headquartered in Beijing, China, is the core operating platform of a leading global electrification and automation technology group in China and is primarily engaged in the provision of electrification, automation and smart power solutions, including power distribution equipment, transformers, switchgear and smart grid-related products and services.

2. Company L, founded in 1995 and headquartered in Beijing, China, is the core operating entity of a leading global energy management and industrial automation group in China and is primarily engaged in the provision of energy management and industrial automation solutions, including low- and medium-voltage distribution equipment, smart grid solutions and digital energy management products and services.

3. Company M, founded in 1993 and listed on the Shenzhen Stock Exchange, is primarily engaged in the production and sale of power equipment and automation systems, including smart grid solutions, distribution equipment and power system control technologies.

In terms of the bid amount of metering equipment awarded by a large national-level grid group in 2025, our Group ranked No. 3 in China, representing 2.8% of the total bid amount. In terms of the bid amount of distribution transformers and prefabricated substations by the same group in 2025, our Group ranked No. 1 in both categories.

Entry Barriers to Global and China's Smart Power Distribution and Utilization Equipment and Solutions Industry

Technological development and system integration barriers. Smart power distribution and utilization solutions involve multiple core technologies, including metering accuracy, communication stability, data processing and system compatibility, which place high requirements on R&D capabilities and technological accumulation. Such systems comprise various hardware devices and software platforms that must operate in coordination, requiring strong system integration capabilities. New entrants may find it difficult to establish comprehensive technical capabilities within a short period, forming significant technological barriers.

Certification and market access barriers. Power grid companies and large industrial customers impose stringent requirements on equipment safety, reliability and stability. Products must undergo rigorous certification, testing and long-term operational validation before admission into procurement systems. Particularly on the grid side, suppliers must obtain multiple certifications and pass tender qualification processes. New entrants generally face a lengthy process from product development to large-scale commercialization, creating high entry barriers.

Scale manufacturing and cost control barriers. Smart power distribution and utilization equipment exhibits a degree of standardization, and industry competition is increasingly shifting toward scale and cost efficiency. Companies with large-scale manufacturing capabilities achieve cost advantages through

supply chain integration, bulk procurement and improved production efficiency. As competition intensifies, pricing and delivery capabilities become critical competitive factors. New entrants lacking scale advantages may find it difficult to compete with established players.

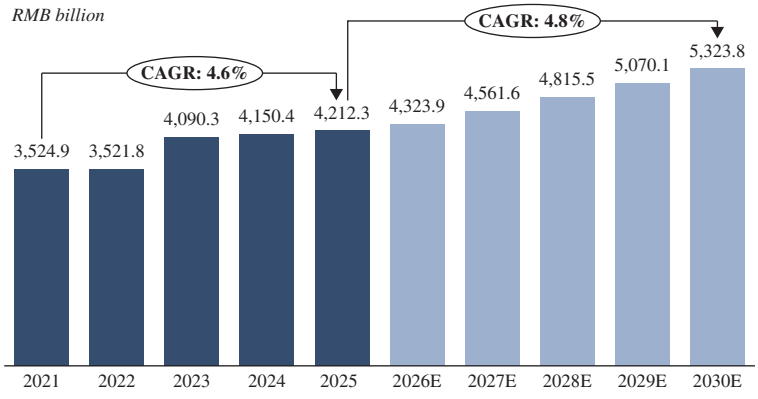
Customer relationships and brand barriers. Smart power distribution and utilization products are typically applied in critical power infrastructure, and customers place significant emphasis on product reliability, track record and long-term cooperation experience when selecting suppliers. Power grid companies and large industrial and commercial customers tend to establish long-term partnerships with suppliers possessing strong brand reputation and stable supply capabilities. Established companies accumulate customer resources and brand advantages through long-term project execution, while new entrants face challenges in acquiring key customers and building trust.

OVERVIEW OF MEDICAL SERVICES INDUSTRY IN CHINA

The medical services industry refers to a comprehensive industry in which certified medical professionals provide patients with disease prevention, diagnosis, treatment, rehabilitation and health management services through healthcare institutions. By institutional ownership, healthcare institutions are divided into public and private healthcare institutions. Public healthcare institutions dominate the allocation of high-quality medical resources, while private healthcare institutions, as an important supplement, play an increasingly critical role in enhancing service supply and satisfying diversified healthcare needs. By professional nature, healthcare institutions include general hospitals, specialized hospitals, traditional Chinese medicine hospitals and other hospitals.

The market size of China's medical services industry in terms of medical revenue expanded from RMB3,524.9 billion in 2021 to RMB4,212.3 billion in 2025, representing a CAGR of 4.6% from 2021 to 2025, and is projected to reach RMB5,323.8 billion in 2030, with a CAGR of 4.8% from 2025 to 2030.

