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Application Proof of

Jiangsu Jasung Intelligent Industrial Technology Co., Ltd.
江蘇嘉軒智能工業科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

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Jiangsu Jasung Intelligent Industrial Technology Co., Ltd.
江蘇嘉軒智能工業科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.00%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on [REDACTED] in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
[REDACTED]	**:**	**[REDACTED]**

***Sole Sponsor,* [REDACTED]**

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DONGXING SECURITIES (HONG KONG)

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[REDACTED]

IMPORTANT

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IMPORTANT

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

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EXPECTED TIMETABLE

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this document. You should read the whole document before you decide to **[REDACTED]** *in the* **[REDACTED]**. *There are risks associated with any* **[REDACTED]**. *Some of the particular risks in* **[REDACTED]** *in the* **[REDACTED]** *are set forth in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to* **[REDACTED]** *in the* **[REDACTED]**. *Various expressions used in this section are defined in the sections headed "Definitions" and "Glossary of Technical Terms" in this document.*

OVERVIEW

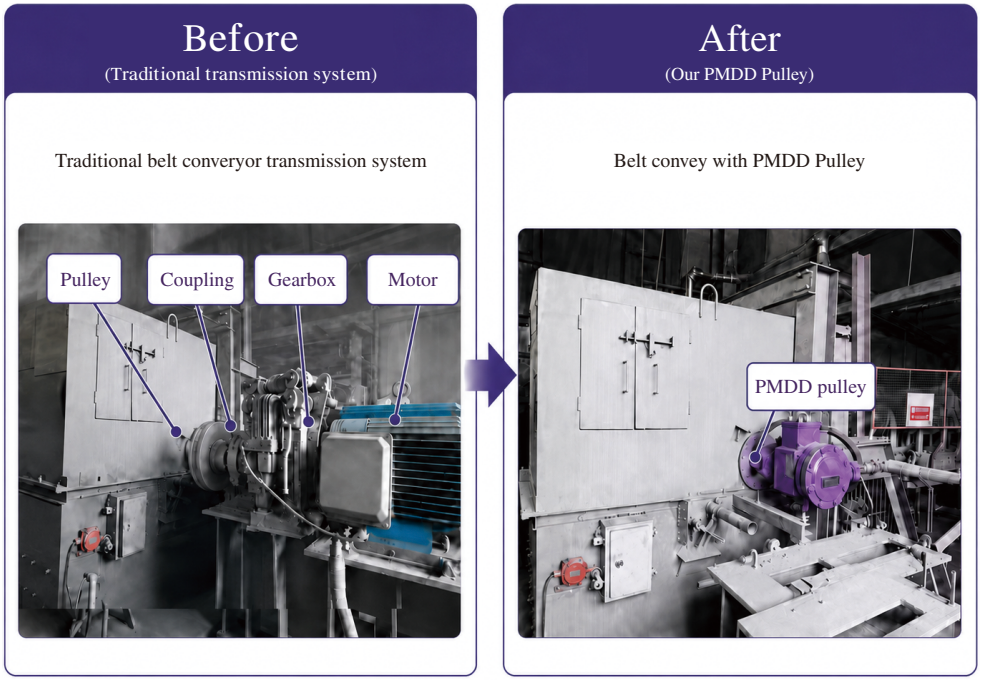
Who We Are

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

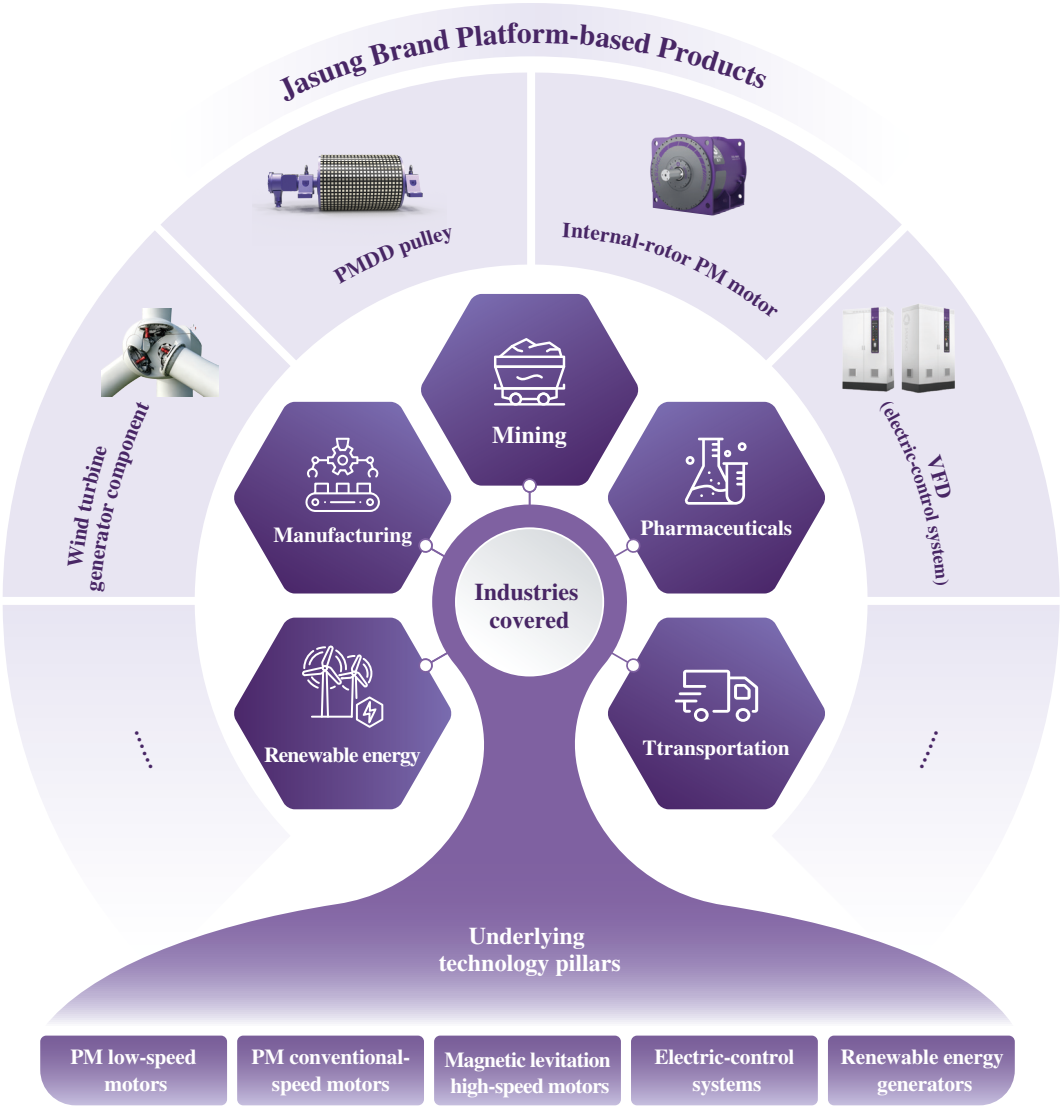
SUMMARY

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 PM electric-drive 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:



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 leverage our access to upstream PM materials and empower equipment across multiple application scenarios in downstream industries, including mining, manufacturing and renewable energy. Furthermore, 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 in multiple industries worldwide. The following diagram illustrates our five technology pillars and the core products we developed based on them:



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 are progressing with AS, the electrical and mechanical standard certifications in Australia. During the Track Record Period, the aggregate contract value of our solutions adopted by overseas users 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; (ii) 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, demand driver and application driver.

STRENGTHS

We believe that the following competitive strengths have contributed to our success and differentiate us from our competitors: (i) leading PM technologies and comprehensive R&D capabilities; (ii) scenario-driven product design and deep alignment with customer requirements; (iii) proven high-growth potential by addressing the needs of downstream markets; (iv) first-mover advantage in the PM Electric-drive Solution Industry; (v) high-quality customer base and mature sales and service model; (vi) supply chain advantages and cost control capabilities; and (vii) visionary management and core team with resourceful Shareholders.

STRATEGIES

With a global and future-oriented outlook, we have formulated the following development strategies to achieve our mission: (i) continue to focus on the PMDD Industry and expand into high-growth emerging industries; (ii) continued focus on technological innovation and market demand to advance PM electric-drive technologies and build multi-scenario PMDD solution portfolio; (iii) building a global service network to create a second growth curve for overseas sales; (iv) continuous improvement of production capacity and efficiency; and (v) strategic cooperation with core suppliers to build a high-quality and low-cost supply chain structure.

OUR PRODUCTS AND SOLUTIONS

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. 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) variable frequency drivers ("**VFDs**"); and (iv) wind turbine generator components.

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. As of the Latest Practicable Date, we had been granted 135 patents globally.

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.

CUSTOMERS AND SUPPLIERS

