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OVERVIEW

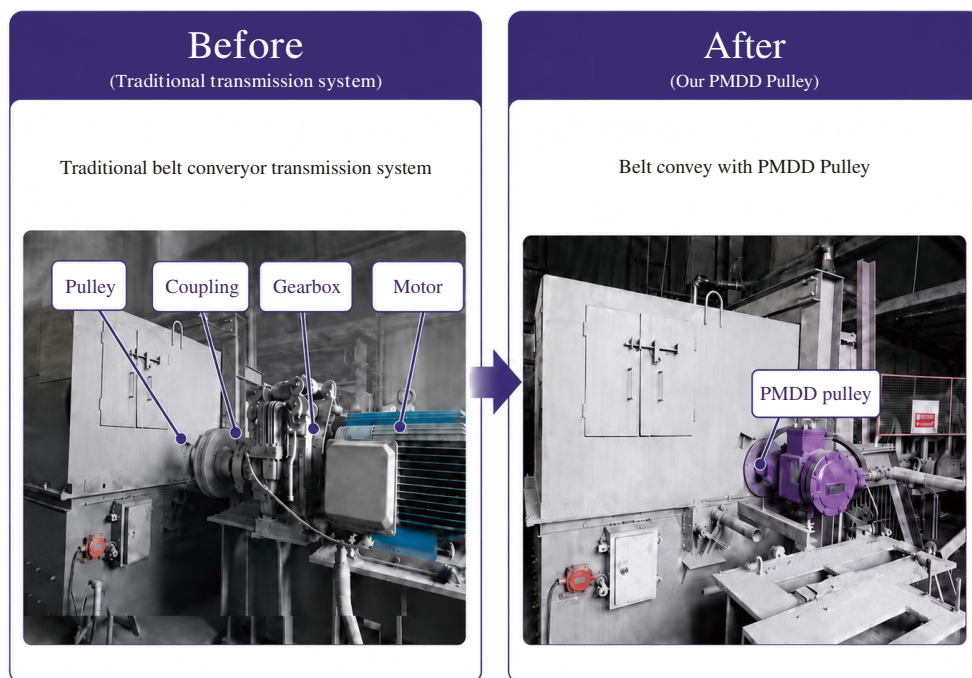
Who We Are

We are a globally leading industrial permanent magnet (“PM”) electric-drive solution provider headquartered in China with nearly two decades of expertise in the industrial electric-drive sector. We specialize in the design, development and commercialization of PM electric-drive products for industrial applications. During the Track Record Period, we achieved sustained and rapid growth, with the shipment volume of our PM motors increasing from 2,107 units in 2023 to 3,061 units in 2025. According to Frost & Sullivan, throughout the Track Record Period, in terms of revenue, we ranked first globally among (i) industrial PM electric-drive solution providers with a market share of over 10%; (ii) industrial permanent magnet direct-drive (“PMDD”) pulley suppliers with a market share of over 80%; and (iii) providers of industrial PM electric-drive solutions for the mining industry. The following table highlights our remarkable achievements:

Our Industry Position	 Leadership in Global Market Ranked first globally throughout the Track Record Period among: - Industrial PM electric-drive solution providers with a market share of over 10% - Industrial PMDD pulley suppliers with a market share of over 80% - Providers of industrial PM electric-drive solutions for the mining industry	 Capturing High-Growth Tracks - The market size of global industrial electric-drive solutions is projected to reach approximately RMB428 billion by 2030. Within this market, the penetration rate of industrial PM electric-drive solutions is expected to reach approximately 6.4% with massive room for future growth - The global industrial PM electric-drive solutions market is projected to grow at a CAGR of approximately 26.3% from 2026 to 2030	 Dual-driven by Industry and Geographic Expansion Industry expansion: Deep root in the mining market and expansion to emerging sectors such as renewable energy industry Geographic expansion: Established overseas service networks targeting Southeast Asia, Africa, the Americas, Europe and Australia
Our Commercial Success	 Customized Core Value - Customized standalone PM electric-drive products have replaced traditional complex transmission chain solutions - Energy savings by 10%-50% with maximum system efficiency up to 96%, significantly reducing costs for our customers - Failure points reduced by over 50%, significantly enhancing system reliability	 Efficient Production & Supply Chain Systems - Joint ventures with the world's largest rare earth materials supplier and one of the largest copper material suppliers in China, respectively - Changzhou production facility has a total gross floor area of 63,936 sq.m., with an overall capacity utilization rate of over 70% in 2025	 Steady Growth in Financial Performance - Revenue: RMB761.5 million (2023) → RMB936.0 million (2025) - PM motor Shipment Volume: 2,107 units (2023) → 3,061 units (2025)
Our R&D and Technical Strengths	 Continuous Innovation & R&D - In 2025, our R&D expenses accounted for 4.0% of our revenue, and professional R&D personnel constituted 13% of our total employees - Obtained 135 patents globally as of the Latest Practicable Date National-level Key Specialized, Refined, Differential and Innovative ‘Little Giant’ Enterprises - China Patent Excellence Award	 Core Technology and Product Portfolio - The world's first PMDD pulleys - Product portfolio includes PMDD pulleys, internal-rotor PM motors, VFDs and wind turbine generator components etc. - Business layout covers magnetic levitation high-speed motors, PM shaft-mounted generators and other growth-stage products	 Formulation of industry standards and testing capability Spearheading the formulation of standards: 4 national standards and 5 industry standards Top-class independent testing capabilities: The largest 20 MW-class PM motor test platform in China with strong independent testing capabilities for scenario-specific applications and comprehensive insulation material structural validation capabilities

Our core products primarily comprise (i) PMDD pulleys; (ii) internal-rotor PM motors; (iii) variable frequency drivers (“VFDs”); and (iv) wind turbine generator components. Building on our development of the world's first PMDD pulley which introduced transformative innovation to the belt conveyor industry, our proprietary PM drive-and-control design and processes enable a single PMDD product to replace an entire traditional transmission system. That system typically consists of an asynchronous motor, high- and low-speed couplings and a gearbox, often comparable in both size and cost to the asynchronous motor alone. In doing so, our solution significantly enhances operational efficiency and reliability, reduces electricity consumption and lowers noise and pollution for various industries. The diagram below shows a structural and field-operation comparison between traditional transmission system and our PMDD pulley:

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Furthermore, through system-level design and innovation in materials, we simultaneously improved the electromagnetic performance, thermal management and insulation stability of PM motors. In 2020, our PMDD pulley was recognized as internationally leading, and our key technologies and applications of PMDD for belt conveyors were recognized as internationally advanced, by an expert panel of academicians and professors organized by the China Machinery Industry Federation. They were also subsequently included in the Catalogue of Recommended National Industrial Energy-Saving Technologies and Equipment (《國家工業節能技術裝備推薦目錄》) and the National Industrial Energy Conservation and Carbon Reduction Application Guidelines and Cases (《國家工業節能降碳應用指南與案例》) issued by the MIIT in 2019 and 2024, respectively.

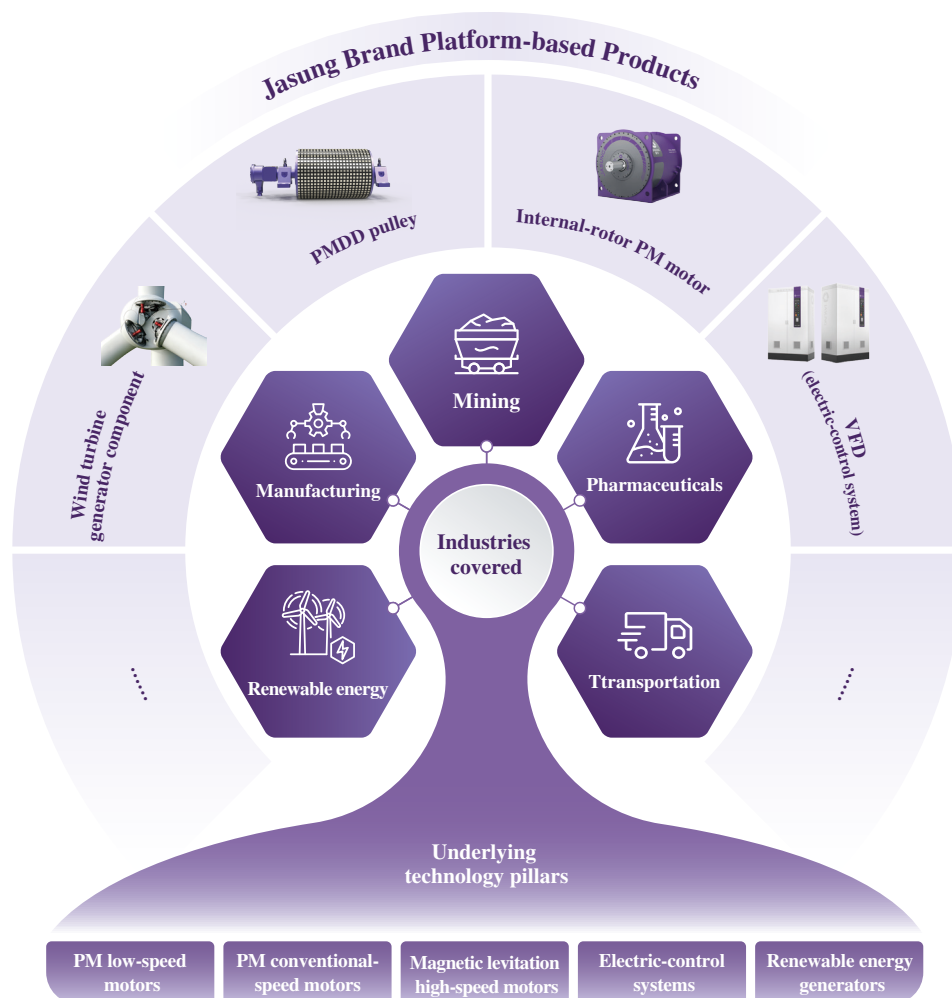
We were also one of the first National-level Key Specialized, Refined, Differential and Innovative “Little Giant” Enterprise recognized by the MIIT in 2022, and established the first national postdoctoral research workstation in the industrial PM electric-drive solution industry in 2024, according to Frost & Sullivan. In addition, we received awards and accolades with respect to our technologies and R&D capabilities, including the China Patent Excellence Award from the State Intellectual Property Office of the PRC in 2025, the Jiangsu Provincial Science and Technology Achievement Transformation Award from the Jiangsu Provincial Department of Science and Technology in 2021, the First Prize of Science and Technology in the Metallurgical Mining Industry from the China Metallurgical Mining Enterprise Association in 2022 and the First Prize of Science and Technology in the Coal Industry from the China Coal Machinery Industry Association in 2021.

We leverage our access to upstream PM materials and empower equipment across multiple application scenarios in downstream industries, including mining, manufacturing and renewable energy. On the upstream raw material front, we have formed a joint venture with the largest rare earth materials supplier in the world, making us the only PM motor manufacturer worldwide with such upstream collaboration, according to Frost & Sullivan, and a joint venture with one of the largest copper material suppliers in China, enabling us to build a comprehensive and hard-to-replicate supply chain that mitigates the risk of raw material supply shortages. By jointly adjusting the chemical composition ratios and process parameters of magnetic materials to enhance torque density under extreme operating conditions, high-temperature stability and cost efficiency, we continuously optimized our material formulations to improve

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our product performance. On the downstream customer front, we entered the industrial electric-drive market by serving customers in the mining industry, such as coal, ferrous metals and non-ferrous metals, and extended our coverage across multiple traditional industries, such as cement and papermaking, while achieving breakthroughs in emerging sectors, such as electric ships, wind power generation and renewable energy construction machinery. As of December 31, 2025, our solutions had empowered customers across more than 20 industries to transition towards high-energy-efficiency, unmanned and intelligent operations.

We established five core technology pillars, covering PM low-speed motors, PM conventional-speed motors, magnetic levitation high-speed motors, electric-control systems and renewable energy generators, which enable us to deliver multi-scenario PM electric-drive solutions to industrial customers worldwide. These technology pillars represent the systematic accumulation of our underlying technologies in the PM electric-drive sector, creating a hard-to-replicate technological closed loop and synergistic effects. We also established an in-house R&D system covering electromagnetic design, structural development, simulation analysis, process implementation and electric-control integration, making us one of the few PM electric-drive solution providers in China capable of independently developing, manufacturing and delivering solutions tailored to diverse industrial scenarios and requirements, according to Frost & Sullivan. Benefiting from our core technologies, our PM motors operate reliably in extremely high and low temperatures, deep-sea and high-altitude environments, as well as dusty, humid and corrosive settings. The following diagram illustrates our five technology pillars and the core products we developed based on them:



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We have completed the validation of our go-to-market roadmap. As of December 31, 2025, we had delivered landmark projects for a number of leading domestic enterprises in the steel, non-ferrous metals and shipbuilding industries and had maintained stable supply of industrial PM electric-drive solutions to various globally leading equipment manufacturers. In parallel, our participation in the formulation of national and industry standards of PM electric-drive paved the way for the subsequent large-scale replication of our business model. In addition, backed by the proven track record of our domestic landmark projects and our competitive cost-performance advantage, we are confident that we are well-positioned to rapidly expand into markets along the Belt and Road Initiative, as well as regions including South America and Africa. During the Track Record Period, our solutions were adopted by users in over ten countries globally. We have also obtained mandatory certifications in the U.S. and EU, including ATEX and CE, and progressing with AS, the electrical and mechanical standard certifications in Australia. During the Track Record Period, the aggregate contract value of our products deployed in overseas countries amounted to RMB93.8 million.

Our Market Drivers

The global industrial sectors are undergoing a historic revolution centered on high-energy-efficiency transition, unmanned operation and intelligent upgrading. According to Frost & Sullivan, (i) the global sales revenue of the industrial electric-drive solution industry is projected to reach RMB428.0 billion in 2030, and the penetration rate of industrial PM electric-drive solutions is projected to reach 6.4% in 2030 with massive room for future growth; and (iii) the market size of global industrial PM electric-drive solutions in terms of revenue is projected to grow from RMB8.1 billion in 2025 to RMB27.2 billion in 2030, representing a CAGR of 26.3% between 2026 and 2030. Our market drivers primarily include:

Technology Driver

Industrial drive is accelerating towards high-energy-efficiency, unmanned and intelligent operation, and downstream customers are seeking supporting systems with simpler structure, higher operational efficiency and better overall cost performance, according to Frost & Sullivan. Multiple macro factors continue to drive the replacement of traditional transmission systems with PM motors at an accelerating pace as detailed below:

- (i) Compared with traditional transmission systems, industrial PM motors deliver higher operational efficiency, more compact design and increased energy savings. Innovations in magnetic raw materials have driven overall technological advancement. The superior performance of these raw materials supports the deployment of industrial PM motors across multiple industries;
- (ii) PM electric-drive technology has completed its transition from laboratory R&D to industrial deployment. As product reliability and economic benefits have been validated by the market, industrial customers have continued to expand their procurement scale of PM motors;
- (iii) Compared with traditional motors, PM motors deliver higher precision and better controllability, enabling easier integration with data science and AI across various applications. As such, replacing traditional transmission systems with our PMDD products, which feature a simplified structure and higher operational efficiency, effectively supports unmanned application scenarios and closely aligns with the intelligent development trend in the industrial sector. With the continuous development of data science and AI,

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capabilities such as data acquisition, edge computing, remote communication and cloud analytics have been deeply integrated into electric-drive solutions. Through digital and intelligent upgrading, production continuity and equipment operational efficiency have been significantly improved, helping relevant enterprises further improve their profitability and expand their market share; and

- (iv) Domestic policies continue to guide industrial sectors towards high-energy-efficiency transition, unmanned operation and intelligent upgrading, laying a solid foundation for the deployment of PM electric-drive technology.

Demand Driver

Global and domestic energy efficiency and industrial policies are the core drivers behind the development of industrial PM electric-drive solutions. Countries around the world have introduced stringent energy efficiency regulations. For instance, the Chinese government issued (i) the Implementation Plan for 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)》), which prioritizes the development of PM motors and explicitly sets clear requirements for both the proportion of traditional motors replaced by PM motors as well as the share of PM motors in newly installed motors; (ii) the Comprehensive Evaluation and Assessment Measures for Carbon Peaking and Carbon Neutrality (《碳達峰碳中和綜合評價考核辦法》), which integrates carbon peaking and carbon neutrality targets into the performance evaluation of government officials; and (iii) the Action Plan for Promoting Large-Scale Equipment Renewal and Consumer Goods Trade-In (《推動大規模設備更新和消費品以舊換新行動方案》), which provides fiscal support and targeted measures to drive large-scale equipment renewal across industrial and other key sectors in order to phase out outdated low-efficiency equipment. The European Union also mandated that all motors in the 75kW to 200kW range must meet the IE4 energy efficiency class to reduce industrial energy consumption, control carbon emissions and facilitate the green transformation of industries.

PM technology features a simplified structure, high operational efficiency and low subsequent equipment maintenance and upkeep costs. Combined with the inherent energy-saving advantages, the adoption of PM motors delivers significant economic value for enterprises. As such, PM electric-drive solutions have become the preferred solution for enterprises to achieve energy conservation and emission reduction targets and comply with policy requirements, continuously increasing PM electric-drive solutions’ penetration rate in the industrial sectors. In addition, our PM technology has been included in the National Industrial Energy Conservation and Carbon Reduction Application Guidelines and Cases, placing us in a favorable position in market competition.

Application Driver

Industrial motors, as the core components for global industrial automation and infrastructure development, are widely used in industrial application scenarios with broad market coverage, strong versatility and promising growth potential. Our PM technology can adapt to various traditional industrial application scenarios, such as mining and manufacturing, and is expected to replace the traditional transmission system over time. Meanwhile, emerging markets created by renewable energy, new infrastructure and new processes, such as electric ships, wind power generation and renewable energy construction machinery, coupled with favorable regulatory policies, continue to bring broad market opportunities to the industrial PM electric-drive solution industry.

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- (i) As national regulatory standards for energy efficiency, carbon emission control and work safety become increasingly stringent, downstream industrial enterprises’ demand for cost reduction, efficiency improvement and compliant operation continues to rise, driving industry upgrading. As equipment renewal policies accelerate stock replacement, market demand for high-performance, energy-efficient and safer industrial electric-drive solutions continues to expand;
- (ii) Downstream industrial sectors continue to advance capacity expansion, particularly in the mining sector where the pace of equipment renewal and technological upgrading continues to accelerate. Such trend simultaneously drives the growth of demand for new electric-drive systems and replacement of traditional drive systems, providing solid market support for industry development; and
- (iii) The industrial equipment sector in China has entered a cycle of domestic substitution. Relying on China’s abundant rare earth resource endowment, it has become a national strategy to develop high-performance PM motor and fully explore the application value of rare earth resources, laying a solid industrial and policy foundation for the long-term development of our PM electric-drive solutions.

STRENGTHS

Leading PM Technologies and Comprehensive R&D Capabilities

We focus on the PM motor sector and achieve continuous iteration of our five technology pillars by adhering to the development of in-house R&D and technological innovation.

Systematic Technology Moat

We have built a systematic technology moat through in-house R&D. Our low-speed, high-torque direct drive control technology, multi-channel composite high-efficiency heat dissipation technology and harmonic suppression and magnetic circuit winding integrated optimization technology collectively form the core technical barriers of our PMDD solutions. Specifically:

- (i) Our low-speed high-torque direct drive control technology serves as a replacement for the traditional solution of asynchronous motor, high- and low-speed couplings and gearbox, eliminating the need for intermediate transmission components. By combining optimized multi-pole motor design with dedicated control algorithms developed based on advanced control strategies, including field-oriented control, direct torque control and model predictive control, we achieve precise regulation of PM motor’s speed and torque. Such technology effectively maintains high torque output capability at an extremely low speed of 5rpm, while significantly reducing torque ripples and speed fluctuation commonly encountered during low-speed operation, ensuring stable equipment performance under harsh working conditions;

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- (ii) Our multi-channel composite high-efficiency heat dissipation technology adopts a composite heat dissipation structure combining reciprocating water channels and fin-guided flow. The reciprocating water channels achieve uniform temperature distribution across the entire machine, reduce fluid resistance and improve heat exchange efficiency. The fin-guided flow structure expands the effective heat dissipation area to quickly remove heat from core components such as the stator and casing. The synergistic operation of these two structures delivers stable and reliable thermal management for equipment; and
- (iii) Our harmonic suppression and magnetic circuit winding integrated optimization technology effectively suppresses harmonics, reduces PM eddy current losses and minimizes magnetic leakage through innovative designs, including fractional slot-pole combination, flat copper wire windings and separate pole shoe and tooth-yoke structure, significantly improving motor torque density.

As of December 31, 2025, we had 98 R&D personnel, accounting for 13.0% of our total employees. We also held an intellectual property portfolio comprising granted and pending patents. As of the Latest Practicable Date, we had been granted 135 patents globally. Among them, our PMDD pulley was recognized as internationally leading, and our key technologies and application of PMDD for belt conveyors were recognized as internationally advanced, by an expert panel of academicians and professors organized by the China Machinery Industry Federation. Centered on customer application scenarios, we built a patent portfolio covering foundational technologies and application solutions. Particularly in the PM electric-drive sector, we formed an underlying patent cluster spanning product design, production processes to testing.

End-to-End R&D Capabilities

We established end-to-end R&D capabilities covering electromagnetic design, structural development, simulation analysis, process implementation as well as electric-control integration. We built a testing system that comprises (i) a 20MW-class PM motor test platform, which is the largest PM motor test platform in China, according to Frost & Sullivan, dedicated to motor units; (ii) test rigs designed to simulate various application scenarios, including maglev test rigs, high-voltage PM pulley test rigs, flotation direct-drive and direct-mount test rigs and ring motor test rigs; and (iii) a laboratory for insulation materials and structural research. Aligning our R&D of new products with our testing capabilities, we primarily focused on (i) high-power, lightweight and intelligent upgrading of PMDD pulley; (ii) standardization, serialization and development of internal-rotor PM motors; (iii) engineering implementation and fluid design optimization of maglev PMDD products; and (iv) integrated R&D of electric-control and electric-drive systems.

