

INDUSTRY OVERVIEW

The information and statistics set out in this section have been extracted, in part, from various official government sources and a market research report prepared by Frost & Sullivan (the “F&S Report”) and commissioned by us. We believe that these sources are appropriate sources for such information and statistics and reasonable care has been exercised by us in selecting and identifying the named information sources, compiling, extracting and reproducing the information, and ensuring no material omission of the information. We have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information and statistics false or misleading in any material respect. Information derived from official government sources has not been independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED] and the [REDACTED], any of their respective directors or advisers, or any other person or party involved in the [REDACTED], and no representation is made as to its accuracy.

GLOBAL AND CHINA’S INDUSTRIAL ELECTRIC-DRIVE SOLUTION INDUSTRY

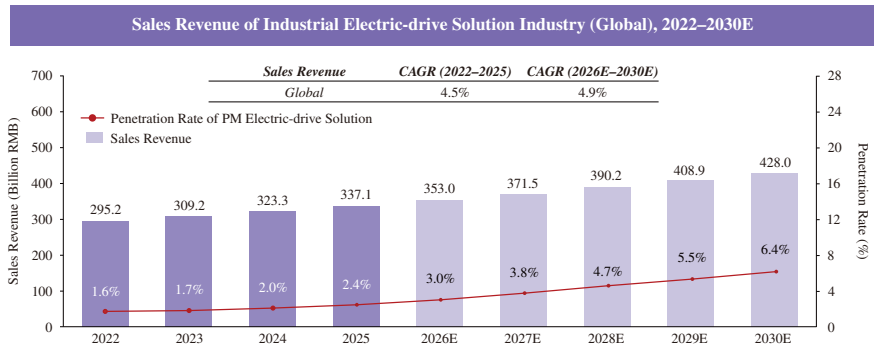
Overview

Industrial electric-drive solutions refer to an engineering system and related service provided to meet the motion control needs of industrial equipment. These solutions are centered on motors, drive and control units, supporting software, and related services including parameter tuning, operational optimization and maintenance. In industrial sectors, electric-drive solutions play a fundamental role, directly influencing equipment operational efficiency, stability and energy consumption levels. Industrial electric-drive solutions have established a stable demand base in industrial applications such as mining, renewable energy, manufacturing and others.

Market Size

In recent years, as global industrial energy efficiency regulations have been updated and the transition to Industry 4.0 has accelerated, the industrial electric-drive solution industry has shifted toward greater efficiency and intelligence, demonstrating steady growth. The global sales revenue of industrial electric-drive solution industry increased from RMB295.2 billion in 2022 to RMB337.1 billion in 2025, with a CAGR of 4.5%. In the future, the global sales revenue of industrial electric-drive solution industry is expected to reach RMB428.0 billion in 2030, growing at a CAGR of 4.9% from 2026 to 2030.

The penetration rate of PM electric-drive solution industry reached 2.4% in 2025, asynchronous motors continue to dominate traditional industrial applications. However, with the adoption of permanent magnet technology and surging demand from the downstream industry, the market penetration rate is expected to rise rapidly, reaching 6.4% by 2030.

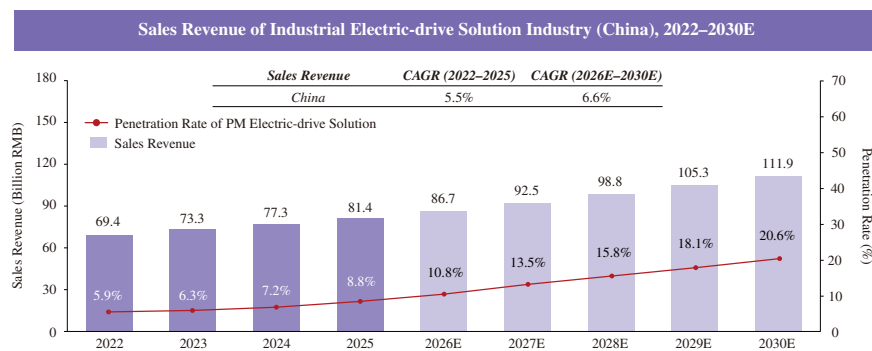


Source: Frost & Sullivan Analysis

With the support of policies, the industrial electric-drive solution industry has achieved steady growth. The sales revenue of industrial electric-drive solution industry in China increased from RMB69.4 billion in 2022 to RMB81.4 billion in 2025, with a CAGR of 5.5%. In the future, as application scenarios continue to expand and technological innovations advance, the industrial electric-drive solution industry will continue to grow, the sales revenue of industrial electric-drive solution industry in China is expected to reach RMB111.9 billion in 2030, growing at a CAGR of 6.6% from 2026 to 2030.