During the Track Record Period, our customers primarily consist of industrial companies, design institutes and equipment manufacturers. 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. 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.

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. 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.

COMPETITION

The PM electric-drive solution industry is highly competitive, with competition arising from both traditional within the industry providers and other manufacturers within the industry. Driven by increasingly stringent global energy-efficiency regulations as well as the efficiency, energy-saving, low-maintenance and ease-of-installation advantages of PM electric-drive solutions, the penetration of industrial PM electric-drive solutions has grown steadily in recent years. According to Frost & Sullivan, in terms of revenue, the global market size for the industrial PM electric-drive solution industry is expected to is expected to reach approximately RMB27.2 billion by 2030, with the market growing at a CAGR of approximately 26.3% from 2026 to 2030. The industrial PM electric-drive solutions market exhibits competitive dynamics comparable to those seen in the electric vehicle industry, where Chinese manufacturers have established a strong competitive position relative to traditional internal combustion engine automakers, through their advantages in supply chain integration, manufacturing scale and cost competitiveness. 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 PM 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 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.

RISK FACTORS

There are certain risks and uncertainties involved in **[REDACTED]** in our H Shares, some of which are beyond our control. See "Risk Factors" in this document for details. Some of the major risks we face include: (i) 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 may be adversely affected; (ii) our industry is characterized by rapid technology and product iteration. Our ability to maintain technological leadership depends on successful research and development, which is inherently uncertain and costly; (iii) we may not be able to identify or pursue suitable expansion opportunities, implement our business strategies effectively, or achieve optimal results in future expansions, which could materially and adversely affect our business, financial condition, and results of operations; (iv) we are exposed to the credit risks of our customers; (v) failure to maintain stable relationships with key customers or attract new customers could adversely affect our business, financial condition and results of operations; (vi) shortage in key supplies or disruptions to our supply chain may have an adverse effect on our business, financial condition and results of operations. Price volatility in our raw materials may affect our profitability; and (vii) the manufacturing of many of our products is highly exacting and complex, as a result, our ability to utilize our production capacity, maintain production stability and manage production costs are essential to our business.

SUMMARY OF KEY FINANCIAL INFORMATION

Summary of Description of Key Consolidated Statements of Profit or Loss Items

	Year ended December 31,					
	2023		2024		2025	
	(RMB in thousands, except for percentages)					
Revenue	**761,501**	**100.0**	**872,634**	**100.0**	**935,966**	**100.0**
Cost of sales	(578,036)	(75.9)	(654,320)	(75.0)	(695,570)	(74.3)
Other income	8,698	1.1	20,213	2.3	13,533	1.4
Selling and marketing expenses	(61,438)	(8.1)	(69,329)	(7.9)	(73,486)	(7.9)
Administrative expenses	(64,331)	(8.4)	(72,218)	(8.3)	(69,806)	(7.5)
Research and development expenses	(30,186)	(4.0)	(32,281)	(3.7)	(39,200)	(4.2)
Impairment loss on trade receivables, other receivables and contract assets	(3,749)	(0.5)	(8,464)	(1.0)	(10,081)	(1.1)
Profit from operations	**32,459**	**4.3**	**56,235**	**6.5**	**61,356**	**6.6**
Finance costs	(10,517)	(1.4)	(11,753)	(1.3)	(15,898)	(1.7)
Share of profits/(losses) of associates	55	0.0	635	0.1	(688)	(0.1)
Profit before taxation	**21,997**	**2.9**	**45,117**	**5.2**	**44,770**	**4.8**
Income tax	(987)	(0.1)	(4,279)	(0.5)	(3,198)	(0.3)
Profit for the year	**21,010**	**2.8**	**40,838**	**4.7**	**41,572**	**4.4**

Revenue

The following table sets forth a breakdown of our revenue by product line for the years indicated:

	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.