Market Size of Medical Services Industry in China by Medical Revenue, 2021-2030E



Source: China Health Statistics Yearbook, National Health Commission of the PRC, Frost & Sullivan

Note: According to the China Health Statistics Yearbook, medical revenue refers to the revenue obtained by medical and health institutions from providing medical services. Medical revenue includes registration fees, bed fees, consultation fees, examination fees, laboratory test fees, treatment fees, surgical fees, medical sanitary materials revenue, pharmaceutical revenue, pharmaceutical service fees, nursing fees and other revenue.

OVERVIEW OF REHABILITATION HOSPITAL INDUSTRY IN CHINA

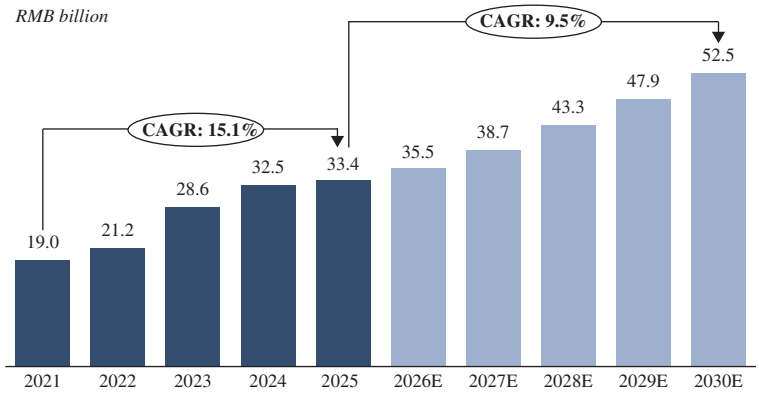
Definition and Classification of Rehabilitation Hospital Industry in China

Rehabilitation hospitals are specialized hospitals primarily offering services covering neurological rehabilitation, orthopedic rehabilitation, elderly rehabilitation and chronic disease rehabilitation, excluding rehabilitation departments of general hospitals, rehabilitation clinics, nursing homes and similar facilities. Rehabilitation hospitals can be divided into public and private rehabilitation hospitals, among which private rehabilitation hospitals represent the larger group in terms of numbers.

Market Size of Rehabilitation Hospital Industry in China

The number of rehabilitation hospitals in China grew from approximately 810 in 2021 to approximately 880 in 2025, representing a CAGR of 2.1% from 2021 to 2025. Supported by accelerating population aging, sustained release of rehabilitation demand and enhanced industry supply capacity, the number of rehabilitation hospitals in China is expected to increase to approximately 960 by 2030, with a CAGR of 1.8% from 2025 to 2030. Benefiting from the dual drivers of rigid demand growth and enhanced supply capacity, the medical revenue of rehabilitation hospitals in China reached RMB19.0 billion in 2021 and grew to approximately RMB33.4 billion in 2025, representing a CAGR of 15.1% from 2021 to 2025. Driven by rising household payment capacity, widening gaps in high-quality rehabilitation resources and professional industry development, such medical revenue is projected to reach approximately RMB52.5 billion by 2030, with a CAGR of 9.5% from 2025 to 2030.

Market Size of Rehabilitation Hospital Industry in China by Medical Revenue, 2021-2030E



Source: China Health Statistics Yearbook, National Health Commission of the PRC, Frost & Sullivan

Market Drivers of Rehabilitation Hospital Industry in China

Population aging and rising healthcare demand. China's accelerating population aging and rising prevalence of chronic diseases have driven increasing demand for post-operative rehabilitation, chronic disease management and long-term care services, supporting sustained growth of the rehabilitation hospital industry.

Enhanced household healthcare expenditure capacity. With continuous growth of residents' disposable income and stronger health awareness, demand for professional and personalized rehabilitation services has increased. The expansion of commercial health insurance and improved medical insurance reimbursement policies have further enhanced patients' payment capability and service accessibility.

Structural shortage of high-quality medical resources. High-quality medical resources in China remain concentrated in public tertiary hospitals focused on acute and severe disease treatment, resulting in shortages of specialized rehabilitation beds and professional rehabilitation services. Private rehabilitation institutions address the supply gap through flexible operations and specialized services, creating significant room for growth.

Diversification of medical services demand. Demand for rehabilitation services has expanded from basic functional recovery to specialized and personalized services, including neurological, orthopedic, geriatric and pediatric rehabilitation. Private rehabilitation institutions can respond quickly to evolving market demand and develop differentiated service offerings.

Future Trends of Rehabilitation Hospital Industry in China

Accelerated chain and group operation. Leading rehabilitation institutions are expected to expand through self-establishment, mergers and acquisitions, and cross-regional replication, improving resource integration, operational efficiency and service standardization, and further increasing industry concentration.