We hold unique synergistic advantages in the R&D of electric-drive systems. We can directly obtain core design data and actual performance parameters of the motor body, thereby achieving optimal matching between the control system and the motor, and forming a closed-loop optimization in efficiency, stability and dynamic performance that is difficult for competitors to replicate. We deploy vector control software that delivers superior control accuracy and dynamic response speed, supporting complex application scenarios with stringent drive performance requirements.

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Efficient Collaborative R&D Mechanism

We built an R&D system consisting of one R&D center and three business divisions. The R&D center focuses on foundational research for electromagnetic, thermal and insulation technologies, while the three business divisions are embedded in the frontline of the core sectors of general industry, renewable energy and electric-control, to rapidly transform foundational research results into scenario-specific solutions. We also established the first national postdoctoral research workstation in the industrial PM electric-drive solution industry and conducted collaborative R&D with select customers covering product testing and industrial experimental scenario simulation. Such collaborative model combining foundational research and scenario application, supported by our positive internal culture of technical exchange, ensures our technological pioneering and sustained leadership in the PM motor sector.

Collaborative R&D

To better understand downstream customers’ needs and enhance the technologies embedded in our products, we conducted collaborative R&D through (i) joint development with customers to deliver innovative and customized PM motor products and solutions for a wide range of industrial applications, and (ii) joint research programs with third parties with complementary technical capabilities, which helps reduce the costs and risks associated with standalone R&D. During the Track Record Period, we collaborated with third parties in the development and design of fluid components, cabinet and silencing solutions for magnetic levitation blowers, as well as upper-level commissioning software and the blower human – machine interface software.

Scenario-Driven Product Design and Deep Alignment with Customer Requirements

We treat application scenarios as the cornerstone of our innovation and possess leading engineering capabilities to deliver customized motor solutions for a wide range of industries.

We maintain a comprehensive product portfolio consisting of PMDD pulleys, internal-rotor PM motors, wind turbine generator components and VFDs tailored for more than 20 sectors. Our business has penetrated into key carbon-emitting industries, including coal, ferrous metals, non-ferrous metals, cement and papermaking, with an extended reach into emerging sectors, including pharmaceuticals, wind power and shipbuilding. As of December 31, 2025, we had extended our offerings to cloud-based intelligent management systems and end-to-end energy efficiency optimization solutions, and had significantly enhanced customer stickiness through our digital cloud service capabilities.

As an integral part of the entire industrial processes, drive systems must achieve seamless integration with existing infrastructure. With years of deep-rooted presence and accumulated insights in industrial scenarios, we developed a profound understanding of the following critical industry attributes: (i) complex operating conditions, where equipment must withstand long-term exposure to harsh conditions including dust, humidity, high temperatures and overload; (ii) high requirements for production continuity, where downtime results in substantial losses and customers hold near-stringent demands for equipment reliability; and (iii) divergent requirements across industries, with rigorous standards for continuous operation and overload capacity, explosion-proof safety and insulation stability, ultimate energy efficiency and retrofit convenience.

We have established advantages in industry access. As of the Latest Practicable Date, we had obtained (i) the explosion-proof certifications; (ii) the Mine Product Safety Certifications and the General Mine Safety Certifications from the China Mining Products Safety Approval and Certification Center;

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and the China Compulsory Certification from the China Quality Certification Center, making us one of the enterprises with the most comprehensive range and highest level of certifications in the PM motor industry in China, according to Frost & Sullivan. For overseas markets, we obtained the ATEX and CE certifications and are progressing with AS, the electrical and mechanical standard certifications in Australia. These core certifications and qualifications are not only essential market and technical access thresholds for safety-critical industries, such as mining, but also create high switching barriers. Customers in these industries typically impose strict requirements on their suppliers in respect of qualifications, design and quality assurance capabilities of certified products, track record and compatibility with the customers’ business operations. As such, the adoption of our solutions in our customers’ production lines or facilities creates a switching barrier that strengthens customer loyalty and long-term cooperation.

We have committed to providing solutions for various industries, such as coal, ferrous metals, non-ferrous metals, cement and papermaking, for many years and completed long-term operational validation of our products across hundreds of complex operating conditions. Every on-site survey, troubleshooting, process adaptation and performance optimization under extreme operating conditions is accumulated into our proprietary industry know-how, which cannot be acquired through reverse engineering or short-term R&D, and forms an insurmountable knowledge barrier for new market entrants. We not only pioneer cutting-edge technologies but also translate improvement insights for each drive application point into serialized product portfolios. Our in-depth understanding of application scenarios enables us to anticipate and respond to market demand ahead of our peers, creating a unique competitive barrier especially when serving large groups of customers.

In addition, by delivering pioneering customized solutions to leading customers across multiple industries, we become deeply integrated with these sectors and formed a positive feedback loop spanning data, products and application scenarios. Through modular design, our products break through the limitations of traditional motors. Validated in harsh and complex environments including extreme high and low temperatures, high altitudes, dust, humidity and corrosion, our products can meet the high precision, high load and special operating condition requirements of different industries, and deliver solutions closely aligned with the actual needs of our customers. For instance, we successfully commissioned our first specialized PM motor for nuclear power plant submersible pump in May 2026.

Proven High-growth Potential by Addressing the Needs of Downstream Markets

The industrial motor market in China is undergoing structural growth driven primarily by policy initiatives and downstream market demand. On the policy front, the MIIT explicitly encourages the replacement of existing inefficient motors with high-efficiency, energy-saving motors in the Implementation Plan for High-Quality Development of Energy-Saving Equipment (2026–2028) and the Action Plan for Industrial Energy Efficiency Improvement (《工業能效提升行動計劃》). The 15th Five-Year Plan further emphasizes the national strategy of continuously optimizing the industrial structure and reducing industrial energy consumption and carbon emission intensity. According to the Comprehensive Evaluation and Assessment Measures for Carbon Peaking and Carbon Neutrality and the Opinions on Conducting Energy Conservation and Carbon Reduction Work at a Higher Level and Higher Quality (《關於更高水平更高質量做好節能降碳工作的意見》) issued by the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council, industrial carbon emissions and the completion of energy conservation and carbon reduction targets are subject to key assessment. These policies explicitly mandate accelerated industrial energy conservation and carbon reduction transformation, elimination of outdated production capacity and promotion of green manufacturing processes and equipment.

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Accordingly, high-energy-consuming industries, such as coal, ferrous metals, non-ferrous metals, cement and papermaking, are facing stricter regulatory requirements and need to accelerate technological transformation and promote resource recycling. Sustainable and intelligent manufacturing has thus become the primary transformation direction. Enterprises with low-carbon production capabilities are expected to gain significant competitive advantages. According to Frost & Sullivan, this will unlock a significant market growth potential and drive the global industrial PM electric-drive solutions market to expand at a CAGR of 26.3% between 2026 and 2030, reaching a market size of RMB27.2 billion in 2030.

As of December 31, 2025, we had completed landmark projects with leading domestic enterprises in the steel, non-ferrous metals and shipbuilding industries, and maintained stable supply of industrial PM electric-drive solutions to multiple global leading equipment manufacturers, placing us in a favorable position to capture this market opportunity. In addition, higher electricity prices for overseas manufacturing industries created particularly urgent energy-saving demand in cost-sensitive sectors, such as papermaking and cement, laying a solid foundation for our overseas market expansion.

Beyond traditional industries, our products are also penetrating emerging industries and application scenarios. In the renewable energy sector, leveraging our internationally recognized proprietary PM technology, we developed PM shaft-driven generators and main propulsion PM motors in-house for electric ships, and obtained the China Classification Society (“CCS”) certification for our main propulsion PM motors. We also entered into a contract with a world-leading manufacturer of smart wind turbines and energy storage systems to supply wind turbine generator components. In the electric mining truck segment, we have commenced small-batch solution deliveries to one of the world’s largest commercial vehicle transmission manufacturers to supply them with PM motors for their mining haul trucks. In the computing power infrastructure sector, as AI computing power expands, data center power density continues to rise with single-cabinet power gradually increasing from 8kW to over 30kW, which has significantly boosted demand for liquid cooling drive systems. Our PM electric-drive systems as core components of liquid cooling circulation pumps directly benefit from this trend. In the biopharmaceutical sector, as domestic pharmaceutical companies expand production capacity and demand for independent and controllable supply chains increases, precision application scenarios such as stirring, mixing and fermentation have entered a cycle of domestic substitution.

First-Mover Advantage in the PM Electric-drive Solution Industry

As a global pioneer of PM electric-drive technology, we replace the traditional transmission system consisting of an asynchronous motor, high- and low-speed couplings, and a gearbox. Through system-level design and materials innovation, we simultaneously improved the electromagnetic performance, thermal management and insulation stability of PM motors, which enables industrial equipment to have a simpler, more intelligent and more sustainable power source, enabling the high-energy-efficiency, unmanned and intelligent transformation of industries such as mining, manufacturing and renewable energy.

Our pioneered PM motorized pulley created a new product category under gear-free PM electric-drive technology. Acknowledged by an expert panel of academician and professors as internationally leading, our PM motorized pulley achieved early coverage of high-barrier industries when the global penetration rate of industrial PM motors stood at only 2.4% in 2025, according to Frost & Sullivan.

In addition, leveraging our precise grasp of industry needs and technological leadership advantages, we led and participated in the formulation of four national standards and five industry standards, translating our leading technologies into industry rules. According to Frost & Sullivan, throughout the Track Record Period, in terms of revenue, we ranked first globally among both industrial PM electric-

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drive solution providers and industrial PM pulley suppliers, with a market share of 11.1% and 80.3%, respectively in 2025. Through nearly two decades of in-depth technological development and market accumulation, we established strong brand recognition and first-mover advantage in the global PMDD sector.

High-Quality Customer Base and Mature Sales and Service Model

Leveraging our PM technology, product reliability, large-scale delivery capabilities and rapid scenario-specific response, we had become a trusted partner to approximately 1,500 customers globally, many of which are leading industry enterprises as of December 31, 2025. Our extensive customer network covers leading players in key sectors including energy, mining, metallurgy, papermaking, pharmaceuticals and renewable energy, with our solutions adopted by users in over ten countries globally during the Track Record Period. With a global market share of 11.1% in the industrial PM electric-drive solution market and a global market share of 80.3% in the global industrial PM pulley market, we are deeply integrated into the production chains and innovation systems of our customers, enabling their high-energy-efficiency transition and intelligent upgrading.

As the core power source for industrial production lines, the reliability of PM electric-drive systems directly determines the production continuity and operational safety of heavy industrial scenarios, including mining, metallurgy and power generation. Our customers therefore apply stringent vendor selection criteria across a comprehensive range of dimensions, such as technical specifications, energy efficiency performance, explosion-proof safety, adaptability to extreme operating conditions and supply chain stability. Once we obtain certification and achieve large-scale delivery, we form an integrated and collaborative partnership with our customers across joint process optimization as well as product iteration and customization. Throughout this process, our technical team works closely with our customer’s production lines to conduct customized development tailored to their unique operating conditions. Customers prioritize compatibility with our solutions for their equipment upgrades and production line expansion, while our product optimization is driven by reverse iteration based on the customer’s real-world operating data. Such collaborative partnership not only further strengthens our technology portfolio and expands our proprietary industry know-how, but also enhances long-term customer retention and raises market barriers to entry.

In addition to our solutions and technology, our market expansion is underpinned by our mature sales and service model. During the Track Record Period, our solutions were adopted by users in overseas countries, and we had dedicated personnel responsible for business development in the United States and Australia. On one hand, we continuously participate in key overseas industry exhibitions and related marketing activities, such as the MINExpo International in Las Vegas, the Sydney Mining Show and the Dubai International Mining Exhibition, to enhance our overseas brand exposure, expand our reach to target overseas customers and drive market penetration. On the other hand, we have developed the capability to conduct customized development, production and delivery to address the differentiated needs of different countries and regions in terms of voltage levels, operating conditions, technical standards and model specifications. In addition, we continuously improve our overseas market service support mechanism and gradually strengthen our capabilities in pre-sales technical communication, implementation support and after-sales response to elevate our overseas support standards.

Supply Chain Advantages and Cost Control Capabilities

Leveraging our stable, localized supply chain and our modularized product design capabilities, we can not only effectively control production costs but also achieve end-to-end flexible manufacturing and rapid delivery, forming a supply chain competitive advantage that differentiates us from our industry peers.

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Through in-depth joint venture cooperation with the largest rare earth materials suppliers in the world and one of the largest copper material suppliers in China, we believe that we have secured stable supply of rare earth and industrial-grade copper materials. We adopt a fully localized supply chain system with no reliance on foreign raw materials or supply chains, featuring short supply chain links, fast response speed and supply stability. As the dominant player in the global rare earth supply chain, China’s export control and tariff policies directly affect global market prices and costs of products using rare earth materials. Relying on our localized resource layout, we can substantially avoid risks of overseas supply chain disruptions, price fluctuations and policy restrictions. Through in-depth collaboration with leading domestic rare earth suppliers, we effectively mitigate raw material supply disruption risks and raw material price volatility. When expanding into overseas markets, we can participate in global competition with our local cost advantage and become a trusted and stable supplier for international companies. Meanwhile, such cooperation enables us to develop industrial PM motor products tailored to the specifications of our customers, further strengthening our product differentiation advantages.

In addition, leveraging our modularized product design, we have decomposed PM technology into general technology platforms and standardized components, including uniform-specification magnetic steels, temperature control systems and other specialized supporting modules, to build a highly complementary, standardized product system. Leveraging our localized supply chain, core materials can be flexibly combined to both precisely meet customers’ personalized customization needs and support scaled production and continuous cost optimization, enabling customized products to be rapidly assembled using standard modules, significantly reducing the overall supply chain cycle and product delivery cycle.

Our production facility is equipped with a comprehensive testing system, forming a production closed loop of flexible manufacturing, comprehensive testing and rapid delivery. We built a flexible manufacturing system comprising three production modes, namely R&D pilot production, modular production and mass production. Such manufacturing system covers the entire process of product R&D and verification, flexible customized production and standardized mass production, achieving synergistic optimization of technological innovation, delivery efficiency and cost control. Among these three production modes, (i) our R&D pilot production focuses on the verification of new products, new technologies and processes as well as small-batch trial production. They feature high flexibility and rapid iteration capability, can adapt to prototyping of multiple product varieties and complete process finalization through precision testing and data review, effectively reducing mass production risks and shortening new product time-to-market; (ii) our modular production, based on universal and standardized module design, enables parallel R&D and production as well as rapid integration of various functional modules. It can flexibly adapt to our customers’ differentiated customization needs, significantly shorten line changeover cycles and improve delivery efficiency while stabilizing product quality and optimizing production costs through module universality; and (iii) our mass production targets mature and finalized products and carries out large-scale continuous production, relying on automated equipment, standardized processes and lean management. It fully leverages economies of scale, efficiently delivers large-volume orders and ensures stable product supply and profitability levels. These three production modes are efficiently coordinated, supporting us to continuously implement technological innovation and quickly respond to market demands, laying a solid manufacturing foundation for our sustained business growth.

Visionary Management and Core Team with Resourceful Shareholders

Our core management team boasts over a decade of in-depth experience in the PMDD industry, having previously served at renowned domestic and international enterprises. Our core management team maintains strong stability, with seven Directors possessing over 20 years of managerial and technological

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experience, four of whom had been with us for over a decade as of December 31, 2025. The long-term stability of our core management team has fostered our engineering culture that focuses on the continuous advancement of technology, craftsmanship and product quality, while also enabling the consistent execution of our corporate strategy. In parallel, we have established a proactive talent recruitment and incentive mechanism, including employee shareholding platforms, which deeply aligns the interests of our talent with our long-term development, thereby building a stable and high-caliber talent pool. In addition, our Shareholders include leading enterprises across core industries, such as electricity, coal and non-ferrous metals. They provide us with valuable industry opportunities and help us tap into high-quality customer resources annually.

STRATEGIES

Continue to Focus on the PMDD Industry and Expand into High-Growth Emerging Industries

We will continue to deepen our focus on the PMDD industry and are committed to becoming a globally recognized brand of PM motors. We plan to maintain our strategic focus on key carbon-emitting, mining-related sectors. We intend to achieve this strategic goal through (i) continuous development of demonstrative landmark projects; (ii) adapting our products and services for other links in the industry chain; (iii) providing comprehensive after-sales maintenance and value-added services; and (iv) expanding our application scenario coverage and deepening industry penetration through standardized PM electric-drive products.

On the hardware front, we plan to leverage our five core technology pillars to drive the standardization and mass production of PM motorized pulleys and PM motors, actively expand into new areas of renewable energy motors, such as commercial vehicle and marine applications, build core competitiveness in the renewable energy drive sector, achieve parallel R&D tracks for industrial motors and renewable energy motors, and realize import substitution of industrial drive systems through the global replacement of traditional drive systems with industrial PMDD solutions. In the long term, we plan to seize emerging trends, including the rapid development of AI, the liquid cooling transformation of data centers, the biopharmaceutical sector and the application of magnetic levitation linear motor units as drives for semiconductor lithography machines. Utilizing the unique advantages of PM motors in high precision, high stability and zero mechanical transmission, we target to replace traditional transmission systems to seize first-mover market advantages.

On the software front, we plan to extend our service offerings to end-to-end energy efficiency optimization solutions and build capabilities in online diagnostics as well as intelligent operation and maintenance tailored to factory scenarios. In addition, we plan to develop targeted algorithm models based on sensors and data acquisition interfaces, and deploy them on our existing PM electric-drive systems to achieve real-time monitoring and predictive analysis of equipment status. Our ability to replace on-site manual labor with digital workforce solutions is expected to help our customers address practical challenges including shortages of production line maintenance personnel and reliance on empirical judgment for scheduled inspection and maintenance. We expect that, as the number of connected devices increases, cross-scenario data accumulation will form new technology barriers for us, expanding our competitive edge in the industrial electric-drive sector from hardware performance to data assets and algorithm capabilities.

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In addition to organic growth, we also plan to pursue merger and acquisition opportunities with a focus on high-quality enterprises with strong synergies with our existing technology pillars and established customer bases in niche markets. We expect strategic mergers and acquisitions to help us further enrich our product categories, integrate supply chains to strengthen cost control and expand our adaptability to downstream application scenarios.

Continuous Focus on Technological Innovation and Market Demand to Advance PM Electric-Drive Technologies and Build Multi-Scenario PMDD Solution Portfolio

We will continue to anchor our development on market demand, driven by technological innovation and supported by a full-category product portfolio to advance PM electric-drive technologies and build integrated PMDD solutions covering diversified application scenarios.

In terms of technological innovation, we plan to build a comprehensive R&D system covering upstream material research, underlying technology pillars, application development and integrated solutions. Specifically, we plan to: (i) conduct joint R&D with leading industry players and research institutes; (ii) make low-speed, high-torque density motors as our long-term core R&D focus; (iii) continuously advance the iteration of electromagnetic topology models and accumulation of operating data to enable rapid replication of our underlying technology capabilities in the development of different product categories; (iv) focus on technological breakthroughs for core products and horizontally advance product modularization and standardization to develop a universal product series for mainstream operating conditions across various industries and shorten product delivery lead times; (v) extend our R&D focus from a single motor body to integrated units combining drive, control and data functions; and (vi) enhance the design efficiency of customized products and intelligent control capabilities of our products through algorithm models.

In addition, we plan to comprehensively strengthen our R&D capabilities through the following measures: (i) sustain investment in our PM electric-drive technology experimental system and develop end-to-end R&D infrastructure spanning the full cycle from basic research to large-scale mass production; (ii) expand core research platforms, deploy dedicated equipment for key motor product lines and leverage our 20MW-class test platform for comprehensive product validation, underpinning our technology roadmap and enabling rapid commercialization of next-generation solutions; (iii) strengthen technical talent development and improve overall R&D efficiency through platforms including postdoctoral research workstations, build a multi-level composite talent echelon and recruit internationally competitive technical professionals; and (iv) further refine our simulation analysis and testing verification system to boost conversion efficiency from R&D to mass production.

Building a Global Service Network to Create a Second Growth Curve for Overseas Sales

Our global expansion is a natural outcome of the strong alignment between the value of our products and demand in overseas markets. We plan to cooperate with local strategic partners in overseas markets to carry out localized production and provide localized services.

For incremental infrastructure demand in emerging markets, including Southeast Asia and South America, we plan to develop adapted variants of our standardized products tailored to local power grids and operating conditions to rapidly establish our market presence. We also plan to establish these local markets into our overseas service hubs.

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In mature, high-end overseas markets including Europe, the United States and Australia, we plan to closely collaborate with local sustainable technology and solutions providers and other leading global equipment manufacturers to develop customized drive solutions with high reliability and integration in a targeted manner, gain access to their core supply chains, and attract top-tier customers through solutions that support energy conservation and green production.

In addition, we plan to increase our market share by deepening our cooperation with leading customers. We plan to support the asset construction of overseas energy enterprises, develop customized drive products adapted to extreme overseas operating conditions and work collaboratively with owners to complete end-to-end delivery from design to mass production. At the same time, we plan to establish entry barriers in high-end markets through strategic supply chain collaboration with leading global equipment manufacturers and build a multi-dimensional overseas expansion framework centered on technology-based strategic alignment, following deployment and in-depth localized operation.

Continuous Improvement of Production Capacity and Efficiency

We plan to invest in the construction of intelligent production workshops and build benchmark intelligent factories to enhance our production and delivery capabilities and expand the production capacity of core products. Specifically, we plan to (i) achieve unmanned operation of all production processes through the collaborative operation of runway-style intelligent dedicated production lines and collaborative robots, reducing manual intervention and production errors; (ii) build comprehensive testing platforms covering insulation performance, magnetic steel adaptation, ultra-high-speed operation and complex operating condition simulation, which run through the entire process from R&D and production to delivery, to strictly control product quality; (iii) collect production data in real time and full-process traceability management, balancing the needs of standardized mass production and customized flexible production; and (iv) implement the construction of supporting photovoltaic rooftop facilities and build a green and low-carbon supply chain for sustainable development, establishing four core manufacturing advantages of intelligent production, comprehensive quality inspection, flexible manufacturing and green operation.