Cost of Sales

The following table sets forth our cost of sales by nature for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	(RMB in thousands, except for percentages)					
Raw materials	449,854	77.8	507,299	77.5	625,306	89.9
Technical service, installation and commissioning fees	106,669	18.5	120,619	18.4	46,884	6.7
Others	21,513	3.7	26,402	4.0	23,380	3.4
Total	**578,036**	**100.0**	**654,320**	**100.0**	**695,570**	**100.0**

Gross Profit and Gross Profit Margin

The following table sets forth our gross profit and gross profit margins by product line for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB in thousands, except for percentages)					
PMDD pulleys	130,565	27.0	176,380	31.0	179,321	36.7
Internal-rotor PM motors	732	1.6	3,001	4.2	17,063	11.9
VFDs	40,556	25.1	41,400	22.4	44,112	21.5
Wind turbine generator components	6,111	14.9	446	2.4	(1,817)	(2.7)
Other products	12,865	44.3	7,856	26.9	6,531	21.3
Subtotal	**190,829**	**25.1**	**229,083**	**26.3**	**245,210**	**26.2**
Write-down of inventories	(7,364)		(10,769)		(4,814)	
Total	**183,465**	**24.1**	**218,314**	**25.0**	**240,396**	**25.7**

Summary of Selected Items from Consolidated Statements of Financial Position

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Current assets	1,249,375	1,359,556	1,571,069
Current liabilities	1,080,972	1,162,779	1,169,560
Net current assets	168,403	196,777	401,509
Non-current assets	195,226	274,107	311,887
Non-current liabilities	83,850	87,604	263,949
Net non-current assets	111,376	186,503	47,938

Summary of Cash Flows Analysis

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash used in operating activities	(79,632)	(23,953)	(131,388)
Net cash used in investing activities	(42,956)	(95,858)	(81,692)
Net cash generated from financing activities	86,583	168,585	186,704
Net (decrease)/increase in cash and cash equivalents	(36,005)	48,774	(26,376)
Cash and cash equivalents at beginning of the year	92,089	56,084	104,858
Cash and cash equivalents at end of the year	56,084	104,858	78,482

KEY FINANCIAL RATIOS

	As of/for the year ended December 31,		
	2023	2024	2025
Gross profit margin *(%)*	24.1	25.0	25.7
Return on assets *(%)*	1.5	2.5	2.2
Return on equity *(%)*	7.5	10.7	9.2
Current ratio *(times)*	1.2	1.2	1.3
Quick ratio *(times)*	0.8	0.8	0.9

See "Financial Information – Key Financial Ratios" for the calculation methodology.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Ms. Fu Jie, Changzhou Hongbo, Changzhou Jinbo, Changzhou Tongbo, Mr. Zhang Chunhui, Mr. Wang Yong and Ms. Xu Jinxiu directly held approximately 16.98%, 8.02%, 0.62%, 0.62%, 8.37%, 2.74% and 0.96% of the Shares of our Company, respectively. By virtue of (i) Ms. Fu Jie being the executive partner of Changzhou Hongbo, Changzhou Jinbo and Changzhou Tongbo and therefore being responsible for the execution of partnership affairs and ultimately controlling the voting power of such entities, and (ii) Ms. Fu Jie, Mr. Zhang Chunhui, Mr. Wang Yong, Ms. Xu Jinxiu, Changzhou Hongbo, Changzhou Jinbo and Changzhou Tongbo being parties acting in concert pursuant to the Concert Party Agreements, details of which are set out in "History, Development and Corporate Structure – Concert Party Agreements", Ms. Fu Jie, Changzhou Hongbo, Changzhou Jinbo, Changzhou Tongbo, Mr. Zhang Chunhui, Mr. Wang Yong and Ms. Xu Jinxiu were together entitled to control the exercise of approximately 38.32% of the voting rights at the general meetings of our Company as of the Latest Practicable Date. Accordingly, they are a group of the Controlling Shareholders of our Company under the Listing Rules.

Immediately following completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), Ms. Fu Jie, Changzhou Hongbo, Changzhou Jinbo, Changzhou Tongbo, Mr. Zhang Chunhui, Mr. Wang Yong and Ms. Xu Jinxiu will be entitled to control the exercise of approximately **[REDACTED]**% of the voting rights at the general meetings of our Company. Accordingly, upon **[REDACTED]**, they will remain as a group of the Controlling Shareholders of our Company as defined under the Listing Rules. See "Relationship with Our Controlling Shareholders" in this document for details.

PRE-[REDACTED] INVESTMENTS

We have conducted a series of Pre-**[REDACTED]** Investments since our establishment. See "History, Development and Corporate Structure – Pre-**[REDACTED]** Investments" in this document for details.

[REDACTED] STATISTICS

All statistics in the following table are based on the assumptions that (i) the **[REDACTED]** has been completed and **[REDACTED]** H Shares are **[REDACTED]** and sold in the **[REDACTED]**, (ii) the **[REDACTED]** is not exercised, and (iii) **[REDACTED]** Shares are **[REDACTED]** and outstanding following the completion of the **[REDACTED]**:

	Based on an [REDACTED] of HK$ [REDACTED] per [REDACTED]	**Based on an [REDACTED] of HK$ [REDACTED] per [REDACTED]**
	HK$	HK$
Market capitalization of our Shares[(1)]	**[REDACTED]**	**[REDACTED]**
	HK$	HK$
Market capitalization of our H Shares[(2)]	**[REDACTED]**	**[REDACTED]**
Unaudited **[REDACTED]** adjusted net tangible asset attributable to equity shareholders of the Company per Share[(3)]	HK$ **[REDACTED]**	HK$ **[REDACTED]**

(1) The calculation of market capitalization is based on **[REDACTED]** Shares expected to be in issue immediately after completion of the **[REDACTED]** assuming the **[REDACTED]** is not exercised.