The penetration rate of PM electric-drive solution industry in China reached 8.8% in 2025. In the future, driven by the strengths of a well-established rare-earth permanent magnet industry chain and the upgrading of industrial equipment, the penetration rate is expected to rise rapidly, reaching 20.6% by 2030.

INDUSTRY OVERVIEW



Source: Frost & Sullivan Analysis

Future Opportunities

- (1) *Increasing penetration of industrial PM electric-drive solutions.* In response to increasingly stringent regulatory requirements in relation to energy efficiency, carbon emission control and production safety, downstream industrial enterprises have raised their requirements for industrial electric-drive solutions in respect of energy consumption and operation continuity. PM electric-drive solutions can significantly reduce energy consumption and failure rate by improving overall system efficiency, reducing transmission loss and minimizing unplanned downtime. As a result, penetration rates of PM electric-drive solutions in global and China’s markets reached 2.4% and 8.8% in 2025 and are projected to rise to 6.4% and 20.6% respectively by 2030. By contrast, traditional industrial electric-drive solutions, such as conventional asynchronous motor drive solutions, are expected to be gradually phased out due to their inferior efficiency and reliability.
- (2) *Downstream application capacity expansion drives steady growth in demand for electric-drive solutions.* Continued capacity expansion and accelerated equipment upgrades in downstream industries, notably in mining sector, will spur simultaneous growth in both new installations and retrofitting requirements for electric-drive solutions. Specifically, the mining industry’s expansion towards larger-scale and low-carbon production will drive demand for high-power, high-efficiency electric-drive solutions in heavy-duty applications such as ore beneficiation, grinding, crushing, and conveying.
- (3) *Digitalization and AI empowerment.* With continuous advancement of digital technologies and artificial intelligence, techniques such as data acquisition, edge computing, remote communication, and cloud-based analytics are progressively being integrated into industrial electric-drive solutions. This integration enhances capabilities in condition monitoring, diagnostic early warning, and operational maintenance. Furthermore, certain motor types exhibit inherent structural characteristics that facilitate intelligent transformation with more pronounced efficiency gains. For instance, permanent magnet motors, with their high-power density and compact design, can readily integrate sensors and communication systems, enabling efficient digital analytics and energy management. These digital and intelligent upgrades will enhance production continuity and efficiency, accelerating market share growth for data-enabled electric-drive solution providers.

GLOBAL AND CHINA’S INDUSTRIAL PM ELECTRIC-DRIVE SOLUTION INDUSTRY

Definition and Overview

Industrial PM electric-drive solutions refer to comprehensive solutions encompassing PM motors, frequency converters, load components, software systems, and related services, designed to deliver efficient and reliable motion power for critical equipment in the industrial sector. PM motors utilize permanent magnets as the magnetic field source to convert electrical energy into mechanical energy and achieve rotational or linear motion. Frequency converters typically integrate power conversion and control units, to regulate the startup, shutdown, speed, and torque of PM motors. Load components refer to mechanical components or equipment driven by PM motors, typically including rollers, compressors, agitators and other components. Software systems handle multiple aspects including online monitoring of onsite equipment status, fault diagnosis, and predictive analytics. Additionally, the industrial PM electric-drive solution encompasses related services that span the entire lifecycle from demand analysis and customized design to post-sales operation and maintenance.

INDUSTRY OVERVIEW

Industrial PM electric-drive solutions mainly comprise two drive modes, namely direct-drive systems and semi-direct drive systems. Direct-drive systems generally use PM motors to drive loads directly, without intermediate mechanical transmission components such as reducers, and are highly adaptable to operating conditions with relatively high requirements for efficiency and energy-saving performance. Semi-direct drive systems generally consist of low-speed PM motors coupled with small reducers. By using the reducer to provide a certain degree of buffering against torque fluctuations, such systems are more suitable for operating conditions involving relatively large load fluctuations. Compared to conventional mechanical transmission schemes employing asynchronous motors with reducers, industrial PM electric-drive solutions typically offer the following advantages:

- (1) *Efficiency and energy consumption advantages:* PM motors generate their magnetic field using permanent magnets, eliminating the need for excitation current and avoiding associated excitation system losses. Consequently, they generally achieve higher efficiency than traditional asynchronous motors.
- (2) *Maintenance cost advantages:* Industrial PM electric-drive solutions reduce the use of vulnerable components like reducers and couplings, minimizing long-term maintenance requirements caused by gear wear. Such solutions can reduce the frequency of onsite inspections, downtime repairs and spare parts replacement, lowering the need for maintenance personnel and supporting the upgrade towards unmanned operation and maintenance. This lowers both equipment operating and maintenance costs.
- (3) *Installation advantages:* Industrial PM motors feature compact dimensions and lightweight construction. The integrated PM electric-drive solution minimizes the need for traditional mechanical transmission components, reducing the need for space in the factories and improving space utilization.