Deepening specialized development. Industry competition is shifting toward professional specialization. Rehabilitation institutions are increasingly focusing on niche segments such as neurology, orthopedics, geriatrics and pain management to strengthen clinical capabilities and establish differentiated competitive advantages.

Refined operational capabilities as core competence. As competition intensifies and regulatory requirements are tightened, refined operational management capabilities, including cost control, bed utilization, resource allocation and patient management, are becoming increasingly important to profitability and sustainable growth.

Improved digitalization and informatization. The application of electronic medical records, intelligent rehabilitation equipment, remote rehabilitation services and digital hospital management systems is expected to improve treatment efficiency, operational management and resource allocation, promoting service standardization and supporting long-term industry development.

Competitive Landscape of Rehabilitation Hospital Industry in China

Our Group ranked No. 1 among chain rehabilitation hospital groups in China by number of rehabilitation hospitals in 2025 with a market share of 2.8%.

Top Five Chain Rehabilitation Hospital Groups in China by Number of Rehabilitation Hospitals, 2025

Ranking	Chain Rehabilitation Hospital Groups	Number of Rehabilitation Hospitals	Market Share
1	**Our Group**	**25**	**2.8%**
2	Company N	24	2.7%
2	Company O	24	2.7%
4	Company P	17	1.9%
5	Company Q	8	0.9%
	Top Five	**98**	**11.0%**
	Total	**880**	**100.0%**

Source: Frost & Sullivan

Notes:

1. Company N, founded in 2016 and headquartered in Hong Kong, China, is primarily engaged in investment and operation of private medical services, rehabilitation hospitals and integrated medical care platforms in China.

2. Company O, founded in 1994 and listed on both the Shanghai and Hong Kong Stock Exchanges, is primarily engaged in pharmaceutical R&D, manufacturing, distribution and medical services operation.

3. Company P, founded in 2010 and headquartered in Beijing, China, is primarily engaged in high-end elderly communities, rehabilitation care and integrated medical and elderly care services.

4. Company Q, founded in 2012 and headquartered in Shanghai, China, is principally engaged in chain elderly care, rehabilitation medical services and community-based care for seniors across China.

Entry Barriers to Rehabilitation Hospital Industry in China

Qualification approval and compliance barriers. The establishment of rehabilitation hospitals is subject to strict regulatory approval and compliance requirements, including medical institution licensing, department setup, staffing standards and operational supervision. Institutions must also comply with ongoing requirements relating to medical quality, medical insurance and infection control, resulting in high regulatory barriers to entry.

Physician and core medical talent barriers. The rehabilitation hospital industry faces a shortage of experienced rehabilitation physicians, therapists and other core medical professionals, while talent cultivation requires long training cycles. Establishing and maintaining a stable professional medical team is critical to service quality and brand reputation, creating significant talent barriers for new entrants.

Capital investment and construction cycle barriers. Rehabilitation hospitals require significant upfront investment in property, specialized equipment, facility renovation and team building, together with substantial working capital during initial operations. The industry is characterized by relatively long payback periods, creating high capital and financing requirements.

Operational management capability barriers. Rehabilitation medical services involve complex operational management across medical quality control, department operation, medical insurance settlement, cost management and patient services. Efficient operation requires mature management systems and extensive industry experience, forming high operational barriers for new entrants.

SOURCES OF THE INDUSTRY INFORMATION

We commissioned Frost & Sullivan to analyze and prepare a report regarding global and China's power distribution and utilization equipment and solutions industry and China's rehabilitation hospital industry during the period from 2021 to 2030. Frost & Sullivan is an independent global consulting firm, which was founded in 1961 in New York, offering industry research and market strategies and provides growth consulting and corporate training. We agreed to pay a commission fee of RMB480,000 to Frost & Sullivan pursuant to a service agreement reached by arm's length negotiation. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report.

In preparing for the report, Frost & Sullivan conducted both primary and secondary research and relied on various sources. The primary research was conducted via interviews with key industry experts and leading industry participants. The secondary research involved analysis of market data obtained from several publicly available data sources, such as International Monetary Fund, National Bureau of Statistics of China and other industrial associations. The market projections in the Frost & Sullivan Report are based on the following key assumptions: (i) the global social, economic, and political environment are expected to remain stable during the forecast period; (ii) global economic and industrial development are likely to maintain a steady growth in the forecast period; (iii) related industry key drivers are likely to drive the growth of global and China's power distribution and utilization equipment and solutions industry and China's rehabilitation hospital industry in the forecast period; and (iv) there is no extreme force majeure or industry regulation in which the market may be affected dramatically or fundamentally.

Our Directors confirm that, to the best of their knowledge, after making reasonable inquiries, there has been no material adverse change in the market information since the date of the Frost & Sullivan Report that would materially qualify, contradict or have an adverse impact on the information in this section.