(2) The calculation of the market capitalization of our H Shares is based on the **[REDACTED]** H Shares, comprising **[REDACTED]** H Shares to be **[REDACTED]** under the **[REDACTED]** and **[REDACTED]** H Shares to be converted from Unlisted Shares, expected to be in issue immediately after completion of the **[REDACTED]**, assuming the **[REDACTED]** is not exercised.

(3) The unaudited **[REDACTED]** adjusted consolidated net tangible assets per share is arrived at after the adjustment referred to in "Appendix II Unaudited **[REDACTED]** Financial Information".

DIVIDEND

No dividend was declared or paid by our Company during the Track Record Period, nor has any dividend been proposed since the end of the Track Record Period. Our Group currently does not have a pre-determined dividend payout ratio. We may declare and pay dividends after taking into account our results of operations, financial condition, cash flow, operating and capital expenditure requirements, future business development strategies and estimates and other factors as we may deem relevant. We may distribute dividends by way of cash or stock. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant PRC laws and regulations. Any proposed distribution of dividends shall be determined by our Board and must be approved by our shareholders at a general meeting. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the discretion of our Board and subject to the approval of Shareholders' meeting.

FUTURE PLANS AND USE OF [REDACTED]

We estimate that the net **[REDACTED]** of the **[REDACTED]**, after deducting the estimated **[REDACTED]** and other fees and expenses payable by us in connection with the **[REDACTED]**, will be approximately HK$**[REDACTED]**, at the **[REDACTED]** of HK$**[REDACTED]** per Share (being the mid-point of the indicative **[REDACTED]** and assuming that the **[REDACTED]** is not exercised). We currently intend to use the net **[REDACTED]** from the **[REDACTED]** for the purposes and in the amounts as set out below: (i) **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used to expand our production capacity and enhance the automation, digitalization and operational efficiency of our production facilities; (ii) **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used for R&D investments and continuous technological innovation; (iii) **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used to establish and refine our global sales and service network to support our global expansion; (iv) **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used for industrial chain integration and creation of upstream and downstream synergy; and (v) **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used for working capital and other general corporate purposes.

See "Future Plans and Use of **[REDACTED]**" in this document.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Subsequent to the Track Record Period and up to the Latest Practicable Date, we have continued to conduct our principal business of providing PM electric-drive products and solutions and our financial performance has maintained a growth trajectory. During this period, there have been no material changes to our business model, revenue structure, or cost structure.

Our Directors have confirmed that up to the Latest Practicable Date, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the date of our latest audited financial statements, and there has been no event since December 31, 2025 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this document.

[REDACTED]

[REDACTED] represent professional fees, **[REDACTED]** and other fees incurred in connection with the **[REDACTED]**. We expect to incur **[REDACTED]** of approximately RMB**[REDACTED]** (HK$**[REDACTED]**), representing approximately **[REDACTED]**% of the gross **[REDACTED]** from the **[REDACTED]** (based on the mid-point of the indicative **[REDACTED]** and assuming the **[REDACTED]** is not exercised). The **[REDACTED]** we incurred in the Track Record Period and expect to incur would consist of approximately RMB**[REDACTED]** (HK$**[REDACTED]**) **[REDACTED]** fees and approximately RMB**[REDACTED]** (HK$**[REDACTED]**) non-**[REDACTED]** fees (including fees and expenses of legal advisors and the reporting accountant of approximately RMB**[REDACTED]** (HK$**[REDACTED]**) and other fees and expenses of approximately RMB**[REDACTED]** (HK$**[REDACTED]**). Among the total **[REDACTED]** which we expect to incur, approximately RMB**[REDACTED]** (HK$**[REDACTED]**) will be directly attributable to the **[REDACTED]** of our Shares and deducted from equity and the remaining RMB**[REDACTED]** (HK$**[REDACTED]**) will be expensed upon **[REDACTED]**. The **[REDACTED]** expenses above are the best estimate as of the Latest Practicable Date and for reference only. The actual amount may differ from such estimate.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this document.

"Accountants' Report"	the accountants' report of the Company for the Track Record Period, the text of which is set out in Appendix I
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles" or "Articles of Association"	the articles of association of our Company, as amended, which shall become effective on the **[REDACTED]**, a summary of which is set out in Appendix III to this document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of our Company
	[REDACTED]
"Business Day" or "business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
	[REDACTED]

[REDACTED]

"Changzhou Hongbo"	Changzhou Hongbo Enterprise Management Consulting Partnership (Limited Partnership)* (常州紅帛企業管理諮詢合夥企業(有限合夥)) (previously known as Shanghai Hongbo Enterprise Management Consultant Partnership (Limited Partnership)* (上海紅帛企業管理諮詢合夥企業(有限合夥)), a limited partnership incorporated in June 2016 in the PRC, being a member of our Controlling Shareholders
"Changzhou Jinbo"	Changzhou Jinbo Enterprise Management Consulting Partnership (Limited Partnership)* (常州錦帛企業管理諮詢合夥企業(有限合夥)), a limited partnership incorporated in August 2023 in the PRC, being a member of our Controlling Shareholders
"Changzhou Tongbo"	Changzhou Tongbo Enterprise Management Consulting Partnership (Limited Partnership)* (常州彤帛企業管理諮詢合夥企業(有限合夥)), a limited partnership incorporated in August 2023 in the PRC, being a member of our Controlling Shareholders
"China", "Chinese Mainland", "mainland China" or "PRC"	the People's Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires, references in the document to "China" or "the PRC" do not apply to the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan, China
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company," "our Company" or "the Company"	Jiangsu Jasung Intelligent Industrial Technology Co., Ltd. (江蘇嘉軒智能工業科技股份有限公司), which was initially incorporated under the laws of the PRC as a limited liability company on June 20, 2005 and was subsequently converted into a joint stock company with limited liability on June 7, 2017