The Advantages of PM Electric-drive Solution Compared with Traditional Asynchronous Motor Solutions		
Efficiency advantages	Energy efficiency levels	Permanent magnet motors achieve efficiency exceeding 95%, while asynchronous motors equipped with reducers achieve efficiency of around 90%.
	Transmission efficiency	In low speed application, improve by approximately 10%–15%.
Energy consumption advantages	Energy-saving rate	Average improvement is approximately 10%–20%. The improvement is more significant under light-load operating conditions where the load factor is below 40%.
Maintenance cost advantages	Failure rate	Reduce by 50% or more.
Installation advantages	Volume/Weight	Reduce by 15% or more.

Source: Frost & Sullivan Analysis

Analysis of the Technological Evolution Path of Motor Permanent Magnetization

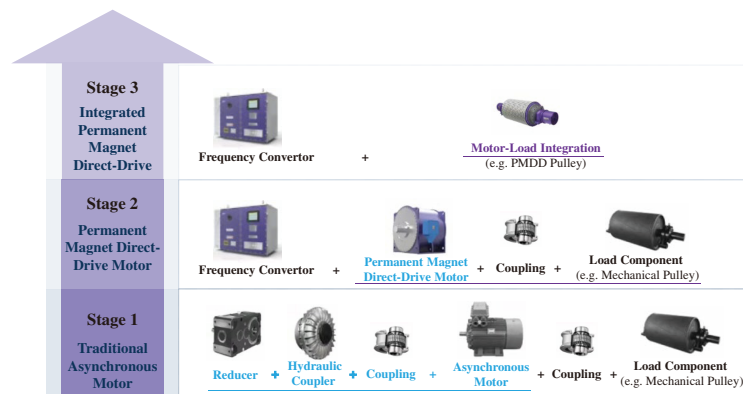
As motor permanent magnetization technology continues to evolve, electric-drive solutions have progressed through three stages, namely the transition from traditional asynchronous motor solutions to PMDD solutions, and further to integrated PMDD solutions.

The first stage was the traditional asynchronous motor stage. Traditional electric-drive solutions based on asynchronous motors typically consisted of asynchronous motors, couplings, hydraulic couplers, reducers and related mechanical components. Such solutions generally involved relatively long transmission chains and numerous mechanical components, and therefore were subject to relatively high transmission losses, frequent maintenance requirements and lower efficiency. On this basis, the power unit gradually began to upgrade from traditional motors to PM variable-frequency motors.

The second stage was the PM motor stage. As PM motor and variable-frequency control technologies gradually matured, electric-drive systems further evolved toward PMDD solutions. PMDD system refers to a drive architecture in which a PM motor drives the equipment load directly, without intermediate mechanical transmission components such as reducers and hydraulic couplers, thereby reducing transmission losses and maintenance requirements. At the same time, PM motor with low-speed high-torque design and precise variable-frequency control capabilities have better system efficiency, operational stability and control accuracy.

INDUSTRY OVERVIEW

The third stage was the integrated PMDD stage. On the basis of PM motors, electric-drive solutions further evolved toward the integration of the motor and the load, thereby further reducing intermediate mechanical transmission links and achieving deeper integration between the drive system and the load system. Taking belt conveyor applications in the mining industry as an example, PMDD pulleys represent one of the typical applications at this stage. By using the cylinder surface of pulley as the rotor part of the motor, such products achieve integration between the motor and the load. Compared with the previous two stages, this stage generally delivers more outstanding energy-saving performance. Supported by PM technology and cooling solutions, the motor can better adapt to complex operating conditions such as high temperatures, low temperatures, high dust levels and heavy-duty continuous operation, thereby driving related electric-drive solutions toward higher efficiency and greater intelligence. As the technology is relatively advanced, the number of enterprises in the industry with capabilities in the research and development, design and industrialization of PMDD pulleys remains relatively limited.



Major Downstream Applications

The industrial PM electric-drive solutions are widely applied in some sectors such as mining, renewable energy and manufacturing, providing efficient, energy-saving and stable power support for the operation of various types of equipment.