We will continue to advance product standardization and production line iterative optimization to comprehensively improve our overall production and operation efficiency and achieve the synergistic alignment of cost reduction, quality improvement, efficiency enhancement and compliance. We plan to conduct modular and standardized optimized design for core products and simultaneously promote the commissioning of new fully automated intelligent production lines and the intelligent transformation and upgrading of existing old production lines.

We will also deepen lean operation management to continuously consolidate the core competitiveness of our products. The industry is currently facing the simultaneous arrival of core inflection points in technological iteration, cost optimization and market capacity demand. PMDD products have evolved from an optional solution for industrial electric-drives to mainstream standard equipment in the industry, with the market space continuing to expand. Against this backdrop, we plan to continuously optimize our business decision-making mechanism, enhance the data application capabilities of digital information systems, carry out regular optimization and upgrading across various business operation scenarios, and continuously improve our levels of cost reduction, quality improvement, efficiency enhancement and compliance to maintain our advantage of high product yield rates. Meanwhile, we plan to benchmark against high-end customer standards, establish and implement an exclusive quality certification system that exceeds general industry standards.

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Strategic Cooperation with Core Suppliers to Build a High-Quality and Low-Cost Supply Chain Structure

We will continue to build an end-to-end integrated supply chain management system covering procurement, quality control, production planning and delivery, forming differentiated competitive barriers.

In terms of procurement, we have actively carried out in-depth strategic cooperation with leading raw material enterprises and simultaneously developed multi-channel sourcing alternatives to ensure supply chain stability and cost control of core raw materials. In terms of quality control, we plan to establish a full-process, closed-loop testing mechanism covering raw material incoming inspection, in-process sampling inspection and comprehensive final product inspection before delivery, to identify and mitigate quality risks early and ensure product quality from the source. In terms of production planning, we intend to leverage MES combined with a demand forecasting model to optimize production scheduling, achieve lean inventory management and effectively reduce overstock and resource waste. In terms of order delivery, we target to utilize the modular and standardized design of core products and flexible production capabilities to effectively shorten the delivery cycle of customized products and quickly respond to urgent orders, such as customer equipment technical transformation and emergency repairs.

We expect this end-to-end system to enable us not only to maintain our leadership in technical parameters but also to improve our delivery speed and reduce overall costs.

OUR PRODUCTS AND SOLUTIONS

We are a globally leading industrial PM electric-drive solution provider headquartered in China with nearly two decades of expertise in the industrial electric-drive sector. We are dedicated to empowering global industrial customers with our PM technology and accelerating their transition towards high-energy-efficiency, unmanned and intelligent operations.

We have established five technology pillars encompassing PM low-speed motors, PM conventional-speed motors, magnetic levitation high-speed motors, electric-control systems and renewable energy generators, enabling us to offer PM electric-drive solutions across multiple industrial sectors. By leveraging the systematical accumulation and synergies of our technology platforms, we differentiate ourselves from single-product providers, whereas we can deliver customized products tailored to customer requirements in providing integrated electric-drive and control solutions.

Building on our leading PM technology, superior product performance and reliable delivery capabilities, our products had achieved broad coverage across multi-industry, multi-scenario applications. As of December 31, 2025, we had established a global customer base of approximately 1,500 customers, including leading enterprises across more than 20 sectors, which fall within three major industries: (i) mining; (ii) manufacturing; and (iii) renewable energy. We are committed to continuously upgrading our technologies and products to provide efficient, energy-saving, and stable PM electric-drive solutions tailoring to diverse customer needs.

Key Products by Function

We generally categorize our product portfolio by their stage of development and commercialization, including (i) core products, which generated revenue during the Track Record Period; and (ii) growth-stage products that have completed key development milestones and obtained preliminary customer interest or orders, or have entered field trial.

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Core Products

Our core products primarily comprise (i) PMDD pulleys; (ii) internal-rotor PM motors, mainly including two product lines: PM low-speed motors and PM conventional-speed motors; (iii) VFDs; and (iv) wind turbine generator components.

The table below sets forth a breakdown of our revenue by product line during the Track Record Period:

	Year ended December 31,					
	2023		2024		2025	
	(RMB in thousands, except for percentages)					
PMDD pulleys	483,846	63.6	568,517	65.2	488,386	52.1
Internal-rotor PM motors	45,977	6.0	72,200	8.3	143,692	15.4
VFDs	161,528	21.2	184,439	21.1	205,043	21.9
Wind turbine generator components	41,107	5.4	18,312	2.1	68,149	7.3
Other products ⁽¹⁾	29,043	3.8	29,166	3.3	30,696	3.3
Total	761,501	100.0	872,634	100.0	935,966	100.0

Note:

(1) Primarily included spare parts and auxiliary components.

The table below sets forth a breakdown of our sales volume and price range by product line during the Track Record Period:

	Year ended December 31,					
	2023		2024		2025	
	Sales Volume	Price Range ⁽¹⁾	Sales Volume	Price Range ⁽¹⁾	Sales Volume	Price Range ⁽¹⁾
	<i>(Units)</i>	<i>(RMB in thousands)</i>	<i>(Units)</i>	<i>(RMB in thousands)</i>	<i>(Units)</i>	<i>(RMB in thousands)</i>
PMDD pulleys	1,302	61.4-2,785.3	1,664	25.4-3,191.6	1,711	24.5-2,044.3
Internal-rotor PM motors	752	1.0-877.9	781	0.6-1,177.0	1,638	1.0-903.5
VFDs	1,115	0.5-1,415.9	1,375	1.4-840.2	2,014	1.4-608.8
Wind turbine generator components	522 ⁽²⁾	72.4-86.1	298 ⁽²⁾	57.9-80.9	870 ⁽²⁾	52.6-131.2

Notes:

(1) Due to the customized nature of our products, each product line comprises a wide range of sub-product lines with varying specifications and a wide range of technical parameters designed to meet customers requirements under diverse application scenarios, with different levels of manufacturing complexity and cost. As a result, there is a wide pricing range within each product line.

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- (2) The substantial increase in sales volume for wind turbine generator components in 2025 compared to 2023 and 2024 was primarily due to the expansion of our product portfolio to include wind turbine generator rotors and wind turbine pitch control systems in 2025, whereas the product line in 2023 and 2024 comprised only wind turbine generator stators.

PM Motors

During the Track Record Period, based on rotor position within the motor, our PM motors primarily comprised (i) PMDD pulley which adopts an external-rotor structures; and (ii) internal-rotor PM motors, mainly including two series: PM low-speed motors and PM conventional-speed motors. Electric motors serve as the power core of electric-drive systems, converting electrical energy into mechanical kinetic energy. They constitute a critical component in industrial energy conversion and energy efficiency improvement, as the technical specifications of a motor often determine the overall technical standard of an industrial system. Given the importance of motors in industrial systems, since our establishment, we have consistently focused on R&D, develop and manufacture of PM motors.

Traditional transmission systems typically transmit torque through an “asynchronous motor + coupling + gearbox” structure and other intermediate transmission components to drive equipment operation. Such drive systems are generally large in footprint, complex to install and commission, require high maintenance, and are often associated with oil leakage and noise-related environmental issues. By contrast, our PM technology enables direct connection between motor output and end-equipment. The PMDD structure transforms the traditional “asynchronous motor + coupling + gearbox” structure by eliminating complex intermediate transmission links, significantly enhancing electric-drive system reliability and transmission efficiency.

According to Frost & Sullivan, as industrial systems increasingly transition towards high-energy-efficiency, unmanned and intelligent operations, and as customers’ demand for simpler, more efficient and energy-saving electric-drive solutions increases, PM technology, which enables the elimination of traditional gearboxes, is steadily becoming an industry trend. Specifically, according to the same source, in terms of revenue, the penetration rate of PM electric-drive solution in China was 8.8% in 2025 and is expected to rise to 20.6% by 2030. To capture the continuously growing market demand and leveraging our first-mover advantage in PM technology, as of the Latest Practicable Date, we were one of the few domestic providers capable of independently developing, manufacturing and delivering PM electric-drive solutions adaptable to various industrial scenarios and requirements. Benefiting from our proprietary PM technology, our PM motors operate reliably in extremely high and low temperatures, deep-sea and high-altitude environments, as well as dusty, humid and corrosive settings. As of the Latest Practicable Date, we obtained over 600 national safety standard certifications for our PM motors, establishing solid industry entry barriers.

Our PM technology offers the following core advantages over the traditional “asynchronous motor + coupling + gearbox” structure:

- **Overall improvement in energy efficiency:** Our PM motors generate a magnetic field through permanent magnets and operate without excitation current to avoid excitation system losses. Consequently, their efficiency is generally higher than that of traditional asynchronous motors. In addition, by eliminating intermediate transmission structures, mechanical friction and transmission losses are reduced. Overall, compared with traditional electric-drive and

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transmission systems, our PMDD systems can achieve energy savings of approximately 10%–50%, with maximum system efficiency up to 96%, significantly improving energy utilization efficiency.

- **Precise and stable low-speed high-torque output:** Compared with conventional asynchronous motors, our PM motors address the common challenges of torque ripple and speed fluctuation during low-speed operation. Paired with our proprietary electric-control algorithms, our PM motors enable precise control of output speed and torque, supporting continuous high-torque output at speeds as low as 5 rpm.
- **Simplified drive structure and reduced maintenance costs:** Our PM electric-drive systems reduce the use of wear-prone components such as gearboxes and couplings, thereby lowering maintenance needs and operating costs. This design addresses common space constraints in industrial settings and reduces resource and personnel requirements across installation, operation and maintenance, in line with industrial unmanned trends.

PMDD Pulleys

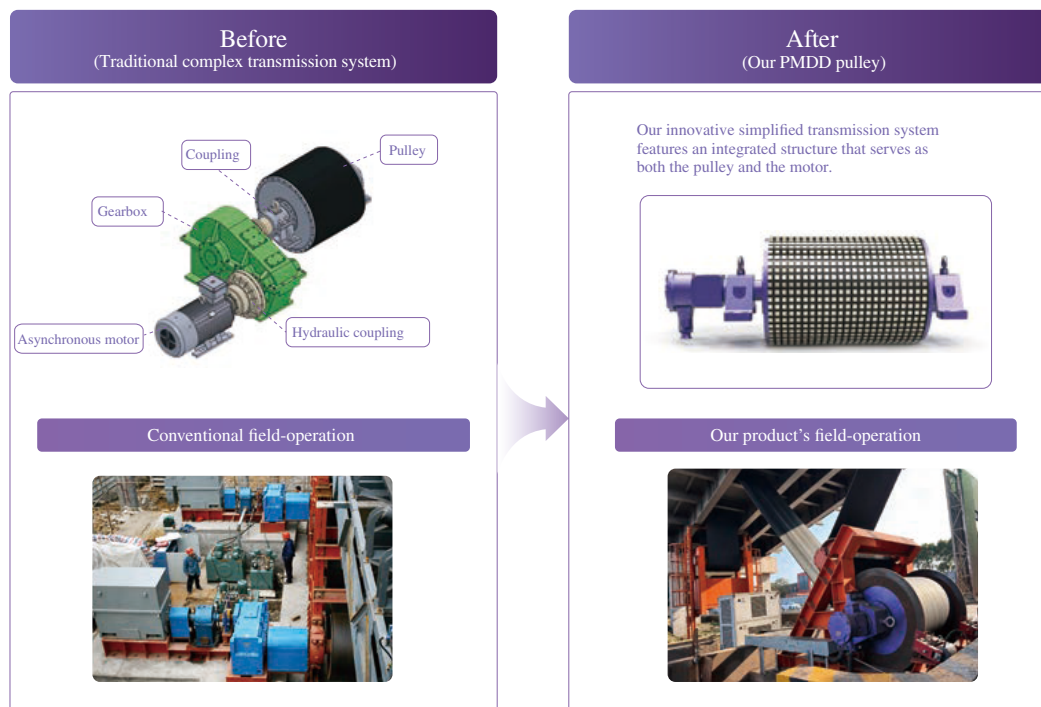
Belt conveyors are widely used across numerous key sectors, including coal, steel, non-ferrous metals, metallurgy, ports and logistics. The electric-drive system, as the core component of a belt conveyor, often represents a critical bottleneck constraining conveying efficiency, load capacity and reliability. To address these industry pain points, we introduced the world’s first PMDD pulley in 2017 that enables a single PMDD product to replace an entire traditional transmission system, which has been recognized as a revolution in belt conveyor drive technology, according to Frost & Sullivan. During the Track Record Period, revenue from our PMDD pulleys was RMB483.8 million, RMB568.5 million and RMB488.4 million in 2023, 2024 and 2025, respectively.

Our proprietary PMDD pulley represents the most advanced application form of PM technology, and we are one of the few providers globally with comprehensive capabilities covering R&D, large-scale manufacturing and commercial deployment, as of the Latest Practicable Date, according to Frost & Sullivan. In terms of revenue from industrial PMDD pulleys, we ranked first globally in each year from 2023 to 2025, with a global market share of over 80%, according to the same source.

Specifically, our PMDD pulleys adopt an innovative external-rotor structure in which the rotor serves as the pulley shell, whilst the stator is connected to and fixed on the shaft. This design eliminates the complex traditional transmission system comprising an asynchronous motor, high-speed coupling, hydraulic coupling, gearbox, low-speed coupling and pulley. The PMDD pulley functions simultaneously as both the pulley and the motor, directly driving the belt conveyor without additional transmission chain. This compact structure substantially reduces intermediate mechanical transmission components. Compared with traditional transmission systems, this innovative external-rotor structure offers a more compact footprint, lower energy consumption, higher torque and efficiency and lower maintenance requirements, contributing to lower overall operating costs.

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The diagram below shows a structural and field-operation comparison between the traditional complex transmission system and our PMDD pulley:



Technically, to address the drive challenges of conventional belt conveyors, we have developed product across three dimensions: **(i) Consistently stable, low-speed, high-torque output capability:** By optimizing the rotor and stator magnetic circuit structure, we pioneered a high-torque-density design approach that overcomes torque constraints within a confined space, enabling continuous and stable high-torque output under low-speed operating conditions; **(ii) Full lifecycle intelligent operation and maintenance supported by deep learning:** We deploy sensors and controllers within the pulley to enable real-time data collection. The collected data is then uploaded to the cloud, enhancing condition monitoring accuracy and supporting remote diagnostics and assisted decision-making. Leveraging deep learning analysis of cloud-based data, we are able to assess product performance and predict lifecycle more accurately. This approach enables proactive prevention of product failures, reducing reliance on the conventional passive maintenance model. As a result, equipment reliability and service life are improved, and overall operation and maintenance costs are reduced; and **(iii) Efficient cooling design:** To address the common overheating issues associated with PM motors, we have analyzed the coupling relationship between temperature fields and magnetic fields and, utilizing our proprietary waste-heat dissipation channels to precisely regulate airflow, developed an efficient cooling design that enhances operational efficiency and safety.

We also utilize our technological capabilities through a modular design approach, enabling flexible assembly of core components to meet the diverse on-site needs of customers. In recognition of our products' advanced performance, our PMDD pulleys have been included in the “National Recommended Directory of Industrial Energy-Saving Technologies and Equipment” (《國家工業節能技術裝備推薦目錄》) and the “Jiangsu Province Directory of New Technologies and New Products for Key Promotion and Application.” (《江蘇省重點推廣應用的新技術新產品目錄》). We have also participated in the formulation of various national and industry standards for this type of product. As of the Latest Practicable

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Date, we had applied for and obtained over 100 patents in connection with this product, resulting in a comprehensive intellectual property portfolio; and our PMDD pulleys had been deployed across the mining, metallurgy, port and building materials sectors.

The following table sets forth the range of technical parameters of our PMDD pulleys as of the Latest Practicable Date:

Cooling Methods Supported	Explosion-Proof Types Supported	Belt Speed Range	Power Range	Voltage Range
Natural cooling, air cooling, water cooling	Class I, Class II, Class III ⁽¹⁾	1.0m/s – 6.3m/s	5kW – 2,000kW	380V – 10kV

Note:

- (1) Class I certificates are for use in underground coal mines and are primarily designed for methane or other mine gas environments; Class II certificates are for use in all explosive gas environments other than underground coal mines; and Class III certificates are for use in explosive dust environments that are not gas-explosion environments.

As of the Latest Practicable Date, we were one of the few providers, both domestically and globally, capable of manufacturing high-power PMDD pulleys, according to Frost & Sullivan. Specifically, in October 2025, we delivered the world’s first 2,000 kW, 10 kV PMDD pulley for high-throughput bulk logistics scenarios, demonstrating our capabilities as one of the pioneers in the industry in possessing mass production capabilities for employing PM technology in high-voltage, high-power scenarios. In April 2026, our 10 kV/900 kW high-voltage explosion-proof PM motorized pulley became the first in the industry to complete specialized explosion-proof design and testing for underground use, meeting the preliminary conditions for trial use in underground coal mines, according to Frost & Sullivan. These not only demonstrate the continued advancement of our PM technology but also indicate that our products are capable of meeting higher-level operational requirements, laying a solid foundation for expanding our coverage of customers.

Internal-rotor PM Motors

In contrast to the external-rotor structure employed in PMDD pulleys, in internal-rotor PM motors, the stator is fixed on the outside, whilst the rotor rotates around the central axis and connects with a broad range of different end loading equipments. Classified by rotating speed, our internal-rotor PM motors primarily comprise two product lines: (i) internal-rotor PM low-speed motors; and (ii) internal-rotor PM conventional-speed motors, to meet different operating condition requirements and application scenarios. During the Track Record Period, revenue from our internal-rotor PM motors was RMB46.0 million, RMB72.2 million and RMB143.7 million in 2023, 2024 and 2025, respectively.

Building on our systems integration capabilities, we offer a broad and highly customized range of internal-rotor PM motors to meet customers’ diverse industrial application requirements. We are also strengthening our design capabilities for standardized and modular products to shorten delivery cycles. Our internal-rotor PM motors can operate across the full voltage range from 380V to 10kV, with natural cooling, air cooling, water cooling and oil cooling options available for different operating conditions, offering flexible adaptation to various application scenarios.

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Internal-rotor PM low-speed motors

Internal-rotor PM low-speed motors enable continuous and stable high-torque output under low-speed operating conditions, replacing the traditional “asynchronous motor + coupling + gearbox” structure. Compared with traditional transmission systems, they enable a simpler electric-drive transmission chain, higher efficiency and energy savings, a smaller footprint and lower maintenance costs. They are particularly suited for industrial application scenarios involving large equipment operating at heavy-load and low-speed environments. As of the Latest Practicable Date, our products had been primarily applied to mills, flotation and agitation machines, pumps, cooling equipment, belt conveyors and hoisting equipment, covering downstream sectors including mining, metallurgy, power generation, biopharmaceuticals and chemicals.

The following table sets forth the key features of our representative internal-rotor PM low-speed motors as of the Latest Practicable Date:

	Grinding Mill Series	Flotation/ Agitation Series	Pump Series	Cooling Equipment Series	Belt Conveyor and Hoist Series
Product					
Application Scenarios	Ball mills, roller mills, vertical mills, etc.	Flotation machines, agitators, classifiers, thickeners, etc.	Gas pumps, slurry pumps, emulsion pumps, etc.	Air-cooled islands, cooling towers, etc.	Hoisting machines, etc.
Typical Sectors	Mining, cement and metallurgy	Metallurgy, papermaking, biopharmaceuticals and chemicals	Mining and papermaking	Big data center, power generation and chemicals	Mining, metallurgy
Power Range	100kW – 5,000kW	20kW – 2,000kW	20kW – 2,000kW	20kW – 1,500kW	100kW – 2,000kW
Voltage Range	380V – 10kV	380V – 10kV	380V – 10kV	380V – 10kV	380V – 10kV
Speed Range	5–500 rpm	5–500 rpm	5–500 rpm	5–500 rpm	5–500 rpm
Key Features	- Simple electric-drive chain with gearless transmission - Reduced maintenance requirements and high reliability - Stable low-speed high-torque performance - Energy-efficiency - Low-noise operations				

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Internal-rotor PM conventional-speed motors

Internal-rotor PM conventional-speed motors are primarily used to replace traditional asynchronous motors. Our internal-rotor PM conventional-speed motors features higher efficiency, a superior power factor and lower energy losses when operate under low-load operations. They also exhibit an overall stronger energy-saving effect and lower maintenance requirements, enabling customers to achieve meaningful long-term energy and cost savings.

By virtue of their excellent product performance, as of the Latest Practicable Date, our internal-rotor PM conventional-speed motors had been applied in the paper, power generation, metallurgy, chemicals and mining sectors, serving as key electric-drive units for industrial equipment including fans, water pumps, compressors, hydraulic units and emulsion pumps. Among these, the hydraulic series is designed for continuous and heavy-duty applications such as steel hydraulic stations and underground emulsion pump stations. They can operate reliably in demanding and complex environments, featuring high stability in harsh operating conditions.

The following table sets forth the key features of our representative internal-rotor PM conventional-speed motors as of the Latest Practicable Date:

	Pump Series	Fan Series	Compressor Series
Product			
Application Scenarios	Slurry pumps, circulating water pumps, emulsion pumps, etc.	Ventilation fans, cooling fans, induced draft fans, blowers, etc.	Air compressors, refrigeration compressors, process gas compressors, etc.
Typical Sectors	Papermaking, power generation, metallurgy and chemicals	Papermaking, power generation, metallurgy and chemicals	Refrigeration, food and chemicals
Power Range	7.5kW – 5,600kW	7.5kW – 5,000kW	7.5kW – 5,000kW
Key Features	• Energy-efficiency • Low maintenance requirements • Precise speed regulation • High reliability		

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VFDs

Our VFDs perform electric-control functions by integrating digital speed regulation technology with proprietary thermal management solutions. They provide electric-control functionalities for our PM motors, including heavy-duty soft start and stop and process control during operation. Based on different operating scenarios, our VFDs can be categorized into non-explosion-proof VFDs and explosion-proof VFDs. During the Track Record Period, revenue from our VFDs was RMB161.5 million, RMB184.4 million and RMB205.0 million in 2023, 2024 and 2025, respectively.