"Company Law" or "PRC Company Law"	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholders"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Ms. Fu Jie, Changzhou Hongbo, Changzhou Jinbo, Changzhou Tongbo, Mr. Zhang Chunhui, Mr. Wang Yong and Ms. Xu Jinxiu, as further detailed in the section headed "Relationship with Our Controlling Shareholders" in this document
"Conversion of Unlisted Shares into H Shares"	the conversion of **[REDACTED]** Unlisted Shares in aggregate held by our existing Shareholders into **[REDACTED]** H Shares upon the completion of the **[REDACTED]**
"CSDC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSDC (Hong Kong)"	China Securities Depository and Clearing (Hong Kong) Company Limited
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below

[REDACTED]

"F&S" or "Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a consulting firm that provides market research and analysis
"F&S Report"	a commissioned industry report prepared by F&S

[REDACTED]

[REDACTED]

"Group," "our Group," "the Group," "we" or "us"	the Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Guide"	the Guide for New Listing Applicants published by the Stock Exchange (as amended, supplemented or otherwise modified from time to time)

[REDACTED]

"IFRS"	International Financial Reporting Standards, as issued by the International Accounting Standards Boards

[REDACTED]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China

"Hong Kong dollars," "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
	[REDACTED]
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
	[REDACTED]
"H Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are to be subscribed for and traded in HK dollars and to be **[REDACTED]** on the Stock Exchange
	[REDACTED]
"Huzhou Jasung"	Huzhou Jasung Hengyao Industrial Technology Co., Ltd.* (湖州嘉軒恒曜工業科技有限公司), a PRC company incorporated in December 2024 with limited liability, being a subsidiary of our Company and owned as to 70.00% equity interest by our Company
"Independent Third Party(ies)"	any entity(ies) or person(s) who is not a connected person of our Company within the meaning of the Hong Kong Listing Rules

[REDACTED]

"Latest Practicable Date"	June 22, 2026, being the latest practicable date for ascertaining certain information in this document before its publication

[REDACTED]

"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange

"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of the Board

[REDACTED]

"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC GAAP"	generally accepted accounting principles of the PRC
"PRC Legal Advisors"	Zhong Lun Law Firm, being the legal advisors to the Company as to the PRC laws

[REDACTED]

"Pre-**[REDACTED]** Investments"	the Pre-**[REDACTED]** investments in our Company undertaken by the Pre-**[REDACTED]** Investors, details of which are set out in the section headed "History, Development and Corporate Structure – Pre-**[REDACTED]** Investments" in this document
"Pre-**[REDACTED]** Investor(s)"	the existing Shareholder(s) who participated in our Pre-**[REDACTED]** Investments, details of which are set out in the section headed "History, Development and Corporate Structure – Pre-**[REDACTED]** Investments" in this document
"Remuneration and Assessment Committee"	the remuneration and assessment committee of the Board

"Regulation S"	Regulation S under the U.S. Securities Act
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"SCNPC"	Standing Committee of the National People's Congress, the permanent body of the National People's Congress of the PRC
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SFC"	the Securities and Futures Commission of Hong Kong
"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each
"Shareholder(s)"	holder(s) of our Share(s)
"Sole Sponsor" and "**[REDACTED]**"	the sole sponsor as named in the section headed "Directors and Parties Involved in the **[REDACTED]**" in this document
"SAT"	State Administration of Taxation (國家税務總局)
	[REDACTED]
"Strategy and ESG Committee"	the strategy and ESG committee of the Board
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchange and Clearing Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time

"Tianjin Jasung"	Tianjin Jasung Hengsheng Intelligent Industrial Technology Co., Ltd.* (天津嘉軒恒晟智能工業科技有限公司), a PRC company incorporated in April 2020 with limited liability, being a subsidiary of our Company and owned as to 70.00% equity interest by our Company
"Track Record Period"	the period consisting of the years ended December 31, 2023, 2024 and 2025
"Trial Measures"	The Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023 and became effective on March 31, 2023

[REDACTED]

"United States", "US" or "U.S."	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"Unlisted Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.00, which is/are not listed on any stock exchange
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"US$" or "US dollars"	United States dollars, the lawful currency of the United States
"VAT"	value-added tax
"Yidu Jasung"	Yidu Jasung Intelligent Industry Co., Ltd.* (宜都嘉軒智能工業有限公司), a PRC company incorporated in September 2024 with limited liability, being a subsidiary of our Company and wholly owned by our Company
"%"	percent

Certain amounts and percentage figures included in this document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this document in both the Chinese and English languages; in the event of any inconsistency, the Chinese versions shall prevail.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain technical terms used in this document in connection with our Company and our business. Such terminology and meanings may not correspond to standard industry meanings or usages of those terms.

"AI"	artificial intelligence
"anti-sway control algorithms"	A comprehensive control strategy for high-response, high-precision requirements that achieves millisecond-level command response through real-time motor parameter acquisition, multi-dimensional feedback closed loops, and integrated optimization methods, while effectively suppressing load disturbances, parameter drift, and external interference to ensure smooth and precise motor operation under dynamic conditions
"AS"	Australian Standards, a set of technical specifications and safety requirements developed by Standards Australia
"asynchronous motor"	an electric motor in which torque is produced through electromagnetic induction between the stator's rotating magnetic field, typically generated by a three-phase AC power supply, and the currents induced in the rotor. The rotor operates at a speed slightly lower than the synchronous speed of the stator field, resulting in "asynchronous" operation
"ATEX"	Atmosphères Explosibles, EU safety requirements for equipment and protective systems intended for use in potentially explosive atmospheres containing flammable gases, vapors, or dusts
"bearings"	a machine element that supports and guides moving parts
"CAGR"	compound annual growth rate
"CE"	Conformité Européenne, a statement by the manufacturer that the product met EU requirements at the time it was placed on the market
"ECN"	engineering change notice, a formal document that communicates an approved modification to a product design, component, material, or manufacturing process to all affected departments for implementation
"ECR"	engineering change request, a formal document that initiates the engineering change process by proposing a modification to a product design