Major Downstream Applications of the Industrial PM Electric-drive Solution Industry

Main Downstream Industry	Main Application Scenarios
Mining Industry	Coal
	Non-ferrous Metals
	Ferrous Metals
	Rare Earths
	Others
Renewable Energy Industry	Electric Vessel
	Renewable Energy Construction Machinery
	Others
Manufacturing Industry	Papermaking
	Pharmaceuticals
	Heating, Ventilation and Air-Conditioning
	Chemicals
	Cement and Other Building Materials
Others	Others
	Ports, Water Treatment, Computing Power and Others

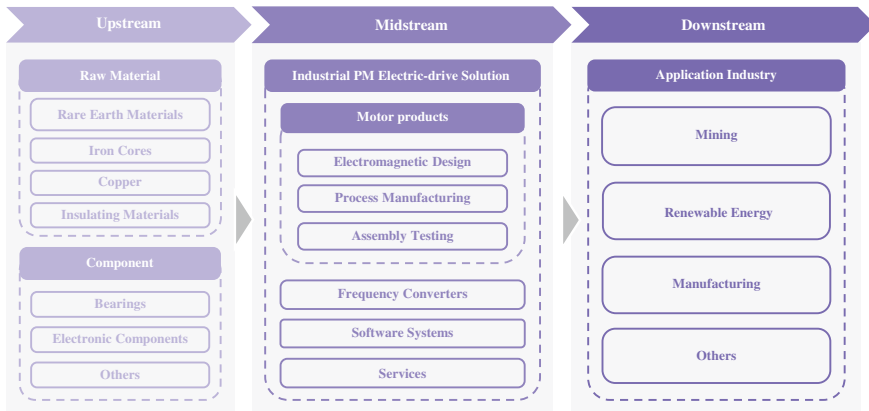
Source: Frost & Sullivan Analysis

INDUSTRY OVERVIEW

Value Chain Analysis

The industrial PM electric-drive solutions supply chain typically comprises upstream raw material and component suppliers, midstream industrial PM electric-drive solution providers, and downstream industrial application sectors. Upstream raw materials and components primarily include rare earth materials, iron cores, copper, insulating materials, bearings, electronic components and others. As midstream participants, industrial PM electric-drive solution providers primarily manufacture PM motor products based on electromagnetic design, process manufacturing, and assembly testing. Building upon existing motor products, they can further integrate frequency converters, software systems, and services to form deeply coupled, integrated solutions. Downstream applications span diverse sectors including mining, renewable energy and manufacturing.

Value Chain of Industrial PM Electric-drive Solution Industry

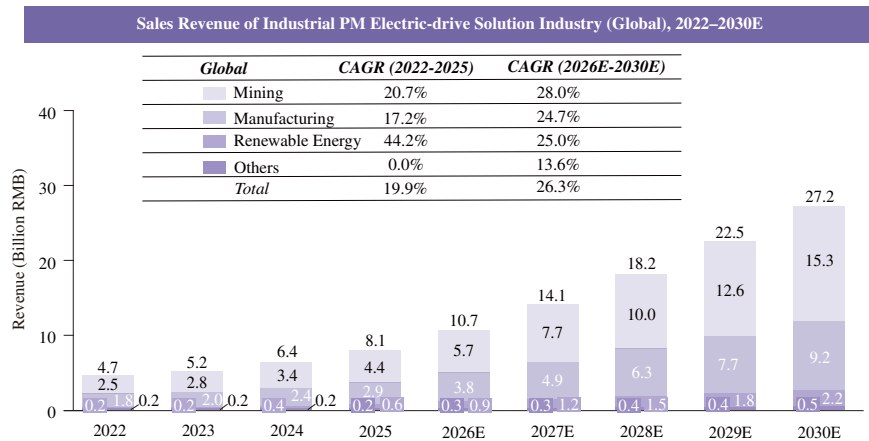


Source: Frost & Sullivan Analysis

Market Size

Driven by technological advancements and stable market demand growth, the global industrial PM electric-drive solution industry has continued to grow in recent years. The global revenue of industrial PM electric-drive solution industry increased from RMB4.7 billion in 2022 to RMB8.1 billion in 2025, representing a CAGR of 19.9%. Within the global industrial PM electric-drive solution industry, the revenue from the downstream mining, manufacturing and renewable energy reached RMB4.4 billion, RMB2.9 billion and RMB0.6 billion in 2025, with a CAGR of 20.7%, 17.2%, and 44.2% from 2022 to 2025.