Our VFDs are highly compatible with and are primarily sold on a bundled basis with our PM motors, providing an integrated, one-stop electric-drive and electric-control system. In addition, drawing on the extensive in-house technical parameters and operating data accumulated from our PM motor operations, our VFDs enable optimized matching between electric-control and electric-drive functionalities. Combined with heavy-duty soft start and stop functions, the system enables end-use equipment to start smoothly under different load conditions, substantially reducing inrush current and effectively mitigating the impact of voltage and current fluctuations on machinery and the power grid during operation. In addition, this product supports full-cycle online monitoring functionalities, further enhancing the stability, reliability and service life of our PM electric-drive solutions provided. It can also adjust motor speed and torque in real time according to load changes, allowing the motor to operate within an optimal efficiency range, improving overall energy efficiency and reducing energy losses associated with constant-speed operation. Such precise speed and torque control functions are particularly suitable for applications with varying output loads, such as fans and water pumps.

Our VFDs are applicable across various operating conditions and support all application scenarios of our PM motors, including explosion-proof environments. We are also continuing to advance the development of a high-voltage VFD product series capable of supporting voltage levels of up to 10kV, with a view to further strengthening the layout of our integrated system platform. Overall, through the system-level optimization of our VFDs and PM motors, the integrated solutions we deliver to customers create competitive advantages in terms of efficiency, stability and real-time response capability in changing output load conditions.

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The following table sets forth the key features of our representative VFDs as of the Latest Practicable Date:

	Non-Explosion-Proof VFD	Explosion-Proof VFD
Typical Industries	Non-coal mining, power generation, manufacturing and building materials	Mining
Typical Voltage Level	0.38kV/0.66kV/1.14kV/3.3kV/6 kV/10 kV	0.66kV/1.14kV/3.3kV/6kV/10kV
Power Range	0.75kW – 5,000 kW	7.5kW – 1,000kW
Control Method	Voltage/Frequency control and vector control/High-voltage vector control	Explosion-proof vector control
Key Features	Wide-speed control range; High reliability	Safe, reliable and suitable for various complex operating conditions

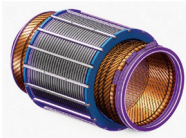
Wind Turbine Generator Components

We develop and supply wind turbine generator components for the wind power industry which are supported by growing demand driven by the global transition toward clean energy and steady growth demands of downstream wind power markets. We primarily manufacture key components of wind turbine generators, such as stators and rotors, as well as pitch-control systems. Our wind turbine generator components are suitable for mass production. During the Track Record Period, revenue from our wind turbine generator components amounted to RMB41.1 million, RMB18.3 million and RMB68.1 million in 2023, 2024 and 2025, respectively.

Our wind turbine generator components, supported by their advanced technologies and reliable quality standards, have established a competitive position within the wind power industry. In large-scale wind farm projects, our products meet the technical requirements of original equipment manufacturers (“OEMs”) and operators. We have been granted with Delivery Excellence Award in 2025 in recognition of our excellent product quality and delivery. In addition, we continuously optimize product performance to meet the evolving technical and performance demands of the wind power industry.

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The following table sets forth the key features of our representative wind turbine generator components as of the Latest Practicable Date:

Product	Industry Application	Core Function
Wind turbine generator stator 	Supplied to wind turbine manufacturers as part of wind turbine generator systems.	Core stationary electrical component of the wind turbine generator.
Wind turbine generator rotor 	Used in large-scale wind turbine generator assemblies.	Rotating component of the wind turbine generator providing electromagnetic conversion.
Wind turbine pitch-control system 	Installed in wind turbine systems to regulate power generation and provide operational safety.	Controls blade angle to regulate power output and protect the wind turbine during extreme wind conditions.

Growth-stage Products

We are continuously advancing product iteration and upgrades. Our growth-stage products are those have completed key development milestones and obtained preliminary customer interest or orders, or have entered field trial. For instance, below are notable examples of our growth-stage products:

Mill Low-speed PM Ring Motor (磨機專用低速永磁環形電機)

This product is primarily used in electric-drive systems for mills and can be widely applied in the mining and building materials sectors. In January 2026, we successfully developed and tested the world’s first 3.55 MW mill low-speed PM ring motor, with a diameter exceeding 8 meters, a height of approximately 10 meters, a rotational speed of 16.1 rpm, and a weight of about 135 tons, positioning us as a pioneer in the application of a ring-shaped PMDD electric-drive system.

The product is built on our proprietary PMDD hollow-rotor (永磁直驅空心轉子) technology, under which the rotor poles are directly mounted onto the mill body and surrounded by a stator ring. In this configuration, the mill itself becomes an integral part of the motor structure. This design eliminates the traditional gearbox, clutch, large and small gear sets, as well as complex lubrication systems. Torque is transmitted through the magnetic field between the stator and rotor, achieving a contactless direct-drive structure. It supports an ultra-low-speed system combining high power output with precise control. Compared with traditional transmission structures, the design delivers higher system efficiency, greater energy-savings, reduced maintenance workload, as well as lower operating noise and vibration. When combined with our VFDs and proprietary anti-sway control algorithms, the system enables smooth start-up and shutdown within seconds, reducing the impact on the plant’s high-voltage power grid.

BUSINESS

These advantages are well aligned with the mining and building material sectors’ ongoing transition and initiatives toward more intelligent, energy-efficient, cost-efficient and environmentally sustainable operations.

The diagram below shows a structural and field-operation comparison between the traditional complex transmission system before retrofit and our mill low-speed PM ring motor:



Magnetic-levitation High-Speed PM motors

The magnetic-levitation high-speed PM motors combine magnetic-levitation bearing technology with high-speed PM motor technology. It represents a new type of rotating machinery and an important technological direction for high-end equipment toward high-speed, high-efficiency, and oil-free development. By using electromagnetic force to suspend the rotor at the center of the stator, it enables non-contact, frictionless high-speed rotation structure that exceeds the physical speed limits of mechanical bearings, with motor speeds reaching over as high as 30,000 rpm. Operating under same power conditions, the motor is more compact and lighter yet with higher power density.

BUSINESS

As magnetic-levitation bearing technology completely eliminates mechanical wear, this series requires no lubrication or oil system during operation, significantly reducing maintenance costs. The non-contact structure contributes to low noise levels, stable operation and improved overall system energy efficiency, together with the inherently high-efficiency nature of PM motors. Particularly in the applications including wastewater treatment and industrial blowing, compared with conventional “asynchronous motor + coupling + gearbox” transmission systems, our products are capable of reducing energy consumption by 20%–30%.

Its application scenarios extensively cover magnetic-levitation blowers, magnetic-levitation compressors and other equipment used in manufacturing, transportation, and specialized equipment sectors. As of the Latest Practicable Date, we had completed the R&D and delivery of magnetic-levitation centrifugal blowers, which conform to the technical route for replacing traditional roots blowers, and are primarily utilized in applications such as aeration in wastewater treatment, cooling of cement clinker and blowing processes. Meanwhile, we are actively expanding into magnetic-levitation compressors, vacuum pumps and other magnetic-levitation high-speed PM motor fields to continuously enrich our product portfolio.

PM Shaft-mounted Generators

Our PM shaft-mounted generators are specifically designed for ocean-going vessels. These generators are devices used to convert the rotational energy of the vessel’s main engine into electrical energy for powering the onboard electrical grid. Specifically, it can be directly installed on the main propulsion shaft (or power shaft), enabling the utilization of surplus power from the prime mover (such as a diesel engine) to generate electricity and supply power to the onboard electrical grid. It reduces the operating time of auxiliary diesel generators and fuel savings.



The product has obtained CCS certification, a high-barrier qualification in the marine motor market, demonstrating our ability to manufacture and deploy this product at scale. As of the Latest Practicable Date, we had applied a 700kW shaft-mounted generator to an ocean-going vessel of a client.

Key Products by Application Scenarios

Our PM electric-drive products, serving as the essential foundation for energy conversion and motion control in mechanical equipment, are widely applied across various industries. As of December 31, 2025, we had established a global customer base of approximately 1,500 customers, including leading enterprises across more than 20 sectors, which fall within three major industries: (i) mining, (ii) manufacturing and (iii) renewable energy.

BUSINESS

Mining Industry

As the mining industry continues its transition toward intelligent, green and energy-efficient production, it has become the largest downstream application areas for our PM electric-drive products. Our PM electric-drive systems offer advantages in high energy efficiency and precise control. When integrated with our intelligent variable frequency control systems, our product portfolio is well-suited to meet the requirements for continuous operation under conditions of high load fluctuations and complex operating environments in mining applications. Our products have gained wide recognition in the mining industry. As of the Latest Practicable Date, we had supplied products to over 1,000 mining companies, with products covering the key stages of the mining production line.

The following chart sets forth the key application scenarios of our PM electric-drive products that could be employed across the mining process:

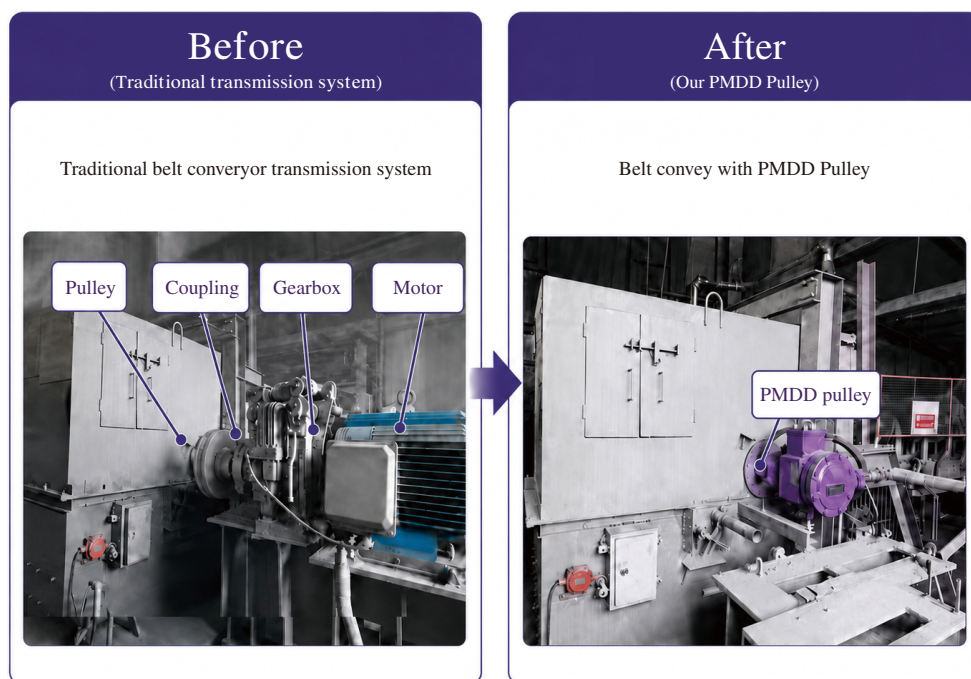


Specifically, our efficient, reliable and low-maintained PM electric-drive products can be applied to key mining equipment, such as belt conveyors, crushing and screening equipment, mills, flotation machines, agitator, hydraulic pumps, fans and water pumps. Going forward, we intend to continue advancing our PM technology and enhancing our product offerings to support applications in increasingly demanding and more complex mining environments.

Below are selected cases demonstrating how our products have successfully addressed customers’ needs in the mining industry:

BUSINESS

Case Study A-Five-Year PMDD System Retrofit Program

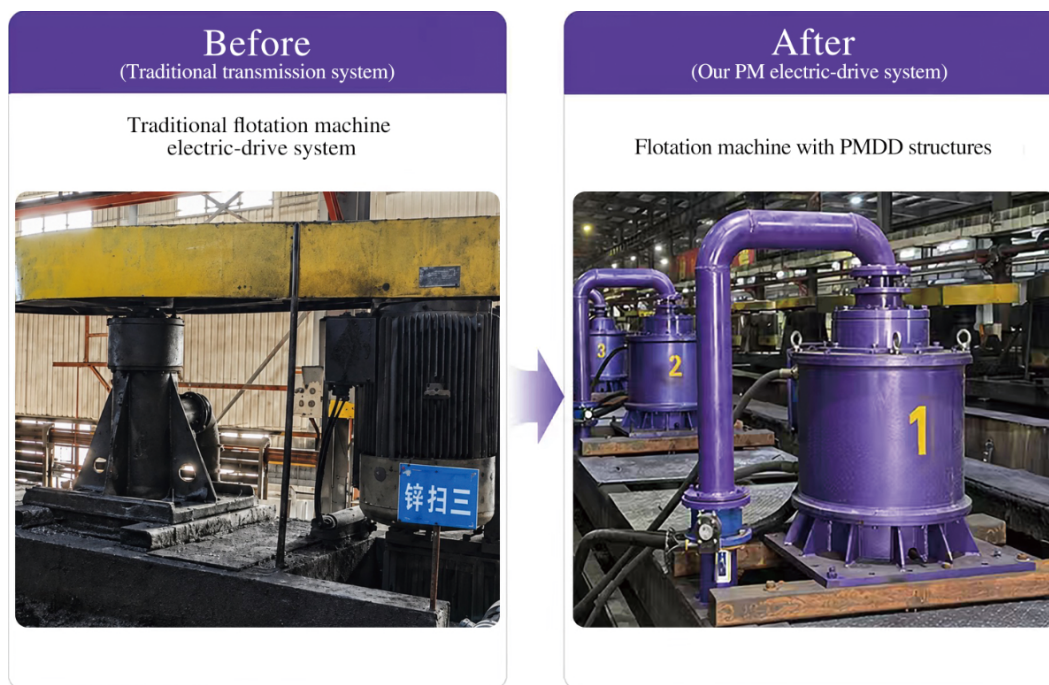


We served a large mining industrial group whose production processes rely on not less than 8,000 high-energy-consumption motors, as well as multiple belt conveying systems. The client faced challenges including long transmission chains, high energy consumption and numerous maintenance points. In response to these needs, we developed an ongoing comprehensive PMDD system retrofit plan for the customer, gradually replacing its high-energy-consumption motors with our PM motors and traditional belt conveying systems with our PMDD pulleys.

By substituting the original “asynchronous motor + coupling + gearbox” and complex transmission chains, it significantly reduces the system’s installation footprint. Meanwhile, leveraging the higher power density and energy conversion efficiency of our PM motors, the retrofit plan will effectively reduce the client’s lifecycle operating costs and maintenance frequency, demonstrating the measurable economic value and reliability of our products in large-scale mining operation environments.

BUSINESS

Case Study B-680m³ Non-ferrous Metal Beneficiation Flotation Machine Program



We provided PMDD retrofit and upgrade services for the flotation machines of a domestic leading copper smelting producer. In the beneficiation process, the traditional “asynchronous motor + coupling + gearbox” electric-drive configuration commonly used in flotation machines is associated with issues, such as transmission efficiency losses (approximately 8%–12%), efficiency declines under load fluctuations and low power factor.

In response to these needs, we upgraded the customer’s flotation system with our PM electric-drive solutions. After retrofitting and adapting our products, the client’s overall system efficiency improved significantly, with notably simplified structure and reduced equipment footprint. Meanwhile, as shutdown losses in the beneficiation process far exceed electricity costs, improving system reliability is critical. By eliminating complex traditional transmission structure, we reduced failure points by over 50%, effectively mitigating high-frequency gearbox-related failures such as broken teeth, shaft breakage and oil leakage. This effectively improved operating rates and reduced downtime losses in ore processing. In addition, when equipped with our VFDs, the system can achieve precise speed regulation based on raw ore grade, flotation reagents, and froth layer thickness, further improving important non-ferrous metal ore economic indicators, such as concentrate recovery rate and metal recovery rate.

BUSINESS

Case Study C-Ball Mill Retrofit Program



We supported a leading mining company whose core beneficiation equipment, the ball mill, had long relied on a traditional “asynchronous motor + coupling + gearbox” electric-drive system, which was complex and prone to failure. Moreover, asynchronous motors are characterized by lower efficiency under low-load conditions, while mills often operate with significant load fluctuations.

To address these challenges, we designed a retrofit solution using our low-speed PM motors to eliminate the original complex transmission system. After the retrofit, failure risks and unplanned downtime were substantially reduced. Maintenance requirements were also minimized, as the new system requires only periodic bearing lubrication, improving equipment utilization rates and raw ore processing capacity. Under fluctuating load conditions, the retrofitted system maintains efficiency above 90% across a 40%–100% load range, delivering an overall efficiency improvement of more than 7%. When integrated with our VFDs, it enables smooth, high-torque soft starting and allows dynamic speed adjustment based on ore hardness and feed size, further enhancing grinding performance and recovery rates.

Manufacturing Industry

According to Frost & Sullivan, the global market for industrial PM electric-drive solutions in the manufacturing industries is projected to increase from RMB3.8 billion in 2026 to RMB9.2 billion in 2030, representing a CAGR of 24.7%. Building on our technical expertise and track record in mining, we have expanded into a wide range of manufacturing application scenarios, including pulp and paper, building materials, biopharmaceuticals and chemicals sectors. Collectively, it demonstrates the cross-platform versatility and cross-industry adaptability of our PM electric-drive solutions.

BUSINESS

The biopharmaceutical industry presents a growing opportunity driven by domestic equipment substitution. Our PMDD structure eliminates mechanical transmission components such as gearboxes, significantly reducing lubrication and maintenance requirements and effectively lowering particle contamination risks, making it particularly suitable for high-cleanliness production environments required in the biopharmaceutical industry. For instance, it can support sterile operation in mixing and blending processes. Our PM motor products also deliver precise speed control, enabling uniform mixing in biopharmaceutical processes where cells or particles must remain evenly suspended in liquid.

The papermaking industry is another key application scenario for our PM electric-drive solutions, given its requirements for continuous operation, high energy consumption and stringent reliability. Our PM electric-drive solutions offer high energy efficiency, reliability and environmentally friendly performance with lower maintenance costs. They can cover both conveying systems and key equipment in the papermaking industry, enabling end-to-end electric-drive upgrades across major papermaking processes, such as pulping, conveying, mixing, drying, and auxiliary transmission. Our PM electric-drive solutions had been deployed across numerous overseas markets and adopted by multiple domestic leading papermaking groups, with more than 300 units delivered during the Track Record Period.

Below are selected cases demonstrating how our products have successfully addressed customers’ needs in the manufacturing industry:

Case Study A-Papermaking Industry Retrofit Program



We supported a leading domestic papermaking company in upgrading its electric-drive systems across multiple production stages. The customer’s existing drive systems suffered from suboptimal energy efficiency, complex transmission structures and high maintenance requirements. In response, we provided a systematic upgrade to the customer’s production lines. Tailored to the characteristics of its manufacturing processes, we delivered integrated PM electric-drive solutions covering each major process.

BUSINESS

Specifically, in processes such as pulp handling, pulp preparation, screening and purification, and vacuum systems, we deployed PM motors integrated with VFDs to enable demand-based speed regulation and ensure efficient operation under continuous and variable load conditions. In material conveying processes, we deployed PMDD pulleys to eliminate traditional “asynchronous motor + coupling + gearbox” transmission system, reducing mechanical losses and maintenance requirements. According to customer statistics, after adopting our PM electric-drive solutions, the operating temperature of the motors was reduced by 20 °C, resulting in lower energy waste and enhanced energy efficiency.

Case Study B-Biopharmaceutical Industry 150 m³ Agitated Tank Retrofit Program



We provided a PMDD retrofit solution for a 150 m³ agitated tank for a biopharmaceutical company. Agitated tanks are primarily used in fermentation and reaction processes, ensuring process stability and efficiency through uniform mixing. Traditional multi-stage transmission systems, comprising an asynchronous motor, coupling, gearbox and agitator shaft, suffer from significant efficiency losses and high maintenance costs. In addition, any lubricant leakage from gearboxes may contaminate materials in the agitated tanks and, in severe cases, result in batch failure. Such contamination risks are particularly concerning given the stringent sterility and cleanliness requirements in biopharmaceutical production.

To address these issues, we delivered a customized PM electric-drive retrofit program to upgrade the tank’s drive system. Following the retrofit, a low-speed, high-torque PM motor is directly coupled to the agitator shaft, simplifying the original three- to four-stage transmission into a single-stage PMDD structure and achieving actual energy savings of at least 15%. By eliminating the gearbox, the PMDD system removes the risk of lubricant leakage at the source, reduces maintenance requirements and prevents material contamination. When integrated with our in-house VFDs, the system enables precise speed control based on fermentation process requirements, improving control accuracy and overall process efficiency.

BUSINESS

Renewable Energy Industry

Driven by global public policies for renewable energy transition and growing social awareness across different sectors for clean energy transition, we have established a dedicated new energy manufacturing department in 2025 to further unlock market potential, extending our proven technical capabilities into numerous high-growth new energy application areas with long-term development prospects. This department focuses on the R&D and manufacturing of specialized PM motors and generators to support the electrification of new-energy vessels and new-energy construction machinery, as well as wind power generation. See “– Key Products by Function – Core Products – Wind Turbine Generator Components.” Our PM electric-drive systems are lightweight, compact, efficient and reliable, making them well suited to the stringent requirements of new-energy vessels and construction machinery, where space and weight are limited and high performance and reliability are essential. As of the Latest Practicable Date, our applications in all these new energy fields are transitioning from non-standardized customization toward standardized mass production.