GLOSSARY OF TECHNICAL TERMS

"ERP"	Enterprise Resource Planning, an integrated software suite that unifies and automates core business functions, such as finance, supply chain management, procurement, inventory control and human resources, to streamline operational processes and support centralized data-driven decision-making
"GB/T29490 2023"	a Chinese national standard providing a structured framework for organizations to manage IP creation, protection and utilization
"HMI" or "human-machine interface"	an operator panel that allows personnel to interact with industrial machines and processes in real time
"HVAC"	Heating, Ventilation and Air Conditioning (HVAC) system, integrated components used to regulate indoor environment. They are designed to provide thermal comfort and acceptable indoor air quality by controlling temperature, humidity and air flow
"IATF 16949"	an international quality management system standard specifically for the automotive industry prepared by the International Automotive Task Force
"IE4"	"IE4" refers to super premium efficiency under International Efficiency classes for motor efficiency
"IoT"	Internet of Things, the network of physical objects embedded with sensors, software and other technologies to connect and exchange data with other devices and systems over the internet"
"ISO"	a classification or grade system defined under an International Organization for Standardization ("**ISO**") standard, used to indicate the level of quality, precision, performance, or physical property of a product or system
"kW" or "MW"	"kW" refers to kilowatt, which equals to 1,000 watts. "MW" refers to megawatt, which equals to 1,000 kilowatts, or 1 million watts
"LED"	Light-emitting diode
"maglev" or "magnetic-levitation"	a technology to levitate objects above a guideway by electromagnetic attraction or repulsion

"magnetic circuit design"	a systematic electromagnetic structural design process targeting the rotor structure of permanent magnet synchronous motors, involving the systematic planning of permanent magnet arrangement, magnetic steel dimensions, magnetic bridges, isolation slots, iron core structure, and air gap coordination to construct optimal magnetic flux paths, optimize flux distribution, and control leakage flux and saturation levels
"MES"	Manufacturing Execution System, an industrial software system that manages and monitors real-time production operations, tracks work order progress, equipment performance and quality metrics and serves as the information link between upper-level enterprise management systems and on-site production control
"NEV"	new energy vehicles, including but not limited to battery electric vehicles, hybrid and fuel cell vehicles
"Nm"	Newton-meter, a unit of torque, representing a force of one newton applied at a perpendicular distance of one meter
"OA"	office automation, a combination of computer hardware and software to create, store and process office-related information
"OEM"	original equipment manufacturer
"PDM"	product data management
"permanent magnet electric-drive" or "PM electric-drive"	an electromechanical system that uses permanent magnets embedded in or mounted on the rotor to generate a constant magnetic field
"permanent magnet" or "PM"	a material or component that produces a persistent magnetic field without continuous external power input
"PMDD" or "permanent magnet direct-drive"	a motor architecture that directly couples a permanent magnet synchronous motor to the load
"R&D"	research and development
"Regenerative Catalytic Oxidizer"	a regenerative air pollution control device that destroys volatile organic compounds through catalytic oxidation at reduced temperatures, utilizing ceramic heat-exchange media to recover thermal energy from the exhaust stream for preheating incoming contaminated air
"rollers"	cylindrical mechanical components that rotate to support, convey, or drive the movement of materials and loads in machinery

GLOSSARY OF TECHNICAL TERMS

"Roots blowers"	positive displacement machines that move air or gas using two counter-rotating lobed rotors
"rotor"	the rotating part of a motor that works with the stator to that convert electrical energy into mechanical energy
"rpm"	revolutions per minute, a unit of measurement used to quantify rotational speed
"stator"	stationary and generates a rotating magnetic field when electric current is applied
"topology"	the way in which constituent parts are interrelated or arranged
"UL"	Underwriters Laboratories, a leading U.S. safety certification that verifies products have been independently tested for fire resistance, electrical shock hazards, and structural integrity
"voltage", "V" or "kV"	"voltage" refers to a representation of the electric potential energy per unit charge. "V" refers to volt, the international standard unit for measuring voltage. "kV" refers to kilovolt, which equals to 1,000 volts
"VPI" or "vacuum pressure impregnation"	an insulation process in which motor coils are immersed in resin inside a vacuum chamber so that air and voids are evacuated, followed by applied pressure to force the resin into all interstices, creating a dense, void-free insulation layer once cured

FORWARD-LOOKING STATEMENTS

We have included in this document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This document includes forward-looking statements. These forward-looking statements are based on the beliefs of our management as well as assumptions made by and information currently available to our management. All statements other than statements of historical facts contained in this document, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "can," "might," "potential," "forecast," "project," "going forward," "continue," "ought to," "projection," "potential," "vision," "goals," "aspire," "objective," "target," "schedules" and "outlook" or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among other things, the following: (i) our ability to successfully implement our business plans and strategies and achieve our stated objectives and goals; (ii) future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand, including changes in the competitive environment; (iii) general political and economic conditions of jurisdictions in which we operate; (iv) our business operations and prospects and our future business development, financial condition and results of operations; (v) our capital expenditure plans and sources of funding; (vi) weather, natural disasters and climate change; (vii) the actions and developments of our competitors; (viii) our financial condition and performance and margins; (ix) capital market developments and exchange rate fluctuations; (x) our dividend policy; (xi) any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and business plans, and our ability to remain in compliance with applicable laws and regulations; (xii) our ability to develop new products or services, enhance existing offerings and bring them to market in a timely manner; (xiii) our ability to maintain, protect and enhance our intellectual property and proprietary rights; and (xiv) various business opportunities that we may pursue and all other risks and uncertainties described in "Risk Factors."

Although we believe that the expectations reflected in these forward-looking statements are reasonable, such expectations may later be found to be incorrect, and our actual results could be materially different from and worse than what we expect. As such, readers are cautioned not to place undue reliance on such statements. Any forward-looking statement speaks only as of the date of this document, and except as required under the Hong Kong Listing Rules, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events. Statements of intentions are made as of the date of this document and may change in light of future developments. All forward-looking statements in this document are expressly qualified by reference to this cautionary statement.

An **[REDACTED]** *in our H Shares involves significant risk. You should carefully consider the following information about risks, together with the other information contained in this document, including our consolidated financial statements and related notes, before you decide to* **[REDACTED]** *our H Shares. If any of the circumstances or events described below actually arises or occurs, our business, results of operations, financial condition and prospects would likely suffer. In any such case, the market* **[REDACTED]** *of our H Shares could decline and you may lose all or part of your* **[REDACTED]**. *This document also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the risks described below. These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof.*

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 may be adversely affected.