In the future, the revenue of the global industrial PM electric-drive solution industry is expected to reach RMB27.2 billion in 2030, growing at a CAGR of 26.3% from 2026 to 2030. Specifically, the revenue from the downstream mining, manufacturing and renewable energy are expected to reach RMB15.3 billion, RMB9.2 billion, and RMB2.2 billion respectively by 2030, representing a CAGR of 28.0%, 24.7%, and 25.0% from 2026 to 2030.

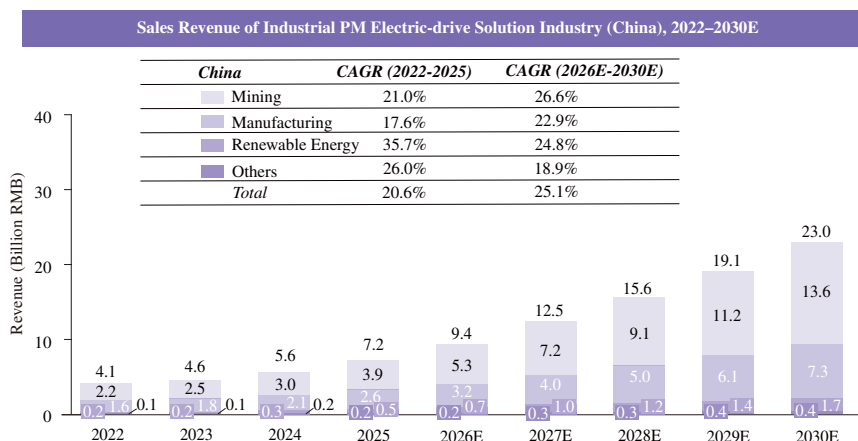


Source: Frost & Sullivan Analysis

INDUSTRY OVERVIEW

In recent years, with outstanding energy efficiency, the industrial PM motors have become the preferred choice for industrial energy-saving upgrades and the market has experienced rapid growth. The revenue of industrial PM electric-drive solution industry in China increased from RMB4.1 billion in 2022 to RMB7.2 billion in 2025, representing a CAGR of 20.6%. Within the industrial PM electric-drive solution industry in China, the revenue from the downstream mining, manufacturing and renewable energy reached RMB3.9 billion, RMB2.6 billion and RMB0.5 billion in 2025, with a CAGR of 21.0%, 17.6%, and 35.7% from 2022 to 2025.

In the future, the revenue of the industrial PM electric-drive solution industry in China is expected to reach RMB23.0 billion in 2030, growing at a CAGR of 25.1% from 2026 to 2030. Specifically, the revenue from the downstream mining, manufacturing and renewable energy are expected to reach RMB13.6 billion, RMB7.3 billion, and RMB1.7 billion respectively by 2030, representing a CAGR of 26.6%, 22.9%, and 24.8% from 2026 to 2030.



Source: Frost & Sullivan Analysis

Market Drivers

- Favorable Policy Support.** Energy-efficiency policies across different countries continue to support the development of the industrial PM electric-drive solution market. Some developed economies introduced such policies at early years. For example, in July 2023, the European Union mandated that all motors ranging from 75kW to 200kW meet the IE4 energy efficiency standard. In addition, in July 2019, Australia reinforced its mandatory Minimum Energy Performance Standards (MEPS) system by improving energy efficiency of various electrical products. In recent years, the Chinese government has introduced supportive policies in energy-saving and carbon-reduction. In February 2026, China’s Ministry of Industry and Information Technology, together with three other departments, jointly issued the “Implementation Plan for the High-Quality Development of Energy-Saving Equipment (2026–2028)” (《節能裝備高質量發展實施方案(2026–2028年)》). Moreover, in March 2024, China’s Ministry of Industry and Information Technology, alongside six other departments issued the “Implementation Plan for Promoting Equipment Renewals in the Industrial Sector” (《推動工業領域設備更新實施方案》). These policy measures accelerate the replacement of inefficient installed equipment, helping enterprises reduce energy consumption and supporting higher market penetration of PM electric-drive solutions in industrial applications.
- Unmanned Operation and Higher Economic Benefits.** Motors are the most important end-use electricity-consuming products in the industrial sector. Electricity consumption and maintenance costs are core components of equipment operating costs. Compared with conventional motors, PM synchronous motors offer advantages in unmanned operation and energy-saving performance. By reducing intermediate transmission components, such solutions can lower energy consumption and maintenance requirements, reduce the need for maintenance personnel and support the upgrade towards unmanned operation. For example, in labor-intensive industries such as mining, PM electric-drive solution providers can reduce energy consumption and save costs through lower repair frequency and reduced the number of working staff.
- Innovation and Upgrading.** In the increasingly competitive market, more and more PM electric-drive solution providers, especially some leading ones, continuously upgrade their technologies and launch new products to strengthen competitive edge and obtain market shares. For example, based on PM technology, the PMDD pulley motors have been introduced as an upgraded solution

INDUSTRY OVERVIEW

to conventional electric-drive systems to the market in recent years. The product integrates the motor and conveyor pulley into a single unit, reducing installation space, eliminating intermediate mechanical transmission components and enabling stepless speed control through intelligent drivers.