The new-energy vessel sector benefits from strong support under national policies. For example, in 2025, six government departments jointly issued the “Opinions on Promoting High-Quality Development of Inland Shipping,” (《關於推動內河航運高質量發展的意見》) and in 2026, the Maritime Safety Administration of the Ministry of Transport of the PRC issued the “Action Plan for Accelerating the Construction of a Green and Intelligent Ship Technical Standards System (2026–2030).” (《加快綠色智能船舶技術規範體系建設行動計劃(2026–2030年)》). These policies clarify the direction of promoting green waterways and the localization of core equipment for new-energy vessels and incorporate the development of new-energy vessels into the national agenda. In response to supportive national policies and favorable industry prospects, we are entering this market with two core products: marine main propulsion PM motors and PM shaft-mounted generators. Both products have obtained CCS certification, a high-barrier national qualification that covers the entire process of product design, manufacturing, and testing in the marine motor sector. With this certification, our products are well positioned to enter the high-barrier, high-growth marine market. Driven by the national “dual-carbon” strategy and green shipping policies, the penetration rate of new-energy vessels continues to increase, creating significant market opportunities for our products.

In the new-energy construction machinery sector, high-speed PM motors with smaller size and higher power density are expected to empower for the electrification of construction machinery. As of the Latest Practicable Date, we are able to provide platform-based PM motors used in new-energy construction machinery, primarily including drive motors and superstructure motors. Our products can help customers fully replace traditional power systems or adopt hybrid power solutions, committed to providing more powerful, energy-efficient and intelligent control operational supports for new-energy construction machinery. Our PM motors deliver millisecond-level torque response and, when combined with vector control algorithms, enable stepless adjustment of travel speed and traction force. This improves vehicle driving stability in complex terrains, such as muddy and sloped conditions, making the system particularly suitable for high-value applications in mining, ports and specialized engineering.

BUSINESS

Below are selected cases demonstrating how our products have successfully addressed customers’ needs in the renewable energy industry:

Case Study A-5,000t Self-Propelled Electric New-build Dredger Program



We have achieved strategic cooperation with a company specializing in providing comprehensive solutions for new energy electric vessels. Specifically, our marine main propulsion PM motor has been successfully applied in a newly built 5,000-ton self-unloading electric propulsion dredger, upgrading the vessel’s main propulsion motor drive system.

Following the adoption of our products, the vessel achieved a transition from traditional fuel-based propulsion to electric-drive and intelligent control, in line with national green waterway and energy-efficiency policies. Our PM motors replaced the original “diesel engine + gearbox” drive configurations, achieving lesser emissions and fuel consumption as well as low-noise operation during operations. Meanwhile, leveraging the higher power density and superior energy conversion efficiency of our PM motors, this solution achieved millisecond-level precise torque response and smooth control, comprehensively improving the vessel’s intelligent and automated levels.

BUSINESS

Case Study B-Electric Wheel Loader Program



We developed a 10,000 rpm high-speed PM drive and oil pump motor specifically for electric loaders for one of the largest domestic commercial vehicle transmission enterprises.

Specifically, our products adopt high-efficiency PM motor technology, with peak efficiency exceeding 97% and a high-efficiency zone ratio of over 90%, delivering energy savings of 30%–50% compared with traditional hydraulic transmission systems. When integrated with the electric-drive system, hydraulic oil leakage and mechanical friction losses are reduced. Meanwhile, our products enable a reduction in overall vehicle weight and improve loader efficiency by maximizing power output within a more compact size, achieving a power density two to three times higher than traditional motors. Overall, their high operational reliability helps reduce maintenance costs for customers’ electric loaders.

RESEARCH AND DEVELOPMENT

During the Track Record Period, we have invested in R&D to develop next-generation, more efficient and environmentally friendly PM electric-drive products that better serve industrial customer needs. In 2023, 2024 and 2025, our research and development expenses amounted to RMB30.2 million, RMB32.3 million and RMB39.2 million, respectively. As of December 31, 2025, we had 98 R&D staff, representing approximately 13.0% of our total employees. Among them, 77 hold degrees above the bachelor’s level, representing about 78.6% of the R&D team. Our core R&D staff generally have more than five years of industry experience. In 2024, we were approved to establish the first national-level post-doctoral research station in the industrial PM electric-drive solution industry, which was subsequently established in 2025. It not only serves as an R&D platform for attracting and training high-caliber R&D personnel, but also facilitates our future technological breakthroughs in PM motor technologies.

BUSINESS

We have established an integrated R&D framework comprising one general R&D center and three specialized R&D divisions. This structure combines general-purpose technology platforms with application-specific development, enabling us to continuously advance our technologies and expand product applications. At the core of this framework, our general R&D center focuses on foundational technologies, including electromagnetics, thermal management, and insulation systems. It also undertakes platform-based, multi-disciplinary simulation analysis, as well as baseline performance development and validation. Our three specialized R&D divisions each concentrate on product development in specialized fields across general industry, renewable energy and electric-control sectors, with the focus on specific application scenarios, including explosion-proof electric-drive systems, magnetic levitation technologies, high-voltage applications, electric-control technologies and new energy solutions. By integrating foundational research with customized development tailored to downstream industry requirements, we aim to continuously broaden our portfolio of PM electric-drive solutions across diverse end markets.

As of the Latest Practicable Date, we had established a comprehensive R&D and testing environment to support product development and validation across our PM electric-drive solutions, including:

- a 20 MW-class test platform capable of testing PM motors across 380V to 10kV voltage classes, with up to 20,000kW no-load and 5,000kW load capacity, covering insulation resistance, high-voltage withstand, temperature rise, no-load and load characteristics, efficiency and transient performance. According to Frost & Sullivan, as of December 31, 2025, our 20 MW-class PM motor test platform system is the largest PM motor test platform in China;
- a dedicated PMDD pulley test bench, covering pulleys of up to 1,600 mm in diameter and 2,800 mm in length;
- an insulation and materials laboratory for electrical and mechanical testing of insulation materials and winding wires;
- dedicated magnetic levitation blower soundproofing and noise-reduction testing facilities, enabling us to conduct professional-level performance testing of magnetic levitation blowers;
- a specialized test bench for PM motors used in large-scale flotation machines, enabling no-load operation testing of high- and low-voltage motors, simulation-based loading tests for agitators with shaft lengths of up to 4 meters, as well as run-out detection and calibration of agitator shafts.

Key R&D Achievements and Core Technologies

Our regularized and sustained R&D investment has accumulated multiple proprietary technologies, received industry recognition on our product and technology capabilities. We have established a comprehensive intellectual property framework covering the full lifecycle from intellectual property application to formal grant, and have built a sizable portfolio of intellectual property assets. See “– Intellectual Property.” We were also one of the first National-level Key Specialized, Refined, Differential and Innovative “Little Giant” Enterprise recognized by the MIIT in 2022 and have received numerous national-, provincial- and ministerial-level awards in recognition of our R&D achievements. See “– Awards, Recognition and Certification.” As of the Latest Practicable Date, we had also participated in the formulation of numerous standards, including four national standards and five industry standards, with many already issued and implemented.

BUSINESS

In particular, our technology and product portfolio is strategically anchored in our proprietary PM technology. Our solutions enable intelligent and energy-efficient industrial applications by delivering precise motion control while eliminating energy losses associated with traditional mechanical transmission components. Building on our core PM technology platform, we have accumulated a suite of critical enabling technologies along the PM electric-drive system value chain over the years. These accumulated capabilities form a robust technological foundation that supports our ability to deliver continuous innovation, integrated solutions and further diversify our product portfolio.

The table below sets forth key technologies employed on our PM electric-drive solutions and their advantages:

Core Technologies	Key Advantages	Description of Technologies and Characteristics
Low-Speed, High-Torque Direct-Drive Control Technology (低速大扭矩直驅控制技術)	Precise speed control eliminating the needs for intermediary transmission structures	As a substitute for traditional “asynchronous motor + coupling + gearbox” structures, our PM technologies enable motors to achieve precise speed control, effectively addressing the challenges of maintaining speed stability and adequate torque output under low-speed operating conditions. To support low-speed, high-torque applications, we have developed specialized control algorithms in conjunction with an optimized multi-pole design. Through the application of advanced control strategies, including field-oriented control, direct torque control and model predictive control, our PM motors achieve precise regulation of both speed and torque. More specifically, these technologies effectively mitigate torque ripple and excessive speed fluctuations commonly encountered during low-speed operation, ensuring stable performance even under demanding conditions. For instance, our systems are capable of delivering continuous and stable high torque output even at speeds as low as 5 rpm.
Multi-Channel High-Efficiency Cooling Technology (多通道複合高效散熱技術)	Efficient heat dissipation	To address the high thermal load characteristics during the operation of our PM electric-drive systems, we have developed a composite cooling design combining reciprocating water channels and fin-type flow guides. The reciprocating water channels ensure uniform temperature distribution while reducing flow resistance and improving heat transfer efficiency. The fin-type flow-guiding structure increases effective heat dissipation area, enabling fast heat removal from key components such as the stator and housing. Together, the dual cooling system provides stable and reliable thermal management.
Integrated Harmonic Suppression and Magnetic Circuit – Winding Optimization (諧波抑制與磁路繞組一體化優化技術)	Low loss and high-speed density	This technology primarily consists of fractional-slot pole combinations, flat copper windings and a decoupled pole shoe and yoke structure (極靴與齒軛分離結構), which effectively suppress harmonic distortion, reduce eddy current losses in permanent magnets, minimize magnetic flux leakage and enhance torque density.

BUSINESS

Our Product Design and R&D Process

We have established a dedicated approval committee composed of our Director, chief engineer and heads of marketing, quality, supply chain, manufacturing and technical service departments to assess and approve R&D projects. The committee assesses technical feasibility of projects, quality feasibility and economic viability based on investigated data and feasibility analysis reports and supervises implementation. Coordination between the R&D center and other departments is achieved through a structured mechanism: the marketing center and technical service department collect and consolidate customer requirements and working conditions, the R&D teams conduct feasibility assessments and product design, and the delivery center, production center and finance department participate in program evaluation and cost control. Quality is embedded throughout the R&D process through material inspection and product testing coordinated by the quality center.

Our R&D and product development processes encompass multiple stages. Based on five phases which include program initiation, planning, execution, monitoring and closing, we have established clear implementation requirements and guiding methodologies across each key stage. In addition, we have implemented dedicated review mechanisms at critical stages of the R&D process to effectively manage and control development activities and ensure the quality of our R&D outcomes.

Specifically, the key R&D workflows at each stage are as follows: **(i) Program initiation:** Prior to initiation, we conduct preliminary research covering technical feasibility, risk assessment, intellectual property and market prospects. Based on such analysis, we formulate an overall assessment and submit it for approval; **(ii) Program planning:** We then carry out systematic research and risk assessment, and define the implementation pathway and resource allocation before commencement of execution; **(iii) Program execution:** Upon approval by the approval committee, the R&D team prepares and approves key documentation, including the program charter, design and development briefs, staffing plans, development plans and budgets; **(iv) Program monitoring:** Monitoring runs throughout the entire R&D process to ensure effective oversight at each stage. Over ten categories of process documentation are generated to ensure traceability. In the later stages of design and development, prototype manufacturing and validation testing are carried out. Type testing verifies whether the design meets performance requirements, and, where necessary, qualified third-party institutions are engaged to issue testing reports; **(v) Program closing:** Upon completion, testing and validation results are systematically consolidated and documented, and incorporated into our R&D knowledge base to support product development and continuous improvement. We also conduct analysis of applicable foreign standards, regional operating condition assessments and certification testing for applications overseas.

Throughout the entire lifecycle, milestone meetings, regular reviews and data analysis (including work logs, cost tracking and quality analysis) are conducted to monitor progress, manage risks, and ensure continuous improvement. All activities are supported by standardized documentation, rigorous review checkpoints and close cross-departmental collaboration, ensuring that each program meets the highest standards of quality and client satisfaction.

Collaborative R&D

To better understand customer requirements and enhance the technologies embedded in our products, we pursue collaborative R&D through (i) joint development with customers to deliver innovative and customized products and solutions for a range of industrial applications, and (ii) joint research programs with independent third parties with complementary technical capabilities.

BUSINESS

In customer-collaboration projects, customers typically specify the applicable regulatory requirements and key technical specifications based on their operating needs and targeted outcomes. For example, we collaborate with multiple mining companies to develop and customize PM electric-drive products, considering their cooling methods, insulation material requirements, operating temperatures, as well as voltage and current specifications. Leveraging our accumulated technological expertise, we are able to provide customer-oriented, forward-designed products that align with customers’ specific requirements in terms of product appearance, technical parameters, safety and functionality for each application scenario. The intellectual property arising from such customized designs is typically owned by our customers, and we are subject to confidentiality obligations covering confidential information exchanged during these collaborations.

We also establish joint R&D projects with independent third parties to leverage their specialized expertise and to enhance our products and solutions in a cost-effective manner. For example, we have collaborated with third parties in the design and development of fluid components, cabinet and silencing solutions for magnetic levitation blowers, as well as upper-level commissioning software and the blower human – machine interface software. The salient terms of our standard R&D cooperation contracts with such independent third parties during the Track Record Period are set out below: **(i) Roles and responsibilities.** We engage third parties to conduct cooperative R&D based on agreed technical requirements. We typically provide relevant technical specifications and background materials and participate jointly in the R&D process to complete the agreed scope of work; **(ii) Performance, deliverables and acceptance.** Deliverables are subject to inspection and acceptance against agreed technical objectives and acceptance criteria. Key milestones are typically specified, and remedies, including rectification and/or refunds, may be available if the deliverables fail to meet contractual requirements; **(iii) Intellectual property.** Unless otherwise agreed, intellectual property rights arising from the R&D deliverables generally vest in us. Third-party institutions are typically restricted from transferring or disclosing deliverables prior to completion and delivery, and we are generally entitled to use and further develop the deliverables; and **(iv) Confidentiality.** Both parties are subject to confidentiality obligations covering confidential information exchanged during the cooperation, which typically remain effective for a specified period following termination or expiry.

INTELLECTUAL PROPERTIES

Leveraging our sustained investment in R&D and our long-standing innovation-driven development philosophy, we continuously refine and expand our intellectual property (“IP”) framework and enhance our portfolio of proprietary IP. Our established IP protection framework integrates various forms of protection, including patents, trademarks, copyrights and domain name registrations, supported by robust trade secret protection mechanisms and internal control systems. These measures collectively strengthen our IP barriers and effectively safeguard our core technologies and brand rights. As of the Latest Practicable Date, our Group had 131 patents, 37 trademarks, one computer software copyright and three domain names registered in the PRC and we had been granted four overseas IP rights. In addition to patented technologies, we also maintain and protect extensive non-patent core technologies, which include proprietary electromagnetic simulation algorithms, customized application solutions, system tuning techniques, and installation and maintenance methodologies. These technologies, developed and accumulated through long-term R&D and implementation practices, constitute important components of our technical advantage and are safeguarded as confidential commercial trade secrets.

BUSINESS

To better protect our IP and trade secrets, we have put in place the following measures: **(i) Patent planning and timely filing for new patent applications:** We have established a full process, multi-dimensional patent planning and protection system integrated into our R&D workflow. Patent searches and analyses are performed at the initiation stage, and patent applications are filed concurrently with product development to ensure that our core technologies are protected promptly upon completion; **(ii) Dedicated internal control measures:** We have also obtained certification under the GB/T29490-2023 IP compliance management system, and our IP protection procedures are set out in a suite of dedicated policy documents; **(iii) Software-based encryption technologies:** We employ software-based encryption and classified document management to safeguard proprietary information; and **(iv) Confidentiality agreement with employees:** All employees are required to enter into confidentiality agreements under which all IP rights arising from their employment vest in our Group.

Relying on our robust IP management framework, during the Track Record Period and up to the Latest Practicable Date, we were not aware of any material infringement (i) by us of any IP rights owned by third parties; or (ii) by any third parties of any IP rights owned by us. Furthermore, we are not aware of any IP-related risks that would materially affect our business operations or financial performance. See “Risk Factors – Risks Relating to Our Business and Industry – An inability to protect our intellectual property rights or actual or alleged infringement of a third party’s intellectual property rights could adversely affect our business.”

PRODUCTION

Our manufacturing system covers material preparation, component processing, automated and manual assembly, testing, warehousing and logistics, equipment maintenance, and safety and environmental management. Our production operations span multiple product lines, each supported by digital manufacturing systems, experienced personnel and standardized workflows. We hold certifications under the ISO 9001 quality management system, ISO 14001 environmental management system, ISO 18000 and ISO 45001 occupational health and safety system, IATF 16949 quality management system, as well as relevant energy management standards. We were accredited as a National Green Factory in 2026.

Our Manufacturing System and Equipment

Our manufacturing system is equipped with four specialized production lines corresponding to four major product categories, namely PMDD pulleys, internal-rotor PM motors, VFDs and wind turbine generator components. Each production line is supported by high-precision computer numerical control machining centers, automated guided vehicles, industrial ovens, automated assembly machines, vacuum pressure impregnation tanks as well as full-process online monitoring and finished-product testing systems. Production operations are carried out by qualified personnel in accordance with established procedures, supported by multi-level supervision to ensure stable uninterrupted production and to effectively mitigate risks associated with key-person dependencies. Key positions are each supported by first- and second-level backup personnel, ensuring workforce continuity and operational resilience.

BUSINESS

Production Planning and Digitalization

We serve a wide range of downstream applications with diverse customer needs across different industries. Through platform-based and modular manufacturing approaches, we are progressively advancing the standardization of our modular product design. Relying on standardized modules, customized solutions can be implemented through differentiated configuration without the need to redesign the entire system. This approach enables us to accommodate diverse customization requirements while effectively reducing production line reconfiguration costs, shortening delivery lead times and controlling customized production costs. Uniform quality control standards are applied across all standardized modules, strengthening reliability, traceability and rapid fault isolation capabilities. Our large-scale production of common modules enhances economies of scale, and boosts capacity expansion, facilitates product iteration and our globalization layout, which collectively improves manufacturing efficiency and operational resilience. See “– Quality Control.”

In parallel, we are steadily progressing the upgrade of our intelligent manufacturing capabilities, to build a digitalized, automated and intelligent manufacturing system to enhance our responsiveness to customer orders. We operate under a make-to-order and order-driven production model: all products are manufactured only upon customer order confirmation. Our production planning is integrated and organized by integrated digital manufacturing ecosystems, comprising our Product Data Management (“PDM”), Customer Relationship Management (“CRM”) system, Enterprise Resource Planning (“ERP”) system and Manufacturing Execution System (“MES”). See “– Information Technology.” Rush orders and change requests are subject to cross-functional coordinated reviews, involving planning, procurement, R&D, production and quality control. Leveraging such data, we continuously optimize our production management and control. Warehouse operations are full process controlled through information systems, supported by daily inventory checks and monthly review mechanisms.

Production Facilities and Utilization Rates

We have one principal factory located in Changzhou, Jiangsu Province, China with a total gross floor area of 63,936 sq.m. as of December 31, 2025, supported by standardized equipment layouts and compliance-approved utility and environmental infrastructure. The following table sets forth our designed production capacity, actual production volume and utilization rates of our key products during the years indicated:

Product	Year ended December 31,								
	2023			2024			2025		
	Designed capacity ⁽¹⁾	Production volume ⁽²⁾	Utilization rate ⁽³⁾	Designed capacity ⁽¹⁾	Production volume ⁽²⁾	Utilization rate ⁽³⁾	Designed capacity ⁽¹⁾	Production volume ⁽²⁾	Utilization rate ⁽³⁾
	(Units/year)	(Units)	(%)	(Units/year)	(Units)	(%)	(Units/year)	(Units)	(%)
PMDD pulleys	2,400	2,074	86.4	2,100	1,775	84.5	2,100	1,766	84.1
Internal-rotor PM motors	900	623	69.2	1,800 ⁽⁴⁾	1,334	74.1	3,000 ⁽⁴⁾	2,004	66.8
VFDs	1,350	1,190	88.1	1,500	1,231	82.1	1,650	1,315	79.7
Wind turbine generator components	750	535	71.3	450 ⁽⁵⁾	335	74.4	1,800 ⁽⁵⁾	1,517	84.3

BUSINESS

Notes:

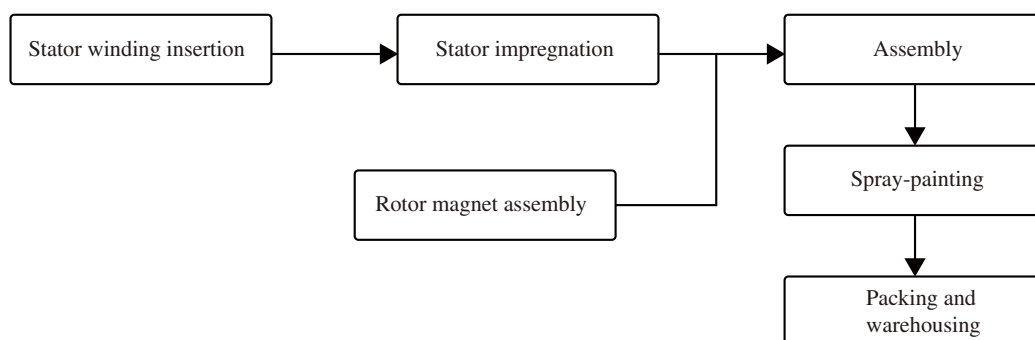
- (1) Our designed production capacity is calculated based on the number of working days, daily working hours and production time, with the time required for maintenance and replacement of machinery and equipment already incorporated into the calculation. Specifically, the calculation of our production capacity for 2023, 2024 and 2025 is based on the following assumptions: (i) 300 operation days per year; and (ii) eight operating hours per day.
- (2) Production volume is calculated based on actual output for the relevant year.
- (3) The utilization rate is calculated by dividing actual production volume by the designed production capacity for the same year.
- (4) The continuous increase in the designed capacity of our internal-rotor PM motors was primarily attributable to our proactive capacity adjustments, whereby more resources were allocated to this production line in response to growing market demand.
- (5) The decrease in the designed capacity of the wind turbine component production lines in 2024 and the subsequent increase in 2025 were primarily attributable to our proactive adjustments based on order volumes from major customers in response to reduced demand and we were in progress for preparing to establish a dedicated new energy manufacturing department in 2024, as well as the inclusion of wind turbine generator rotor and wind turbine pitch-control system as new production lines in 2025, which only wind turbine generator stator was included in 2023 and 2024.