We primarily focus on providing industrial permanent magnet ("**PM**") electric-drive solutions that are designed to offer enhanced energy efficiency and cost-effective performance for industrial applications. In recent years, increasing awareness of energy efficiency, environmental considerations and tightening governmental legislation and regulations have contributed to growing demand for products featuring lower energy consumption. However, according to Frost & Sullivan, the industrial PM electric-drive solution market is still at a relatively early stage of development and faces competition from traditional transmission systems and other direct-drive technologies. As a result, our ability to drive business growth depends significantly on the continued development of the industrial PM electric-drive solution industry as well as the pace and direction of demand expansion in downstream markets. The industrial PM electric-drive solution industry is subject to substantial volatility arising from factors beyond our control, such as changes in global macroeconomic conditions, the continuity and effectiveness of government-supported policies promoting energy-efficient industrial transitions, shifts in market preferences, and the pace of energy transition across our key addressable downstream sectors. There can be no assurance that supportive policies and regulatory frameworks applicable to our industry will continue, or that downstream manufacturers will adopt or accelerate the replacement of traditional transmission systems with PM electric-drive solutions. Any stagnation in downstream demand, or any material changes in downstream market structure or preferences, could adversely affect our ability to increase revenue and expand our business.

During the Track Record Period, we provided PM electric-drive solutions to customers across a range of downstream industries, with our principal customers concentrated in the mining, manufacturing and renewable energy industries. See "Business – Our Products and Solutions – Key Products by Application Scenarios." Any regulatory changes affecting these industries, or any slowdown in their development, could adversely affect demand for our products and, in turn, our business performance. Our operations are closely linked to the development trajectories of these downstream industries and their willingness and ability to adopt more energy-efficient and cost-effective electric-drive solutions. Particularly, mining industry represents the largest application scenario of our products since our PM electric-drive solutions are especially suited for mining applications that require high load capacity,

long-distance conveying and continuous operation under harsh working conditions, where operational stability, torque performance and energy efficiency are critical. The mining industry is inherently sensitive to global economic cycles, geopolitical conditions and energy-related policies, which may lead to fluctuations in demand for our products and solutions. In addition, in recent years, increasingly stringent safety regulations and standards worldwide have driven demand for explosion-proof electric-drive solutions. In China, mandatory standards applicable to the mining industry require electric-drive products and solutions used in hazardous environments such as underground mines and workshops to meet specified explosion-proof performance requirements. The continued adoption of our products and our ability to further expand our customer base depend on our capability to respond flexibly to evolving downstream requirements and to ensure that our products continue to comply with updated regulatory and safety standards.

Our business development also depends on our abilities to respond efficiently and effectively against the heightened competition within our industry. While we ranked first in China and globally in the industrial PM electric-drive system market in terms of revenue in 2025, existing and potential competitors may develop relationships with our customers in ways that could potentially harm our ability to sell and market our products. In addition, competitors with significant market presence and financial resources may enter the markets in which we operate, thereby intensifying competition by adopting more aggressive pricing policies than we can or by developing technologies and services that better address downstream customer needs. Our industry is characterized by rapid growth, continuous technological advancement and intense competition. Competition in the industry is driven by multiple factors, such as product and service offerings, cost efficiency, product quality, brand reputation, regulatory compliance, sales and service network coverage, supply chain stability, and the ability to rapidly respond to evolving and diverse customer demand. Heightened competition may result in downward pressure on prices, reduced profit margins or loss of market share, any of which could adversely affect our business, financial condition and results of operations.

Our industry is characterized by rapid technology and product iteration. Our ability to maintain technological leadership depends on successful research and development, which is inherently uncertain and costly.

Our industry is characterized by rapid technological iteration and continuous product innovation, which constantly reshape market demand and customer expectations. To maintain our competitiveness and industry leadership, we need to actively lead these developments with substantial and sustained investments in R&D. As new technologies and industry standards emerge, we must invest further in technology upgrades, process improvements, and advanced R&D initiatives. During the Track Record Period and up to the Latest Practicable Date, we made consistent R&D investment to strengthen our capabilities in upgrading our existing technologies and diversifying our product portfolios. In December 31, 2023, 2024, and 2025, our research and development expenses amounted to RMB30.2 million, RMB32.3 million, and RMB39.2 million, representing 4.0%, 3.7%, and 4.2% of our total revenue of the same year, respectively. See "Business – Research and Development." Additionally, our ability to attract new customers and retain existing ones relies heavily on continuously advancing technology as well as our products and services.

R&D activities are inherently uncertain and subject to various risks, including failure to achieve intended technical results, delays in development timelines and inability to keep pace with the technological advances in the industry. We may encounter technical challenges, delays, or unforeseen costs during product design, prototype development, testing, or certification by downstream customers.

If our continuous R&D investments cannot yield expected technological breakthroughs or commercial success, we may lose our competitive edge, which could result in the loss of existing customers and hinder our ability to attract new customers. Even if we successfully launch new products, our new products may not achieve market acceptance or may be rendered obsolete by competing technologies introduced by our competitors. Furthermore, our upgraded or newly developed products may not generate profits within a short period or at all, which could negatively affect our financial condition.

We may not be able to identify or pursue suitable expansion opportunities, implement our business strategies effectively, or achieve optimal results in future expansions, which could materially and adversely affect our business, financial condition, and results of operations.

We intend to further expand our business primarily through organic growth, including the development and commercialization of new products and expansion into new application areas, and to a lesser extent through potential acquisitions, partnerships or investments. However, there can be no assurance that our expansion initiatives will be successful, or that we will be able to achieve the anticipated commercial or strategic benefits. The successful execution of our expansion strategy is subject to various factors beyond our control, including market demand, customer acceptance, competitive dynamics, regulatory developments and overall industry conditions affecting the industrial PM electric-drive solution industry.