Future Opportunities and Challenges

- (1) *Expansion of Application Scenarios.* Driven by advantages in energy efficiency and emission reduction, PM electric-drive solutions are increasingly adopted by downstream enterprises in the mining, manufacturing and other industries. In the mining industry, such solutions are well suited to heavy-load, continuous-operation scenarios and help reduce energy consumption, supporting broader penetration across coal, non-ferrous metal and other sectors. In the pharmaceutical industry, such solutions can be applied to air compressors, centrifuges, mixing equipment and other scenarios, meeting production workshops’ core requirements for sterility, energy efficiency and precision production, thereby supporting the industry’s process upgrade. In the computing power infrastructure sector, computing centers have increasingly higher energy efficiency requirements for supporting equipment such as cooling water pumps and cooling tower fans. PM electric-drive solutions can reduce the electricity consumption of supporting equipment through high-efficiency drive and precise speed control, thereby improving energy utilization efficiency. Moreover, the vessel industry continues to advance toward green and low-carbon transformation, supporting the ongoing electrification retrofit of vessels. In 2025, China had approximately 480 electric vessels in operation, and launched the scrapping and replacement of 8,900 old operating vessels, which is expected to drive demand growth for PM electric-drive systems and related supporting equipment. Providers with leading R&D and manufacturing capabilities are able to offer solutions across industries, thereby promoting the growth of the industrial PM electric-drive solution market.
- (2) *Development of Global Overseas Business.* In the context of energy conservation, carbon reduction and AI-driven industrial upgrading, major economies such as the European Union and Australia have introduced a series of industrial policies, creating favorable conditions for local enterprises to adopt industrial PM electric-drive systems. Concurrently, Chinese government initiated the Belt and Road Initiative to support industrial energy-efficiency upgrades across Southeast Asia, Africa and other nations along its routes. Accordingly, leading Chinese industrial PM electric-drive solution providers are well positioned, supported by energy-efficient, reliable and adaptable products, to expand customer reach and overseas sales, thereby supporting the growth of their global business.
- (3) *Technological Innovation.* With the advancement of artificial intelligence and sensing technologies, industrial PM electric-drive solution market is evolving toward greater intelligence. By integrating sensors, IoT modules and key actuation components such as conveyor pulleys, industrial PM electric-drive systems enable real-time condition monitoring, fault warning and remote control, while enhancing predictive maintenance capabilities. Such upgrades help improve reliability across different operating conditions, reduce downtime risk and further expand application boundaries.
- (4) *Challenges of Raw Material Supply.* As the key raw material for industrial PM electric-drive solutions, rare earth material exhibits characteristics of resource concentration. Fluctuations in global output and changes in supply chain dynamics directly affect raw material prices and availability, thereby impacting production costs and lead times. Thereby, those leading industrial PM electric-drive solution providers can mitigate risks by optimizing supply chain systems and inventory management to seize the market opportunity.

Entry Barriers

- (1) *Technological Barriers.* Industrial PM electric-drive solution providers are required to have a high level of integration and coordinated capabilities across multiple technical areas, including permanent magnet temperature control, magnetic circuit design, magnet assembly and anti-demagnetization measures. These capabilities are critical to achieving high torque density, effective heat dissipation and long-term insulation stability, and are difficult for new entrants to replicate in the short term.
- (2) *Qualification Barriers.* Industrial PM electric-drive solution providers are required to comply with mandatory local requirements across different countries and regions. These requirements generally cover product safety, professional review and sign-off. In China, explosion-proof electrical products are subject to Explosion-Proof CCC certification, while products used in coal mining applications are also required to obtain additional mining safety and explosion-proof certifications. On the

INDUSTRY OVERVIEW

other hand, overseas requirements vary by regions. For example, Australia applies the EESS and RCM framework to medium- and high-risk electrical equipment, and certain states require locally registered professional engineers to complete design review and sign-off. In the European Union, electrical equipment used in potentially explosive atmospheres must comply with ATEX 2014/34/EU. The lengthy approval process and high compliance costs create qualification barriers for new players.