Production Process

Our production operations are generally demand-driven. We normally commence production upon receipt of customer orders. We follow structured and standardized production processes across all major business lines. While the specifics vary slightly depending on the product type and industry application, the core manufacturing flow is built on a combination of precision machining, automated assembly, quality inspection and performance testing. Each production line typically begins with the processing of individual core components, followed by sequential assembly into an integrated product, and concludes with final testing before packaging and delivery to customers. We also incorporate multiple quality checkpoints throughout the process. These inspections range from dimensional checks and torque calibration to noise testing and electrical verification, ensuring that every product meets our stringent technical standards.

The following diagram illustrates key stages of manufacturing process for each our production lines.

PM Motors – PMDD Pulleys and Internal-rotor PM Motors



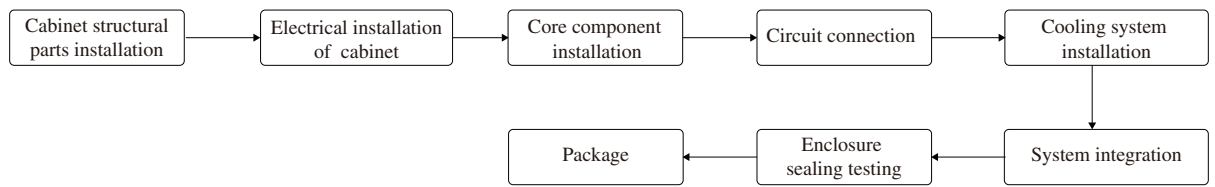
Our PM motor production adopts end-to-end standardized processes, with advanced manufacturing technologies applied at key production stages. We coordinate production through the integration of our in-house R&D, intelligent manufacturing, and fast-response logistics and raw material supply capabilities.

BUSINESS

In the stator winding process, we utilize advanced flat copper winding insertion technology compatible with semi-open slot structures, improving slot fill factor and insulation performance while reducing losses. This technology effectively addresses key manufacturing challenges in delivering stable high torque output under low-speed conditions. In the impregnation process, we apply environmentally friendly epoxy anhydride insulation materials in combination with vacuum pressure impregnation (“VPI”) technology to form void-free insulation layers, enhancing thermal conductivity, moisture resistance, and overall reliability and electrical performance. For the rotor, we adopt PM excitation assembly processes to increase air-gap magnetic flux density, enabling compact and lightweight designs while delivering high torque density and energy efficiency.

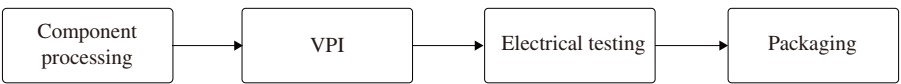
Stators, rotors and other components are then assembled using automated equipment, with precise control over coaxiality, air-gap clearance and fastening torque. Following system assembly, surface coating treatments are applied to provide multi-layer protection, enhancing insulation, wear resistance, corrosion resistance and environmental durability, and supporting long-term stable operation under complex industrial conditions while extending equipment service life.

VFDs



Our VFD manufacturing adopts a fully integrated and coordinated production process. Key components, including cabinet structural parts, electrical components and core power modules, are prepared separately in advance. Upon completion of each unit, overall electrical integration is achieved through standardized wiring processes, with systematic wiring and cable routing ensuring reliable power distribution and accurate signal transmission. Following electrical integration, heat dissipation and cooling systems are installed to ensure stable operation of the inverter under full-load conditions. Following assembly, system-level testing verifies that all parameters and performance indicators meet design specifications. Qualified products are then packaged and held pending delivery.

Wind Turbine Generator Components



The wind turbine generator component production line is well suited for mass production. The production process typically involves individual component processing, including coil insertion and VPI impregnation. Most of the processes are carried out using automated equipment, ensuring consistent product appearance and quality. Afterward, electrical testing is conducted to ensure that the products meet relevant quality standards before packaging and delivery to customers.

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Outsourcing

During the Track Record Period and up to the Latest Practicable Date, all of our product designs and core components were produced in-house to ensure stringent quality control and knowhow protection. To enhance production flexibility and resource efficiency, we selectively outsourced certain standardized and non-core production processes, such as sandblasting process and stator welded assembly process of PM motors, to rigorously vetted contract manufacturers. To our best knowledge, all outsourcing manufacturers were Independent Third Party to our Group during the Track Record Period and up to the Latest Practicable Date. These outsourcing contract manufacturers must strictly adhere to our technical specifications and quality standards, with all outsourced components undergoing our full inspection protocol before warehouse acceptance to guarantee performance parity with in-house productions.

The typical salient terms of our standard outsourcing agreements with our contract manufacturers during the Track Record Period are set forth below: **(i) Duration:** We typically enter into long-term procurement agreements with contract manufacturers to ensure supply continuity; **(ii) Scope of Work:** The specific products are determined by each order placed under the long-term procurement agreements; **(iii) Quality Control:** Prior to delivery, we conduct preliminary inspection regarding the condition of the products. The contract manufacturers are required to provide us in advance with product qualification certificates, quality assurance certificates, inspection reports and other relevant documents evidencing the product quality. Upon arrival, we conduct acceptance inspections and are entitled to request the return of non-conforming products; and **(iv) Confidentiality:** Confidentiality provisions are typically included and generally remain in force for a specified period after termination.

QUALITY CONTROL

Product quality is vital to our business, and we are committed to developing and producing high-quality products in compliance with applicable domestic and international standards and regulations. Quality control measures are embedded throughout our operations, ranging from supplier qualification and onboarding, raw material procurement to product design, manufacturing, pilot testing, finished product inspection and after-sales services.

To support our product objectives, we have established a dedicated quality management center, which operates independently from other departments and is directly led by our vice general manager and reports directly to our Board of Directors (“**Board**”) on quality performance to safeguard independence. It is responsible for establishment, supervision and continuous improvement of our quality management system.

Our quality control is further supported by intelligent manufacturing software and an integrated operational management ecosystem throughout the entire production cycle. See “– Information Technology.” We have deployed a MES to enable real-time data collection and analysis during production. All manufacturing data for each manufactured product, including operators, equipment parameters and testing results, is fully traceable, with each traceability code uniquely linked to the product serial number, ensuring that any quality issue can be promptly identified and addressed.

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As of the Latest Practicable Date, we had obtained a series of quality management system certifications and product certifications in recognition of our continuous quality control efforts. For example, our products have obtained key quality and environmental certifications, including IATF 16949, ISO 9001, ISO 14001 and ISO 45001, issued by the China Quality Certification Centre (“CQC”). Our specialized production lines have also obtained additional industry certifications that meet established technical standards. Specifically, our explosion-proof PM motors and VFDs have obtained the T/CNCA 001–2018 coal mining equipment maintenance service certification issued by the China Coal Association Certification (Beijing) Center. Our PM shaft-mounted generators have obtained Bureau Veritas marine product certification. Both our marine main propulsion PM motors and PM shaft-mounted generators have both obtained CCS certification, a high-barrier national qualification covering the entire process of product design, manufacturing and testing in the marine motor sector. We have also obtained ATEX and CE certifications to meet the relevant standards in our target overseas markets. Through this comprehensive certification portfolio, we meet the high regulatory standards of both domestic and major global markets.

Supplier Management and Raw Material Inspection

We have implemented a systematic supplier management framework: **(i) Supplier onboarding:** new suppliers are subject to qualification review, on-site inspection and small-batch trial validation, covering quality management systems, production capabilities, delivery performance and environmental compliance; and **(ii) Supplier evaluation:** suppliers are assessed quarterly across quality, delivery, service and cost dimensions. Suppliers rated below grade C for two consecutive quarters will be suspended and required to complete rectification within a specified time frame. We also typically conduct rigorous inspections of raw materials to ensure compliance with technical specifications and incoming inspection standards. Batch sampling inspections are generally performed upon receipt of raw materials, covering dimensions, chemical composition, mechanical properties and electrical performance.

Production Process Inspection

We have established quality control checkpoints for key production stages, including stator winding insertion, rotor dynamic balancing, final assembly, and performance testing. See “– Research and Development.” Key testing items include insulation resistance, direct current resistance and high-voltage testing, no-load performance, temperature rise, and load performance, ensuring strict compliance with applicable national quality standards at every step. In addition, we conduct regular maintenance of production equipment and enforce strict production environmental controls, including monitoring and regulating temperature, humidity and cleanliness, to ensure that production quality is consistently maintained at a high standard.

Responsive and Reliable After-Sales Services

We have established a dedicated technical service team of over 50 professionals and operate 42 service outlets domestically and internationally, providing localized supports. We offer a distinctive “7 × 24” full-day responsive after-sales service model, including on-site inspection, factory refurbishment, and comprehensive operation and maintenance solutions, with prompt responses to customer needs.

BUSINESS

During the Track Record Period and up to the Latest Practicable Date, (i) we had not received any material complaints about product quality and our products had not been subject to any material claim, litigation or investigation; and (ii) there were no product recalls or fatal accidents related to our products that may cause material adverse impact to our operation.

SALES AND MARKETING

Building on our strong brand reputation for delivering energy-efficient and reliable green industrial solutions, our products have gained rising market recognition across various downstream sectors and have been adopted in a wide range of application scenarios. As of December 31, 2025, we have served approximately 1,500 customers. Our products have been deployed in overseas countries in Southeast Asia, Europe, South America and Africa during the Track Record Period.

Our Sales and Marketing Team

Our sales and marketing activities are undertaken by our marketing center, which oversees our nationwide sales network, comprising 18 regional sales offices responsible for different markets. They are mainly responsible for brand communication, product exhibition operation, event management and coordination of customer-facing marketing materials. Key marketing deliverables are reviewed across departments before release.

Each regional office is staffed with personnel organized across four principal levels, namely regional managers, sales directors, deputy sales directors and sales managers. We have been committed to retaining and expanding our business with existing customers and leveraging those relationships to identify prospective customers. As of December 31, 2025, our sales team consisted of 169 dedicated sales and marketing personnel. In 2023, 2024 and 2025, our sales and marketing expenses amounted to RMB61.4 million, RMB69.3 million and RMB73.5 million, accounting for 8.1%, 7.9% and 7.9% of our total revenue, respectively.

Sales Arrangements

Our products are primarily sold as integrated system solutions. Given the highly customized nature of our products and solutions, which are generally not standardized, our sales team works closely with customers across different industries to understand their specific requirements, identify business opportunities and coordinate internal resources to develop tailored solutions. The sales process typically begins with securing business opportunities through open tenders, price quotations or qualification as approved suppliers within customers’ procurement networks. It then progresses through multiple stages of technical evaluation, including solution discussions, testing and qualification approvals. Customer feedback and emerging requirements collected throughout and after implementation are continuously incorporated into our product design and development process.

BUSINESS

Our customers primarily consist of industrial companies, design institutes and equipment manufacturers. We sell our products directly to domestic customers by delivering to designated locations. Revenue is recognized when control of the products is transferred to the customer, such as upon the customer’s acceptance of the goods, or when the relevant performance obligation under the contract is satisfied. We typically enter into sales agreements with customers to provide products with technical specifications tailored to requirements for specific application scenarios. We also provide additional services, including on-site technical support and installation assistance, to support the smooth operation of our products and proper on-site use. During the Track Record Period, our products were also successfully deployed in overseas countries, yet no overseas revenue was recognized during the same period.

To a much lesser extent, we engaged distributors to sell our products, which accounted for less than 2% of our total revenue in each year during the Track Record Period. Our relationship with distributors is that of buyer and seller, whereby product ownership is transferred to distributors upon purchase and revenue is recognized upon their acceptance of the products. To the best knowledge of our Directors, during the Track Record Period, all of our distributors were Independent Third Parties, and none were controlled by any of our former or current employees, used our brand name, or received any material advances or financial assistance from us.

There were no material differences in the sales terms between our different sales arrangements. The typical salient terms of the agreements we entered into during the Track Record Period are set forth below: **(i) Scope of sales:** Sales contracts generally specify the types of products purchased for use in retrofit projects, new-build projects or component supply; **(ii) Delivery:** Delivery arrangements, including timing, packaging and logistics requirements, are specified in the relevant orders placed; **(iii) Payment and credit terms:** Payment terms typically involve progressive payments based on milestones specified in the contract, with settlement made by acceptance bill or bank transfer; **(iv) Warranty:** Warranty is generally provided for a specified period, during which defective products attributable to manufacturing or design issues are repaired or replaced; and **(v) Quality and compliance:** Products are required to comply with customer-specified standards or applicable national, local or industry standards and are produced under certified quality management systems.

During the Track Record Period and up to the Latest Practicable Date, we had no material unresolved or pending disputes or lawsuits with our distributors, nor had any products been returned to us by our distributors.

As we primarily adopt a made-to-order production model and, accordingly, a demand-driven procurement model, we generally are able to minimize our inventory buildup and improve capital turnover. In light of the foregoing and the limited scale and minimal revenue contribution from distribution during the Track Record Period, we do not consider our business model to be materially exposed to risks commonly associated with distributorship arrangements, such as channel stuffing, sales cannibalization or trade receivables collection risks.

BUSINESS

After-Sale Services

We provide extensive after-sales services to our customers to maintain customer loyalty and enhance our brand image and reputation. We have established a dedicated after-sales services task force to respond to customer enquiries in a timely manner and strictly implement our after-sales services management procedures. In addition, we regularly conduct professional and technical training to improve the professional skills of after-sales services personnel. As part of our after-sales services, we actively work with customers on their product upgrading so as to further understand evolving commercial needs and industry trends, provide customized solutions to our customers, create more value for our customers and continuously improve customer satisfaction and loyalty.

Product Warranties and Product Return

We provide post-sales services cover product repair and replacement in accordance with the warranty terms agreed with our customers. The standard complimentary warranty term for our products is typically 18 months from the date of delivery to the site, or 12 months from the date of acceptance and commissioning, whichever expires first.

During the Track Record Period and up to the Latest Practicable Date, we did not receive any product liability claims that had a material adverse impact on our business, financial condition and results of operations. These results reflect our emphasis on product quality, structured complaint handling and long-term customer satisfaction.

PRICING

We adopt a cost-plus pricing model, under which pricing is based on costs and adjusted following a comprehensive assessment of customers’ specific application scenarios and operating conditions. On this basis, we implement differentiated pricing by taking into account factors such as product configuration, performance requirements and the complexity of implementation, which enables precise alignment with the diverse needs of our customers. This assessment includes a review of overall market conditions and the pricing of comparable solutions offered by industry peers. Given the extensive variety and diverse specifications of our solutions, pricing varies significantly across our product portfolio. We believe that our long-standing customer relationships, strong product quality and broad range of application scenarios enable us to command premium pricing for our products while remaining competitive in the market.

OUR MAJOR CUSTOMERS

During the Track Record Period, our customers primarily consist of industrial companies, design institutes and equipment manufacturers. In recognition of our advanced product performance, we maintain stable relationships with our existing customers, who exhibit a high degree of customer stickiness. In 2023, 2024 and 2025, the revenue generated from our five largest customers for each year during the Track Record Period amounted to RMB276.4 million, RMB208.1 million and RMB244.7 million, representing 36.3%, 23.8% and 26.1% of our total revenue, respectively. The revenue generated from our largest customer for each year during the Track Record Period amounted to RMB89.5 million, RMB51.7 million and RMB75.7 million, representing 11.8%, 5.9% and 8.1% of our total revenue for the same years, respectively.

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The following table sets forth details of our five largest customers during the year ended December 31, 2023:

Customer	Revenue	Percentage of total revenue of our Group	Business relationship since	Major products provided by our Group	Credit/payment term	Payment method
	<i>RMB in thousands</i>	%				
Customer A ⁽¹⁾	89,525	11.8	2015	PMDD pulley, VFD	Payment by schedule	Bank transfer, Acceptance bill
Customer B ⁽²⁾	57,528	7.6	2020	PMDD pulley, VFD	Payment by schedule	Bank transfer, Acceptance bill
Customer C ⁽³⁾	55,254	7.3	2020	PMDD pulley, VFD	Payment by schedule	Bank transfer, Acceptance bill
Customer D ⁽⁴⁾	41,107	5.4	2022	Wind turbine generator stator	Payment by schedule	Bank transfer, Acceptance bill
Customer E ⁽⁵⁾	32,979	4.3	2021	PMDD pulley, VFD	Payment by schedule	Bank transfer, Acceptance bill
Total	276,393	36.3				

Notes:

- (1) Customer A is an unlisted company headquartered in Guiyang, Guizhou Province, primarily specializing in investment in coal, power generation, shale gas extraction, coalbed methane development and projects.
- (2) Customer B is an unlisted company headquartered in Jinan, Shandong Province, primarily operating in investment in, and management of, industries and sectors including coal and other resource-based products, coal-fired power generation and coal chemical industry.
- (3) Customer C is an unlisted company headquartered in Xian, Shaanxi Province, primarily specializing in coal mining, sales, processing and comprehensive utilization; research and development, production and sales of coal chemical products, chemical fertilizers and fine chemical products.
- (4) Customer D is an unlisted company headquartered in Jiangyin, Jiangsu Province, primarily operating in provision of related technical training, technical consultancy and technical services, provision of wind farm surveying, design and construction services and development.
- (5) Customer E is an unlisted stated-owned company headquartered in Shenzhen, Guangdong Province, primarily operating in investment in and management of industries and sectors including coal and other resource-based products, coal-to-liquids and coal chemical industry.

BUSINESS

The following table sets forth details of our five largest customers during the year ended December 31, 2024:

Customer	Revenue	Percentage of total revenue of our Group	Business relationship since	Major products provided by our Group	Credit/payment term	Payment method
	<i>RMB in thousands</i>	<i>%</i>				
Customer A	51,729	5.9	2015	PMDD pulley, VFD	Payment by schedule	Bank transfer, Acceptance bill
Customer B	46,420	5.3	2020	PMDD pulley, VFD	Payment by schedule	Bank transfer, Acceptance bill
Customer F ⁽¹⁾	43,699	5.0	2020	PMDD pulley, VFD	Payment by schedule	Bank transfer, Acceptance bill
Customer C	36,640	4.2	2020	PMDD pulley, VFD	Payment by schedule	Bank transfer, Acceptance bill
Customer G ⁽²⁾	29,582	3.4	2021	PMDD pulley, VFD Core Module, Modules of stator	Payment by schedule	Bank transfer, Acceptance bill
Total	208,070	23.8				

Notes:

- (1) Customer F is an unlisted company headquartered in Huainan, Anhui Province, primarily operating in production, sales and technological research and services relating to coal, power and natural gas.
- (2) Customer G is an unlisted company headquartered in Baotou, Inner Mongolia Autonomous Region, primarily operating in mining of non-coal mineral resources, steel production, coal mining and manufacturing of special equipment.

BUSINESS

The following table sets forth details of our five largest customers during the year ended December 31, 2025:

Customer	Percentage of total revenue of our Group		Business relationship since	Major products provided by our Group	Credit/payment term	Payment method
	Revenue					
	RMB in thousands		%			
Customer A	75,689	8.1	2015	PMDD pulley, VFD	Payment by schedule	Bank transfer, Acceptance bill
Customer D	68,149	7.3	2022	Wind turbine generator stator, Wind turbine pitch-control system	Payment by schedule	Bank transfer, Acceptance bill
Customer F	35,518	3.8	2020	PMDD pulley, VFD	Payment by schedule	Bank transfer, Acceptance bill
Customer H ⁽¹⁾	33,275	3.6	2021	PMDD pulley, VFD	Payment by schedule	Bank transfer, Acceptance bill
Customer G	32,057	3.4	2021	PMDD pulley, VFD Core Module, Modules of stator	Payment by schedule	Bank transfer, Acceptance bill
Total	244,688	26.1				

Notes:

(1) Customer H is an unlisted company headquartered in Datong, Shanxi Province, with primary focus on production, sales and technological research and services relating to coal, power and natural gas.

As of the Latest Practicable Date, all the five largest customers of our Group during each year of the Track Record Period were all Independent Third Parties and none of our Directors, their respective close associates or any Shareholder (which to the knowledge of our Directors owning more than 5% of our share capital as of the Latest Practicable Date) had any interest, directly or indirectly, in any of such customers. During the Track Record Period, to the best knowledge of our Directors, our Group did not have any material disputes with our customers.

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THIRD-PARTY SETTLEMENT ARRANGEMENT

Background

During the Track Record Period and up to the Latest Practicable Date, a limited number of our customers (individually or collectively, the “**Relevant Customer(s)**”) settled their payments with us through accounts of third-party payors designated by such Relevant Customers (the “**Third-Party Payor(s)**”) at their requests (the “**Third-Party Settlement Arrangement(s)**”). In 2023, 2024 and 2025, 14, 15 and 24 Relevant Customers, respectively, utilized the Third-Party Settlement Arrangements. During the same years, the aggregate amounts of payments made by the designated third-party payors were RMB9.1 million, RMB19.6 million and RMB17.9 million representing approximately 1.2%, 2.2% and 1.9% of our total revenue, respectively. During the Track Record Period, no single Relevant Customer contributed materially to our revenue.

According to Frost & Sullivan, it is common practice for companies in the industry in which we operate to settle payments with customers through Third-Party Settlement Arrangements. To the best of our knowledge, the designated third-party payors of the Relevant Customers primarily comprised: (i) related entities under common control with, or shareholders or the legal representative of, the Relevant Customers, as we may enter into transactions with a Relevant Customer that is a legal entity within a larger group and receive payments from the third-party payors within the same group, reflecting a common preference among group companies to centralize fund management and control; and (ii) to a lesser extent, downstream customers of, or other third parties that maintain business relationships with, the Relevant Customers, to facilitate payment settlement or debt recovery. According to Article 191 of the Criminal Law of the PRC (《中華人民共和國刑法》), money laundering involves actions to conceal or disguise the origins and nature of proceeds from crimes such as drug offenses, organized crime, terrorist activities, smuggling, corruption, financial management disruption and financial fraud. Our Directors confirm that, to the best of their knowledge, all such Third-Party Settlement Arrangements were based on *bona fide* underlying transactions and valid contractual relationships.

As further confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, (i) the Third-Party Settlement Arrangements were initiated by the Relevant Customers, rather than our Company for the purpose of circumventing any applicable laws and regulations; (ii) none of the third-party payors designated by the Relevant Customers during the Track Record Period constituted a connected person of our Group, and that all such third-party payors were independent of our Directors, senior management and Shareholders; (iii) our Company did not provide any discount, commission, rebate or other benefits to any of the Relevant Customers to facilitate or encourage the Third-Party Settlement Arrangements; (iv) the pricing and payment terms of the agreements we entered into with the Relevant Customers were in line with those of customers not involved in the Third-Party Settlement Arrangements; (v) our Company had not been subject to any actual or pending disputes or administrative penalties by relevant government authorities related to the Third-Party Settlement Arrangements; and (vi) we had not encountered any refund requests, actual or pending disputes, disagreements or claims against us that would have a material adverse impact on our business, financial condition or results of operations in relation to the Third-Party Settlement Arrangements.

BUSINESS

Internal Control Measures

We are subject to various risks in relation to the Third-party Settlement Arrangements. See “Risk Factors – Risks Relating to Our Business and Industry – We are subject to certain risks relating to third-party settlements and payment processing-related risks.” To monitor, manage and mitigate related risks, we have adopted a series of internal control measures which include, among others:

- During the Track Record Period, written confirmations were obtained for the above-mentioned Third-Party Settlement Arrangements, which generally provide that: (i) the designated third-party payors were permitted to settle payments with us on behalf of the Relevant Customers with clear defined payment obligations; (ii) if the designated third-party payors fail to make payment to us, the Relevant Customers shall still be fully responsible to us for the outstanding amounts; and (iii) both the Relevant Customers and the designated third-party payors undertake that any economic disputes arising from the Third-Party Settlement Arrangements shall be resolved between themselves and shall not involve our Group, and therefore do not expose us to any additional risks arising from such Third-Party Settlement Arrangements.
- We have implemented specific Third-Party Settlement Arrangement internal control policies, which clearly set out the division of responsibilities among different departments of our Company to identify any risks in connection with Third-Party Settlement Arrangements. Upon receipt of payment from customers, our sales department verifies whether the name on the remittance the entity named in the sales agreements. If any discrepancies are identified, the sales department escalates the issue to the commercial department. The commercial department will then conduct review procedures to verify the identity of the third-party payors, gain a comprehensive understanding of the underlying business transactions and verify the payment details to ensure that the third-party payors have sufficient creditworthiness. It will then initiate the process of requesting the Relevant Customers and their designated third-party payors to enter into written confirmations. To verify the authenticity of Third-Party Settlement Arrangements, our finance department is authorized to recognize payments from designated third-party payors only if the information of such payors matches that in the corresponding written documents.
- We have engaged an independent third-party consultant to review our internal control measures. The internal control consultant has reviewed the above internal control measures relating to Third-Party Settlement Arrangements adopted by us and did not identify any material deficiencies.

Consequences of the Third-Party Settlement Arrangements

In view of the fact that (i) the Third-Party Settlement Arrangements accounted for only an insignificant proportion of our total revenue in each year of the Track Record Period; (ii) written confirmations were obtained for the abovementioned Third-Party Settlement Arrangements during the Track Record Period; and (iii) we have implemented stringent internal control measures, our Directors are of the view that the Third-Party Settlement Arrangements do not have any material adverse effect on our business, operations, results of operations or financial condition.

BUSINESS

SEASONALITY

Our business is subject to seasonal fluctuations, with revenue generated in the second half of a calendar year, particularly in the fourth quarter, typically accounting for a larger proportion of our annual revenue. This seasonality is primarily attributable to two factors. First, a higher concentration of public holidays and vacation periods in the first half of a calendar year, including Chinese New Year tends to reduce production days and affect execution schedules. Second, downstream customers generally formulate their annual budgets, capital expenditure plans and schedules at the beginning of each year. Consequently, purchase orders, product deliveries and acceptance activities are typically concentrated in the second half of the year, with the fourth quarter representing the primary completion phase of annual plans. As a result, our operating results may vary from period to period, and interim results may not be indicative of our full-year performance. According to Frost & Sullivan, this seasonality is consistent with industry norms among downstream industrial customers. See “Risk Factors – Risks Relating to Our General Operations and Industry – Our business is subject to seasonality.”

RAW MATERIALS AND SUPPLIERS

Raw Materials

During the Track Record Period, our raw materials and components primarily included, among others, magnetic steel of which rare-earth PM materials are key components, metal, electrical steel sheets, magnet wire, bearings and insulation materials. We procure all of our raw materials from China. In 2023, 2024 and 2025, raw materials accounted for 77.8%, 77.5% and 89.5% of our total cost of sales, respectively. To maintain stable supply of our key raw materials, such as rare earth PM materials and industrial-grade copper products, we have established joint ventures with leading domestic suppliers to mitigate raw materials supply disruption risks, under which it agrees to supply such raw materials to us under a stable basis to mitigate raw materials supply disruption risks. Meanwhile, such cooperation enables us to develop raw materials tailored to the specifications of our products, further enhancing product performance.

During the Track Record Period and up to the Latest Practicable Date, primarily as a result of our proactive raw material procurement management policies and stable relationships with our suppliers, we did not experience any material shortages of raw materials that resulted in production interruptions, nor did we encounter any material quality issues with respect to our raw materials that materially affected our operations.

Our Suppliers and Procurement Management

During the Track Record Period, our major suppliers primarily included raw material and component suppliers. We have established supply management policy and procedures to maintain effective control of our suppliers and over supplier quality, costs and delivery. Suppliers are engaged through standardized processes including open bidding, competitive price quotation comparison and multi-party sourcing to ensure supply stability, price competitiveness and quality stability. We classify suppliers by category and function and conduct supplier development, procurement execution and supplier-quality-engineer (“SQE”) led quality assurance reviews. Prior to onboarding new suppliers, we implement a formal qualification review process, under which the relevant teams assess their production capabilities. Suppliers are included in our approved supplier list only after obtaining cross-functional approvals. See “– Quality Control.”

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We typically enter into framework agreements and annual price agreements with our suppliers. The salient terms of our typical framework agreements with our major suppliers during the Track Record Period are set out below: **(i) Duration:** The agreements generally take effect on the date of signing and remain in force until the expiry of the warranty period for the relevant products and services. The contract term may be extended if applicable extension conditions are met; **(ii) Pricing:** Product prices are generally determined by open bidding or price comparison and specified in individual purchase orders or price agreements; **(iii) Payment and credit terms:** Our suppliers generally grant us credit terms ranging from 30 to 90 days, with settlement made by acceptance bill or bank transfer; **(iv) Delivery and logistics:** Suppliers are required to deliver products in accordance with agreed delivery schedules. We monitor delivery performance and coordinate with suppliers to mitigate potential delays; **(v) Quality assurance and returns:** Raw materials and components are subject to inspection upon receipt to ensure compliance with applicable specifications and quality standards. We may require rectification, replacement or return of non-conforming products; **(vi) Supplier assessment:** We assess supplier performance based on factors such as quality, pricing, delivery and service. Suppliers with unsatisfactory performance may be subject to reduced order allocation, suspension or termination; **(vii) Compliance and audit:** Suppliers are required to comply with applicable quality, safety and environmental standards. We are entitled to conduct audits to assess suppliers’ compliance and operational capabilities; **(viii) Liability and claims:** Where quality issues result in losses, we may pursue claims against the relevant suppliers in accordance with the applicable agreements; and **(ix) Termination:** Our agreements may be terminated upon the occurrence of certain events, including material breach, failure to rectify non-performance, or continued non-compliance with our requirements.

We conduct ongoing performance evaluations of our suppliers based on metrics such as quality, cost, delivery, and service, and the results of such evaluations may affect the allocation of purchase volumes. Suppliers with identified issues may be subject to rectification requirements, claims, or disqualification. For suppliers subject to removal, we follow established procedures to ensure an orderly exit. To mitigate supply chain risks, we identify bottleneck processes and implement external processing or technical adjustments to ensure business continuity. For strategic materials, we maintain active communication with suppliers and seek to stabilize procurement prices through annual forecasting and public bidding. Our procurement strategy emphasizes multi sourcing and competitive bidding to avoid over-reliance on any single supplier. During the Track Record Period and up to the Latest Practicable Date, our supply chain remained stable, and we did not encounter any supply disruption that materially affected our operations.

In 2023, 2024 and 2025, purchases from our five largest suppliers for each year during the Track Record Period amounted to RMB122.4 million, RMB120.8 million and RMB123.4 million, representing 16.4%, 15.2% and 14.4% of our total purchases, respectively. The purchase from our largest supplier for each year during the Track Record Period amounted to RMB31.2 million, RMB33.6 million and RMB32.0 million, representing 4.2%, 4.2% and 3.7% of our total purchases for the same years, respectively.

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The following table sets forth details of our five largest suppliers during the year ended December 31, 2023:

Supplier	Purchase amount (RMB in thousands)	Percentage of total purchase since	Business relationship since	Products Supplied	Credit/payment	
					term	Payment method
Supplier A ⁽¹⁾	31,152	4.2	2021	Driver board, interface board, main control board	60 days after invoice	Bank transfer, Acceptance bill
Supplier B ⁽²⁾	27,073	3.6	2021	Stator Core	90 days after invoice	Acceptance bill
Supplier C ⁽³⁾	24,237	3.2	2021	Water circulation air cooler	90 days after invoice	Acceptance bill
Supplier D ⁽⁴⁾	20,297	2.7	2022	Magnetic steel	90 days after invoice	Bank transfer, Acceptance bill
Supplier E ⁽⁵⁾	19,667	2.7	2022	Electromagnetic wire, Stator coil	30 days after invoice	Bank transfer, Acceptance bill
Total	122,426	16.4				

Notes:

- (1) Supplier A is an unlisted company based in Shanghai, primarily operating in the provision of technology development, technical consultancy, technical services and technology transfer services in the field of automation technology.
- (2) Supplier B is a listed company based in Changzhou, Jiangsu Province, primarily engaged in the manufacture and processing of alternating current motors, direct current motors and related components, as well as hardware tools.
- (3) Supplier C is an unlisted company based in Nantong, Jiangsu Province, primarily specializing in the design, manufacture, sale and installation of air-conditioning units, specialized refrigeration and air-conditioning equipment, and non- integrated refrigeration and air-conditioning equipment, as well as the provision of related technical services.
- (4) Supplier D is an unlisted company based in Baotou, Inner Mongolia Autonomous Region, primarily operating in the production and sale of high-performance neodymium-iron-boron materials; the production and sale of ferroalloys, nickel alloys, metallic materials and specialized tooling and molds.
- (5) Supplier E is an unlisted company based in Zhenjiang, Jiangsu Province, primarily specializing in the research, development and production of enameled magnet wire and electromechanical metal parts.

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The following table sets forth details of our five largest suppliers during the year ended December 31, 2024:

Supplier	Purchase amount (RMB in thousands)	Percentage of total purchase since	Business relationship since	Products Supplied	Credit/payment term	Payment method
Supplier C	33,557	4.2	2021	Water circulation air cooler	60 days after invoice	Bank transfer, Acceptance bill
Supplier A	27,475	3.5	2021	Driver board, interface board, main control board	30% prepayment, balance due within 30 days after invoice	Bank transfer, Acceptance bill
Supplier F ⁽¹⁾	21,483	2.7	2022	Electromagnetic wire	60 days after invoice	Bank transfer, Acceptance bill
Supplier G ⁽²⁾	19,395	2.4	2023	Magnetic steel	90 days after invoice	Bank transfer, Acceptance bill
Supplier H ⁽³⁾	18,866	2.4	2022	Rotor steel cylinder	90 days after invoice	Bank transfer, Acceptance bill
Total	120,776	15.2				

Notes:

- (1) Supplier F is an unlisted company based in Dongying, Shandong Province, primarily engaged in the research, manufacturing, and sales of wires, cables, and electronic components.
- (2) Supplier G is an unlisted company based in Longyan, Fujian Province, primarily engaged in the manufacturing, processing and sale of rare earth compounds and metal products, phosphor materials, neodymium iron boron alloys and magnets.
- (3) Supplier H is an unlisted company based in Changzhou, Jiangsu Province, primarily engaged in the manufacturing, processing and sales of machinery parts and metal products.

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The following table sets forth details of our five largest suppliers during the year ended December 31, 2025:

Supplier	Purchase amount	Percentage of total purchase	Business relationship since	Products Supplied	Credit/payment term	Payment method
	(RMB in thousands)	(%)				
Supplier B	32,000	3.7	2021	Stator Core	90 days after invoice	Acceptance bill
Supplier C	26,910	3.0	2021	Water circulation air cooler	60 days after invoice	Bank transfer, Acceptance bill
Supplier A	23,765	2.8	2021	Driver board, interface board, main control board	30% prepayment, balance due within 30 days after invoice	Bank transfer, Acceptance bill
Supplier I ⁽¹⁾	20,784	2.4	2018	Stator coil	Prepayment	Acceptance bill
Supplier J ⁽²⁾	19,902	2.3	2024	Magnetic steel	90 days after invoice	Bank transfer, Acceptance bill
Total	123,361	14.4				

Notes:

- Supplier I is an unlisted company based in Jiangyin, Jiangsu Province, primarily operating in manufacturing and processing of electromagnetic wires, electromagnetic coils, plastic-insulated wires, and copper busbars.
- Supplier J is an unlisted company based in Ningbo, Zhejiang Province, primarily engaged in manufacturing, processing, wholesale and retail of magnetic materials and components, as well as rare earth materials and equipment.

As of the Latest Practicable Date, all the five largest suppliers of our Group during each year of the Track Record Period were all Independent Third Parties and, during the Track Record Period and up to the Latest Practicable Date, none of our Directors or their respective close associates or any of our Shareholders, to the knowledge of our Directors, owned more than 5% of our issued Shares, had any interest in any of our five largest suppliers. During the Track Record Period, to the best knowledge of our Directors, our Group did not have any material disputes with our suppliers.

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INVENTORY, WAREHOUSING AND LOGISTICS

Inventory and Warehousing

We have formulated inventory control strategies and set inventory levels for different types of inventory based on a comprehensive assessment of market analysis, demand forecasting, production planning, procurement prices and procurement lead times. Our inventories mainly include good in transit, finished goods, raw materials and work in progress. As of December 31, 2025, we operated one self-operated warehouse to storage our inventories. As we primarily adopt a made-to-order production model and, accordingly, a demand-driven procurement model, we generally are able to minimize our inventory buildup and improve capital turnover. In 2023, 2024 and 2025, our inventory turnover days was 233 days, 245 days and 252 days, respectively. See “Financial Information – Discussion of Selected Items from the Consolidated Statements of Financial Position – Inventories.”

Logistics

We engage qualified third-party logistics providers in accordance with the requirements of the agreements with customers. We set strict transportation standards that these providers are required to follow to ensure timely delivery of our products to customers. These arrangements enable efficient product delivery, reduce our capital investment and limit our exposure to liability for traffic accidents, delivery delays or loss. Such services are typically covered by insurance, and additional product insurance may be arranged depending on circumstances. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant delay or inappropriate handling of goods that materially and adversely affected our business operations.

The salient terms of our agreements with third-party logistics providers are set forth below: **(i) Duration:** The agreements are typically for a term of one year; **(ii) Deposit:** There are generally no deposit requirements; **(iii) Settlement:** The transportation fees are typically settled every three months, with fee reconciliation conducted in the following month from the completion of transportation; and **(iv) Liability:** The third-party logistics providers shall ensure that the customer’s goods are delivered to designed locations in a timely and safe manner in accordance with the time limit, transportation route and other requirements, and that the goods are duly received and accepted.

COMPETITION

The industrial PM electric-drive solution industry is highly competitive, with competition arising from both traditional industrial electric-drive solution providers and other manufacturers of industrial PM electric-drive solutions. Driven by increasingly stringent global energy-efficiency regulations, the penetration of industrial PM electric-drive solutions has grown steadily in recent years. Nevertheless, traditional asynchronous motors continue to dominate industrial applications. According to Frost & Sullivan, the global market penetration rate of industrial PM electric-drive solutions reached 2.4% in 2025 and is expected to rise rapidly, reaching 6.4% by 2030, in terms of sales revenue.

Within the industrial PM electric-drive solution market, we primarily compete with domestic market participants, as the major global players in the industry are predominantly Chinese companies, which benefit from China’s abundant rare-earth permanent magnet resources, significant cost advantages in rare-earth PM materials, and a well-established industrial supply chain. The principal factors driving competition in our industry include product functionality and performance, technological and R&D

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capabilities, accumulated industry expertise and know-how, pricing competitiveness and the ability to establish, maintain and expand customer relationships. We believe that our strengths in these areas position us well to compete effectively and sustain our leading market position. See “Industry Overview” and “Risk Factor – Risks Relating to Our Business and Industry – The demand in the downstream market of our industry is evolving and subject to factors beyond our control. If we are unable to adapt to changes and compete effectively to the competitive landscape, our business will be adversely affected.”

OUR EMPLOYEES

The following table shows the numbers and percentages of our full-time employees by function as of December 31, 2025:

Function	Number of Employees	% of Total Employees
Production and Warehouse	265	35.1
Administrative and Others.	206	27.3
Sales and Marketing	169	22.4
R&D	98	13.0
Procurement	18	2.4
Total.	756	100.0

We consider our employees to be invaluable assets who significantly contribute to the success of our Group. Our recruitment process is guided by several factors, such as industry experience, educational background and staffing requirements. We emphasize fairness, transparency and diversity, welcoming talents from various backgrounds to foster a diverse workplace. Our selection process is underpinned by principles of impartiality and merit, ensuring that each position is filled based on identified operational needs and that candidates are matched to roles accordingly.

Employees are generally compensated with a fixed salary and other allowances based on their positions and responsibilities. We enter into individual employment contracts with our employees, covering wages, benefits, employment scope, and grounds for termination. Moreover, we are required under PRC law to participate in various employee benefit plans, including social insurance fund and housing provident fund, and contribute amounts equal to a certain percentage of salaries, including bonuses and allowances, subject to minimum and maximum limits specified by the local government from time to time at locations where we operate our business. During the Track Record Period, we had not made full contributions of social insurance and housing provident funds to certain of our employees based on actual employee salaries and we engaged third-party agencies to pay social insurance or housing provident fund contributions for less than five employees on our behalf in each relevant year during the Track Record Period. See “Risk Factors – Risks Relating to Our Business and Industry – Failure to make adequate contributions to various employee benefit plans may subject us to penalties.” However, as of the Latest Practicable Date, we had not received any notice for payment of penalties for the social insurance premium and housing provident funds from the competent authorities, nor had we been subject to any material administrative penalties during the Track Record Period and up to the Latest Practicable Date. As such, as advised by our PRC Legal Advisors, assuming there are no material changes in the applicable laws and regulations, or in the regulatory practices and enforcement requirements of the relevant local

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authorities, the likelihood that we would be subject to material administrative penalties by the competent authorities or be required to make any payments for the historical shortfalls in our social insurance and housing provident fund contributions entirely and collectively is remote. In addition, our PRC Legal Advisors are of the view that our arrangement of paying social insurance and housing fund contributions for such certain employees through third-party human resources service agencies will not have a material adverse impact on our business operations.

To enhance our employees’ skills and knowledge, we provide training in technical skills, industry quality standards, occupational health and safety standards, and applicable laws and regulations. We believe we have maintained good employment relationships with our employees. As of the Latest Practicable Date, we had established a labor union. During the Track Record Period and up to the Latest Practicable Date, we did not experience any major labor disputes, work stoppages, labor strikes, or work safety incidents that disrupted our operations.

INSURANCE

In accordance with the requirements of PRC laws and regulations, and taking into account our operational needs and prevailing industry practices, we have obtained relevant insurance coverage. We have procured employee-related social insurance as required under PRC laws, as well as other insurance based on our business needs, such as employer’s liability insurance, property insurance and product liability insurance. According to Frost & Sullivan, our existing insurance coverage aligns with the prevailing industry standards and practices to protect our routine business activities. Our management reviews the adequacy of our insurance coverage from time to time and procures additional policies where necessary. We will continue to review and assess our risk profile and adjust our insurance coverage as appropriate to ensure alignment with our operational needs and prevailing industry practices. See “Risk Factors – Risks Relating to Our Business and Industry – Our insurance coverage may not be sufficient to cover all the losses associated with our business operations.” During the Track Record Period and up to the Latest Practicable Date, we did not make any material insurance claims in connection with our business.

PROPERTY

Land Use Rights

As of the Latest Practicable Date, our principal production and operational premises were located on one parcel of land, with an aggregated gross floor area of 65,421.55 sq.m., which we had land rights to use and had obtained the title certificate. It is where our headquarter is located and is primarily used for office premises and serve other functions, such as manufacturing, R&D and ancillary purposes. As of the Latest Practicable Date, no single property constituted 15% or more of our total assets. Pursuant to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirement under section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance to include a valuation report in respect of our interests in land or buildings.

Leased Properties

As of the Latest Practicable Date, we leased one property with a gross floor area exceeding 100 square meters from Independent Third Parties in the PRC. Such property has a gross floor area of 3,844.51 square meters and is used for production and research and development activities. In addition,

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we may from time to time lease other non-core properties, primarily for use as employee dormitories. Our Directors confirm that we did not experience any material difficulties in negotiating a renewal of our leases with our landlords during the Track Record Period and up to the Latest Practicable Date.