- (3) *Raw Material Barriers.* Industrial PM electric-drive solution providers exhibit high dependency on rare earths materials. The performance and supply stability of these materials directly impact product quality and production cycles. By 2025, China’s rare earth mineral reserves reached approximately 44.0 million tonnes, ranking first globally. Concurrently, in August 2025, China’s Ministry of Industry and Information Technology (MIIT) and other authorities issued the “Interim Measures for the Total Volume Control of Rare Earth Mining and Smelting Separation” (《稀土開採和冶煉分離總量調控管理暫行辦法》). This policy implements total volume regulation and centralized allocation of quotas, with quotas granted only to a few large rare earth groups. Consequently, providers possessing the capability for long-term cooperation with upstream enterprises are better positioned to establish supply chain advantages, creating a barrier for new entrants.
- (4) *Customer Barriers.* PM electric-drive systems constitute critical equipment components in industrial applications. As malfunctions lead to widespread production halts or safety incidents, downstream customers place high importance on product quality and reliability. Accordingly, customer trust in downstream industrial sectors is established through long-term engineering validation, while stringent supplier qualification procedures often lead to lengthy certification cycles but strong customer stickiness. Once a supplier relationship is established, switching occurs infrequently, thereby raising customer acquisition barriers for new entrants.

Competitive Landscape

As of December 31, 2025, there were approximately 200 industrial PM electric-drive solution providers globally. The major players in the global industrial PM electric-drive solution industry are predominantly concentrated in China. This is primarily due to China’s resource dominance and significant cost advantages in rare-earth materials, coupled with its well-established domestic industrial supply chain. Together, these factors enable Chinese enterprises to build a strong and comprehensive competitive edge in the global industrial PM electric-drive solution industry, leading overseas companies to lose market share within the industry. In terms of global revenue of industrial PM electric-drive solution in 2025, the top five providers collectively accounted for approximately 27.1%, among which our Group ranked first, with a market share of 11.1%. From 2023 to 2025, our Group ranked first globally for three consecutive years in terms of revenue of industrial PM electric-drive solution, with a market share of over 10%. From 2023 to 2025, our Group ranked first globally for three consecutive years in terms of revenue of industrial PM electric-drive solution in mining industry.

Top Five Providers of Industrial PM Electric-drive Solution in terms of Revenue (Global), 2025

Ranking	Company	Listing Status	Market Share (%)
1	Our Group	–	11.1%
2	Company A ⁽¹⁾	Not Listed	4.9%
3	Company B ⁽²⁾	Not Listed	4.9%
4	Company C ⁽³⁾	Not Listed	3.7%
5	Company D ⁽⁴⁾	Not Listed	2.5%
Top 5			27.1%

Note:

- (1) Company A is a company established in 2007, headquartered in Zhejiang Province, China, engaging in the development and manufacturing of electric motors and related drive products.
- (2) Company B is a company established in 2004, headquartered in Hunan Province, China, engaging in the provision of electrical drive solutions for rail transit, wind power and industrial equipment.
- (3) Company C is a company established in 2016, headquartered in Liaoning Province, China, engaging in the provision of motors and electric-drive solutions supported by industrial automation technologies.
- (4) Company D is a company established in 2005, headquartered in Hebei Province, China, engaging in the provision of electric-drive solutions for mining, metallurgy and other industrial scenarios.

Source: Frost & Sullivan Analysis

INDUSTRY OVERVIEW

In terms of revenue of industrial PM electric-drive solution in China in 2025, the top five providers collectively accounted for approximately 29.3%, among which our Group ranked first, with a market share of 12.5%.

Top Five Providers of Industrial PM Electric-drive Solution in terms of Revenue (China), 2025

Ranking	Company	Listing Status	Market Share (%)
1	Our Group	–	12.5%
2	Company A	Not Listed	5.6%
3	Company B	Not Listed	4.2%
4	Company C	Not Listed	4.2%
5	Company D	Not Listed	2.8%
Top 5			29.3%

Source: Frost & Sullivan Analysis

As of December 31, 2025, there were approximately 20 industrial PMDD pulley providers globally. In terms of global revenue of industrial PMDD pulley in 2025, the top three providers collectively accounted for approximately 91.8%, among which our Group ranked first, with a market share of 80.3%. From 2023 to 2025, our Group ranked first globally for three consecutive years in terms of revenue of industrial PMDD pulley, with a market share of over 80%.