Pursuant to the applicable laws and regulations in the PRC, property lease contracts must be registered with the relevant local branches of the PRC Ministry of Housing and Urban Development. As of the Latest Practicable Date, we had not completed lease registration of the above-mentioned one property we leased in the PRC, primarily due to difficulties in obtaining the relevant lessors’ cooperation in registering such leases with the relevant administrative authorities. See “Risk Factors – Risks Relating to Our Business and Industry – We operate our business through properties leased from third parties, which exposes us to risks associated with uncertainties in lease agreements and failure to comply with required government filings and registrations could adversely affect our business.” As advised by our PRC Legal Advisors, the lack of registration for the lease contract will not affect the validity of such lease contract under PRC law, who have also advised us that the competent housing authorities may order us to register the lease agreement in a prescribed period of time and a maximum penalty of RMB10,000 may be imposed for each non-registered lease agreement if we fail to complete the registration within the prescribed time frame. As of the Latest Practicable Date, we were not subject to any penalties arising from the non-registration of lease agreements in the PRC, and we have not received any notice from relevant authorities in relation to the non-registration of the lease agreements. We believe that there is a sufficient supply of properties in the PRC, and thus we do not rely on existing leases in the PRC for our business operations, and that these defects will not have a material adverse impact on our business operations or financial results.

LICENSES AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, we had obtained all licenses, permits and approvals that are material for our business operations in China, and such licenses, approvals and permits are valid and in full force and effect. The following table sets forth details of the key permits we hold that are material to our operations:

No.	Holder	License/Permits	Issuing Authority	Grant Date	Expiry Date/ Valid Period
1	Our Company	Pollutant Discharge Permit	Changzhou Municipal Ecology and Environment Bureau	March 31, 2026	March 30, 2031
2	Our Company	Permit for Discharge of Wastewater into the Urban Drainage Network	Wujin District Administrative Approval Bureau of Changzhou City	January 10, 2024	January 9, 2029
3	Our Company	Registration Certificate for Consignees and Consignors of Import and Export Goods	Wujin Office of Changzhou Customs	N/A ⁽¹⁾	Long term valid

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<u>No.</u>	<u>Holder</u>	<u>License/Permits</u>	<u>Issuing Authority</u>	<u>Grant Date</u>	<u>Expiry Date/ Valid Period</u>
4	Our Company	High and New Technology Enterprise Certificate	Department of Science and Technology of Jiangsu Province, Department of Finance of Jiangsu Province, and Jiangsu Provincial Tax Service of the State Administration of Taxation	December 16, 2024	Three years

Note:

- (1) As stated on the registration certificate, there is no grant date.

We may renew our licenses, permits and approvals from time to time to comply with applicable laws and regulations and we did not anticipate any material obstacles to maintaining or renewing the licenses, permits and approvals required for our business operations as of the Latest Practicable Date.

LEGAL PROCEEDINGS AND COMPLIANCE

We may from time to time be subject to various legal or administrative claims and proceedings in the ordinary course of business, which may result in costs and diversion of management time and resources, regardless of outcome. During the Track Record Period and up to the Latest Practicable Date, neither we nor our Directors were involved in any pending or threatened legal proceedings that may, individually or in aggregate, have a material adverse effect on our business, financial condition or results of operations. See “Risk Factors – Risks Relating to Our Business and Industry – Any litigation, legal and contractual disputes, claims or administrative proceedings against us could be costly and time-consuming to defend or settle, and could result in negative publicity.”

We are committed to monitoring the regulatory environment and have implemented adequate internal procedures and guidelines to manage our operations to mitigate potential non-compliance or misconduct. During the Track Record Period and up to the Latest Practicable Date, we were not subject to or involved in any non-compliance incidents that may result in fines, enforcement actions or other penalties, which could cause a material adverse effect on our business, financial condition and results of operations.

DATA SECURITY AND PRIVACY

We believe that confidentiality, integrity and availability of data are vital to our business operations. In recent years, information security and data privacy protection have emerged as critical governance priorities, with cybersecurity, data security and personal information protection laws in the PRC undergoing rapid development. Our practices regarding the collection, process and transfer of various types of data may come under increased administrative scrutiny. See “Risk Factors – We must comply with continuously evolving laws and regulations related to data security and the protection of personal information.”

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We collect and store business, management and transaction data generated during or in connection with our business operations, including data related to our business and transactions with our customers, suppliers and other relevant parties. During the Track Record Period and up to the Latest Practicable Date, (i) as nearly all of our customers are enterprise customers, we did not collect personal data beyond necessary delivery and contact information, in accordance with applicable PRC data privacy and security laws and regulations and with prior customer consents; and (ii) all data that we collected in the PRC were stored in the PRC and there was no cross-border transmission of such data to locations outside the PRC.

We place strong emphasis on safeguarding our data assets. We have established a comprehensive information security management system comprising strict access controls, network security protocols and incident response mechanisms to safeguard our data, servers and databases. We classify data by business domain, including personal information, customer data, financial data, R&D data, operational management data, and system and security data. The sensitivity of each category is assessed by reference to its relevance and potential impact on the security of our operations. Access to each data category is strictly limited to personnel with relevant responsibilities, and access rights are granted through a multi-level internal approval process. We also conduct periodic audits and recertification of user access permissions. Our IT department is responsible for developing and implementing policies and procedures governing information security and data privacy. We deploy a data security system across our operations that enforces mandatory encryption for designated document types at the endpoint level. Encrypted documents are accessible only to authorized personnel. Any external transmission of encrypted data requires prior approval through our internal IT system, and all decryption and transmission activities are automatically logged to ensure full traceability.

As advised by our PRC Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material penalties in the PRC arising from violations of applicable data privacy and data security laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material incidents involving data leakage or data loss.

INFORMATION TECHNOLOGY

Our information technology (“IT”) systems are essential to our business operations. We have developed an IT infrastructure covering all material aspects of our operations, including sales, supply chain management, inventory management, production and quality control. Our IT department is responsible for developing and maintaining information technology systems to support our business operations.

Our core IT systems include: **(i) PDM system:** serving as a centralized R&D data platform, it enables unified management of component coding, drawings and documentation, supports standardization and reuse, and ensures traceability and closed-loop management of changes through ECN/ECR processes, while enhancing collaboration and data security through access control mechanisms; **(ii) MES system:** serving as a production execution hub, it translates production plans into shop-floor tasks and enables full-process traceability of work orders, materials, equipment and outputs, while supporting process control and continuous optimization through integrated quality management and real-time data; **(iii) ERP system:** integrating business operations and financial management, it consolidates finance, supply chain, production and quality management functions, optimizes planning and resource allocation through materials requirement planning and cross-functional collaboration, and enhances inventory and cost control to support operational decision-making; and **(iv) CRM system:** covering the full lifecycle of

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customer management, it integrates customer and transaction data, standardizes sales processes and improves forecasting accuracy. It also enhances the quality of business execution, while integrated accounts receivable and commission management ensures effective cash flow control and transparency in performance evaluation, thereby motivating the sales team and strengthening accountability.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material IT system failure or downtime that had a material adverse effect on our business operations.

ENVIRONMENT, SOCIAL AND GOVERNANCE MATTERS

We attach great importance to environmental and social issues, deeply integrating ESG concepts into the entire business management process and continuously creating long-term value for all stakeholders.

ESG Governance

Our ESG management structure consists of the Board, the Strategy and ESG Committee (the “**ESG Committee**”) under the Board and the ESG working group. The ESG Committee is a specialized working body established by the Board in accordance with the resolutions of the shareholders’ meeting. The main responsibilities of the ESG Committee and the ESG working group include: (i) responsible for conducting research, reviewing ESG-related reports and providing recommendations on our long-term development strategy and sustainability ESG matters; (ii) identifying ESG risks and opportunities, assessing their impact on us and providing recommendations for responding to these risks and opportunities; (iii) keeping up with the latest ESG-related laws and regulations, including applicable provisions of Listing Rules and updating ESG policies in accordance with the latest regulatory provisions; (iv) ensuring that ESG concepts, including environmental, health and safety management system requirements, are integrated into our Group’s business processes; (v) developing our ESG policies, evaluating their effectiveness and ensuring their implementation; and (vi) writing ESG related reports for external disclosure and regularly reporting on the implementation status of ESG work tasks.

As advised by our PRC Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, our Group had not been subject to any material administrative penalties imposed by the relevant competent authorities for violations of PRC laws and regulations relating to environmental protection and work safety.

Environment

Resource Usage

Our primary energy needs was satisfied by external sourced electricity. We actively promote sustainable practices, including water conservation, energy efficiency, gas reduction, and a paperless office environment. To further support these efforts, we have implemented a standardized management system for distribution of office operating items, such as used batteries, toner cartridges and discarded books and newspapers, in order to minimize pollution and resource waste. Our lighting system predominantly utilizes LED energy-saving lamps, which are installed in key areas such as office meeting rooms, public spaces, production facilities and storage areas. Additionally, we encourage all employees to adopt green commuting options to reduce our overall environmental impact.

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We place great emphasis on the promotion and application of energy-saving and emissions-reduction technologies, continuously advancing resource recycling and reuse. We strive to improve the efficiency and level of resource recovery, actively advocating for resource conservation. At the same time, we are focused on enhancing the ecological environment within the factory premises and are committed to building environmental-friendly manufacturing facilities. Guided by the principle of green and low carbon, energy saving first, we have launched a series of awareness-raising initiatives across our Group. These include themed banner displays, online energy-saving knowledge competitions and specialized training sessions on renewable energy technologies. Through these activities, we aim to foster an environmentally conscious organizational culture centered on energy conservation and low-carbon development. We also seek to promote key concepts related to energy efficiency, ecological civilization, and sustainable growth, while cultivating and promoting a new lifestyle trend rooted in low-carbon living.

The following table sets forth details of our energy consumption during the Track Record Period:

Metric	Unit	2023	2024	2025
Purchased electricity	MWh	4,181.64	3,044.54	7,616.85
Comprehensive energy consumption	MWh	4,181.64	3,044.54	7,616.85
Comprehensive energy intensity	MWh/RMB in millions	5.49	3.49	8.27

The following table sets forth details of our water resource consumption during the Track Record Period:

Metric	Unit	2023	2024	2025
Water consumption	Tons	5,218.09	7,167.00	5,169.00
Water consumption intensity	Tons/RMB in millions	6.85	8.21	5.62

With regard to water resource management, all water used by us is sourced from the municipal water supply, ensuring a stable and reliable water source without any significant challenges in procurement.

Pollutants and Waste Management

We regularly advance the governance work of air, solid waste and noise pollution, continuously upgrading production processes and pollution control methods, iterating pollutant treatment equipment and reducing the impact of pollutants on the ecological environment. Exhaust gases, noise and hazardous solid waste were generated during the production process, but no production wastewater is produced.

For noise-related job positions, we strictly compile with labor protection equipment regulations by providing hearing protection earplugs to safeguard the health and well-being of employees. In terms of exhaust gas treatment, each factory is equipped with a 60,000 cubic meter Regenerative Catalytic Oxidizer exhaust gas treatment device and a 40,000 cubic meter two-stage activated carbon treatment unit. At the same time, the activated carbon facilities have been upgraded to Regenerative Catalytic Oxidizer devices, further enhancing the exhaust gas purification effect.

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For hazardous waste, we implement standardized full-process management and complete hazardous waste declarations on annual basis. We submit records of hazardous waste generation, storage, transfer, and disposal to the local ecological environment authorities in a timely manner and complete online data submission and filing. The entire process of external transportation and disposal of hazardous waste is carried out under the transfer manifest system, with information reporting completed both online and offline simultaneously. We sign hazardous waste disposal contracts with qualified institutions and regularly arrange for the removal and disposal of hazardous waste.

Non-hazardous waste mainly includes general solid waste such as plastic packaging, wooden pallets, and metal products generated in our production process. We assign specific personnel to be responsible for the classification and sorting of solid waste, store plastic, metal, and wooden materials in separate areas. We also establish a record-keeping system for general solid waste and sign agreements with qualified disposal units to regularly transport and treat the waste.

Addressing Climate Change

We identify climate-related risks, assess their current and potential impacts on our operations, strategy and financial performance, and take proactive action to support sustainable business development.

Governance

We have established the ESG Committee and ESG working group to be responsible for ESG related work, including addressing climate change and enhancing our assessment and management of climate-related risks and opportunities, integrating ESG concepts and EHS management system requirements into business processes and ensuring implementation.

Strategy

We continuously deepen the management and control of greenhouse gas emissions, implement multiple initiatives to reduce total greenhouse gas emissions, promote low-carbon transformation across all production processes, and actively respond to global climate change challenges. We place great emphasis on corporate carbon reduction efforts, focusing on improving energy efficiency, establishing and improving integrated management standards for environment, safety, energy consumption, and material usage, and relying on technological upgrades to achieve energy savings, reduced consumption, improved product quality and enhanced operational efficiency. By optimizing energy structure, reducing energy consumption and improving the comprehensive energy utilization efficiency of products, we effectively control pollutant and greenhouse gas emissions, fulfilling our responsibility for green and low-carbon development.

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Metrics and Targets

The following table sets forth our greenhouse gas emissions during the Track Record Period:

Metric⁽¹⁾	Unit	2023	2024	2025
Indirect GHG emissions (Scope 2) ⁽²⁾	tCO ₂ e	2,218.78	1,615.43	4,041.50
Indirect GHG emissions (Scope 2) intensity ⁽²⁾	tCO ₂ e/CNY1,000,000	2.91	1.85	4.39

Notes:

- (1) Our main energy consumption is purchased electricity, while there is no use of direct combustion energy sources such as natural gas or gasoline; therefore, there are no direct greenhouse gas emissions (Scope 1).
- (2) Indirect GHG emissions (Scope 2) are calculated based on electricity consumption and emissions factors, with the emissions factors referenced from the *Announcement on the Release of the 2023 Electricity Carbon Footprint Factor Data* issued by the Ministry of Ecology and Environment and the National Bureau of Statistics.

Society

Employment Rights Protection

We have developed an Employee Handbook covering various aspects including attendance, leave, salary and benefits, performance and resignation. In strict compliance with relevant employment regulations, no child labor was employed. Employees must abide by our rules and regulations, observe professional ethics and ensure that their behavior meets the requirements of professional ethics and industry standards.

We have established a sound mechanism for safeguarding our employee rights and interests. We regularly organize mental health counseling sessions and team-building activities to relieve stress and promote knowledge on healthy living habits and daily health care. We provide convenient communication channels for employees to provide feedback on health-related issues and promptly address any concerns regarding work-related discomfort or physical and mental well-being. In strict adherence to the principles of fair, just and open employment, no incidents of employment discrimination or harassment were recorded during the Track Record Period and up to the Latest Practicable Date.

Training and Development

We encourage employees to develop their own skills and provide opportunities for guidance and training in the development of their careers. We have established regulations on training management to set up an effective training system, implemented targeted training and improved the overall competence of staff. We offer a comprehensive training framework that includes knowledge-based learning, management skill development, and professional/certification training, all aimed at expanding employees’ perspectives and capabilities.

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Employee Health and Safety

We actively implement the central governance requirements of “One Prevention and Three Enhancements (一個防護,三個增強),” regularly conducting safety education and training while continuously improving our safety education and training management systems. Emphasis is placed on strengthening safety risk prevention and control to ensure a robust safety culture across the organization.

To provide a safe working environment, we systematically carry out categorized hidden danger inspections and enhance compliance management for major hazard sources. Employees from all departments are trained in hazard identification methods and principles, with targeted engineering and management preventive measures developed for medium- to high-risk sources to minimize potential safety risks. Regular safety education sessions and emergency drills are also conducted to continuously improve the response capabilities of relevant personnel in the event of safety incidents.

In addition, we coordinate pre-employment, on-the-job, and post-employment occupational health examinations for all employees, maintaining individualized health records. Shift and rotation systems are scientifically designed, with strict controls in place for working hours in high-risk roles to prevent overwork and ensure employee well-being.

Product Liability

We are committed to delivering high-quality products and solutions, while continuously enhancing our technological innovation capabilities, gaining deeper insights into customer needs, and comprehensively improving product quality and service standards. See “– Quality Control.” We have established comprehensive internal quality assurance policies, including the customer complaint handling control procedure, the product monitoring and measurement control procedure, and the non-conforming product control procedure. Furthermore, we continue to strengthen our management practices, improve our internal systems, and enhance overall management effectiveness. By responding to customer needs in a timely and efficient manner, we strive to continuously improve customer satisfaction and reinforce our commitment to delivering long-term value to our clients.

In January 2026, we were the first company that obtained the Environmental Product Declaration certification in China PM electric-drive solution industry, according to Frost & Sullivan. This recognition highlights our commitment to environmentally sustainable operations across the full life cycle of our business operations, spanning processes including R&D design, raw material procurement, manufacturing, logistics, and recycling. It also demonstrates our strong product quality control capabilities, as well as our continued progress in enhancing product information transparency, quantifying environmental performance and developing a green supply chain.

Supply Chain Management

We have established internal supply chain management policies, such as supplier management control procedure, to operate under a comprehensive supplier management framework throughout the entire procurement lifecycle. By applying standardized controls to key stages, including supplier development, evaluation, and auditing, we ensure all suppliers meet required quality and performance standards, with the aim to safeguard the integrity, quality, and stability of our supply chain. When selecting and assessing suppliers, we enter into quality assurance agreements to formalize expectations and responsibilities. Annual performance evaluations are conducted for all suppliers, and those that fail to meet the required criteria are subject to removal from our supplier list. See “– Quality Control – Supplier Management and Raw Material Inspection.”

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Social Contribution

We remain steadfast in upholding our foundational mission of public welfare, taking active responsibility for community development and showing special care for vulnerable groups. We actively engage in social public welfare initiatives and community-building efforts. We encourage employee participation in volunteer activities and service programs, and we consistently support and contribute to public welfare causes in areas such as education, culture, and healthcare. Through these actions, we strive to spread warmth, foster social harmony, and promote positive energy within society.

RISK MANAGEMENT AND INTERNAL CONTROL

Our Board and senior management shoulder the responsibility for devising and supervising the execution and efficacy of our internal control framework. This framework is meticulously structured to guarantee continuous adherence to pertinent legal and regulatory mandates that govern our business activities and corporate governance, thereby averting any reoccurrence of compliance failures. We believe that the existing internal control mechanisms and procedures epitomize adequacy in scope, feasibility and operational effectiveness.

To substantiate this belief, we have procured the services of the internal control consultant to conduct a thorough evaluation of the sufficiency and efficiency of our conglomerate’s internal control processes, systems and protocols. This evaluation encompasses various facets of our operations, including management oversight, financial reporting, information disclosure, information technology governance, enterprise operations, corporate governance structures, regulatory compliance and risk management strategies. The preliminary findings from the assessment undertaken by the internal control consultant have been meticulously reviewed. Following this review, the Board affirms that all significant proposals tendered by the internal control consultant have been earnestly contemplated. In response to these recommendations, we are committed to implementing all necessary corrective measures to rectify any identified shortcomings within our organizational structure prior to the [REDACTED].

In the regular progression of our business activities, we are inherently subject to a spectrum of risks, encompassing operational, market and financial risks. Recognizing these exposures, we hold the conviction that the implementation of robust and adaptable risk management strategies is essential to our enduring success. It is through this lens that we approach risk mitigation, ensuring that our operations are safeguarded against potential adversities, thereby securing our competitive edge and financial stability. See “Risk factors – Risks Relating to Our Business and Industry.”

For the purpose of effective risk management, we will adopt or have put in place the following measures: (i) the Board is tasked with the comprehensive assessment of risks inherent to our Group’s operations, ensuring that all major decisions with significant risk implications are subjected to their scrutiny and consent; (ii) our management team is committed to vigilantly observing market trends; (iii) we uphold stringent quality controls to significantly reduce the likelihood of production system failures, safeguarding our operational integrity; (iv) to attract and retain skilled professionals, we regularly evaluate and adjust our compensation structures for management and staff, ensuring they remain competitive and congruent with our Group’s strategic growth; and (v) our Directors maintain diligent oversight of our Group’s liquidity and financial health, prepared to secure financing to support our business activities and expansion initiatives when deemed necessary and advantageous.

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AWARDS, RECOGNITIONS AND CERTIFICATIONS

During the Track Record Period and up to the Latest Practicable Date, we received awards and recognitions for our products, technologies and innovation. Our major awards are set out below:

Year of Issue	Name of Award or Recognition	Issuing Authority
2025	China Patent Excellence Award (中國專利優秀獎)	China National Intellectual Property Administration
2025	Specialized, Refined, Differential and Innovative “Little Giant” Enterprise (專精特新小巨人企業)	Jiangsu Provincial Department of Industry and Information Technology
2025	Jiangsu Advanced-level Smart Factory (江蘇省先進級智能工廠)	Jiangsu Provincial Department of Industry and Information Technology
2025	High-tech Enterprise (高新技術企業)	Jiangsu Provincial Department of Science and Technology
2024	Key Specialized, Refined, Differential and Innovative “Little Giant” Enterprise (專精特新重點小巨人企業)	Jiangsu Provincial Department of Industry and Information Technology
2024	National Post-doctoral Research Station (國家博士後科研工作站)	Jiangsu Provincial Department of Human Resources and Social Security
2024	High-tech Enterprise (高新技術企業)	Jiangsu Provincial Department of Science and Technology
2023	Third Prize of Jiangsu Provincial Science and Technology Award (江蘇省科學技術三等獎)	Jiangsu Provincial Government
2023	Top 10 Industrial Enterprise (工業十強企業)	Administrative Committee of Changzhou West Taihu Technology Industrial Park
2023	Jiangsu Premium Product Certification Certificate (江蘇精品認證證書)	Jiangsu Premium Products International Certification Alliance
2023	High-tech Enterprise (高新技術企業)	Jiangsu Provincial Department of Science and Technology