Top Three Providers of Industrial PMDD Pulley in terms of Revenue (Global), 2025

Ranking	Company	Listing Status	Market Share (%)
1	Our Group	–	80.3%
2	Company A	Not Listed	6.6%
3	Company E ⁽¹⁾	Not Listed	4.9%
Top 3			91.8%

Note:

- (1) Company E is a company established in 2017, headquartered in Shandong Province, China, engaging in the provision of permanent magnet direct-drive solutions for mining and industrial equipment.

Source: Frost & Sullivan Analysis

As of December 31, 2025, there were approximately 20 industrial PMDD pulley providers in China. In terms of revenue of industrial PMDD pulley in China in 2025, the top three providers collectively accounted for approximately 93.4%, among which our Group ranked first, with a market share of 81.7%.

Top Three Providers of Industrial PMDD Pulley in terms of Revenue (China), 2025

Ranking	Company	Listing Status	Market Share (%)
1	Our Group	–	81.7%
2	Company A	Not Listed	6.7%
3	Company E	Not Listed	5.0%
Top 3			93.4%

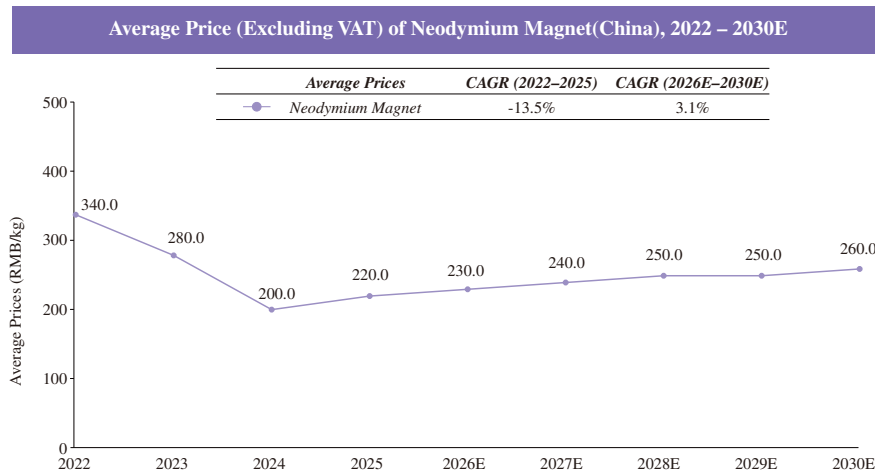
Source: Frost & Sullivan Analysis

INDUSTRY OVERVIEW

Raw Material Price Analysis

Neodymium magnet is one of the key raw materials in the market. From 2022 to 2025, the average price of neodymium magnet declined from RMB340/kg to RMB220/kg, representing a CAGR of -13.5%. Driven by a release of production capacity and weak downstream demand, neodymium magnet prices continued to decline from 2022 to 2024. In 2025, prices began to rise as downstream demand recovered.

In the future, driven by the combined effects of tightening rare earth export controls and steady expansion in downstream demand, neodymium magnet prices are expected to experience a moderate increase. The average price of neodymium magnet in China is expected to stabilize and reach RMB260.0/kg by 2030, representing a CAGR of 3.1% from 2026 to 2030.



Source: Frost & Sullivan Analysis

SOURCE AND RELIABILITY OF INFORMATION

In connection with the [REDACTED], we engaged an independent market research consultant, Frost & Sullivan, to conduct an analysis of, and to prepare an industry report on the industries where we operate with a commission fee of RMB600,000. Founded in 1961, Frost & Sullivan is an independent global consulting firm that conducts industry research and prepares industry report on a wide range of industries, among other services. The information from Frost & Sullivan disclosed in this document is extracted from the F&S Report with its consent.

In compiling and preparing the F&S Report, Frost & Sullivan used the following key methodologies to collect multiple sources, validate the collected data and information, and cross-check each respondent’s information and expressions against those of others: (1) detailed primary research, which involved discussing the status of the industry with leading industry participants and industry experts; and (2) secondary research, which involved reviewing published sources including reports of market participants, independent research reports and data based on Frost & Sullivan’s own research database.

Frost & Sullivan adopted the following primary assumptions while making projections for preparing the F&S Report: (1) global and China’s economy is likely to maintain steady growth in the next decade; (2) global and China’s social, economic, and political environment is likely to remain stable in the forecast period; and (3) market drivers like supportive policies, innovation and upgrading and expansion and upgrading of downstream applications, among others.

Except as otherwise noted, all of the data and forecasts contained in this section are derived from the F&S Report. Our Directors confirm that after taking reasonable care, there is no material adverse change in the overall market information since the date of the F&S Report that would materially qualify, contradict, or have an impact on such information.