We are actively expanding our business into emerging high-growth sectors and further diversifying our product portfolio. See "Business – Our Products and Solutions – Growth-stage Products." Our organic expansion into new products, technologies and business lines involves inherent uncertainties and execution risks. Such expansion may require significant upfront investments in R&D, specialized production equipment and talent recruitment, while revenues from these initiatives may take longer than expected to materialize or may not materialize at all. The development and commercialization of new products depend on a range of factors, including technological feasibility, customer qualification cycles, industry adoption trends and pricing competition.

In addition, as we expand our products into emerging markets, our products may be required to comply with more stringent or evolving regulatory, safety, reliability and technical standards, some of which are still in the early stages of development and subject to further regulatory changes. For example, we have established a new energy manufacturing department in 2025. We have produced PM motors specialized to use for new-energy vessels and new-energy construction machinery and PM shaft-mounted generators to support the electrification of new-energy vessels and new-energy construction machinery, as well as wind power generation. See "Business – Our Products and Solutions – Key Products by Application Scenarios – Renewable Energy Industry." Such products are required to meet stringent safety, reliability and performance standards issued by relevant authorities. These standards are still being refined, and any delays in the finalization of such regulations or updates in compliance requirements could disrupt our business development timelines or increase certification costs. In addition, failure to meet such requirements could result in reputational harm, contractual liabilities or loss of business opportunities. There is no guarantee that our efforts to commercialize our growth-stage products would be successful, and failure to achieve meaningful market penetration could have a material adverse impact on our business.

From time to time, we may also pursue strategic acquisitions, investments or alliances to complement our organic growth. However, as of the Latest Practicable Date, we had not identified any specific acquisition or investment target. Any future acquisitions or investments may expose us to integration risks, unforeseen liabilities or difficulties in realizing expected synergies, although such activities are not the primary focus of our expansion strategy. Our expansion plans are based on assumptions regarding future market conditions, customer procurement behavior, regulatory developments and our operational capabilities. These assumptions involve inherent uncertainties. If our expansion initiatives fail to achieve the expected outcomes, or if we are unable to effectively manage the associated risks, our business growth, competitiveness, financial condition and results of operations could be materially and adversely affected.

We are exposed to the credit risks of our customers.

Our ability to secure timely payments for products and services delivered has a significant impact on our operating results, cash flows, and overall financial stability. Our financial condition is closely tied to our customers' timely settlement of outstanding trade and bills receivables. As of December 31, 2023, 2024, and 2025, our trade and bills receivables were RMB638.0 million, RMB607.2 million, and RMB771.4 million, respectively. Accurately evaluating customer creditworthiness is inherently challenging, and there can be no assurance that our assessments will always be accurate. In addition, macroeconomic conditions, including disruptions in domestic or global financial markets, may place financial pressure on our customers. Such pressure may result in their reduced access to credit, deteriorating liquidity, or customer insolvency or bankruptcy, which could lead to delayed payments, requests for extended or renegotiated payment terms, or defaults on payment obligations owed to us.

If we are unable to collect receivables in accordance with contractual terms, our results of operations and cash flows may be adversely affected. These circumstances may negatively impact the aging profile of our trade and bills receivables and extend receivables turnover days, thereby materially and adversely affecting our financial performance. In addition, the timing gap between customer payments and our settlement of supplier invoices may create cash flow mismatches. Significant or increasing trade and bills receivables, particularly when accompanied by prolonged or worsening receivables turnover days, may raise concerns regarding recoverability and increase the likelihood of credit losses. Such developments could adversely affect our financial condition and create uncertainties regarding the sustainability of our business. If we experience substantial difficulties in recovering outstanding trade and bills receivables or customer defaults, our business sustainability, financial position, operating performance, and cash flow resilience could be materially and adversely affected.

Failure to maintain stable relationships with existing customers or attract new customers could adversely affect our business, financial condition and results of operations.

Our ability to generate and increase our revenue depends largely on our ability to retain existing customers, attract new customers or increase their spending with us. This in turn would depend on a number of factors, including our ability to offer high-quality products that address the needs of our customers at competitive prices, roll out new and enhanced features and functionalities of our products, strengthen our technological capabilities and adapt to the evolving industry trends and competitive landscape.

Our future success is expected to continue to depend on our ability to maintain and expand long-term relationships with our customers. Any deterioration in these relationships or significant reduction in revenue from these customers could materially and adversely affect our business, financial condition and results of operations. In addition, our relationships with these customers may be affected by factors such as negative publicity, controversies related to our brand image or changes in their internal policies or procurement strategies. Any changes in the market strategies, financial condition or operational capabilities of our customers may disrupt our sales channels and affect our ability to maintain or grow our market share. Any major disputes, defaults or deterioration in relationships with customers may result in loss of business opportunities, increased credit risk or collection difficulties. These factors may also lead to fluctuations in our revenue and may adversely affect our business operations.

Furthermore, our ability to further expand the scope of our business operations also depends on our ability to attract new customers and expand our customer base. There can be no assurance that we will be able to successfully identify, attract or retain new customers on commercially acceptable terms, or at all. The process of developing relationships with new customers often involves lengthy qualifications, validation and approval cycles, particularly in industries with high technical, safety and reliability requirements. In addition, new customers may have different technical specifications, procurement standards, pricing expectations or contractual terms, which may increase our development costs, extend sales cycles or compress our margins.

Shortage in key supplies or disruptions to our supply chain may have an adverse effect on our business, financial condition and results of operations. Price volatility in our raw materials may affect our profitability.

We engage third party suppliers for provision of certain key raw materials and components used in our production. See "Business – Raw Materials and Suppliers." The stability, reliability and performance of these third parties are essential to our ability to deliver products in a timely manner, maintain product quality and support our growth. Any disruption to the supply of adequate materials from suppliers to meet our needs could impair our ability to manufacture products as scheduled. We cannot guarantee that our relationships with key suppliers will sustain without any disruption in the future. If our relationships with key suppliers deteriorate or terminate, or if our key suppliers face operational difficulties that hinder their ability to provide materials on time and with consistent quality, our ability to deliver products to customers promptly could be impacted. In such cases, we cannot assure you that we will be able to identify an alternative qualified supplier in a timely manner or on commercially viable terms, which could adversely affect our business, financial condition and results of operations.

Our business operations are exposed to fluctuations in the cost of raw materials, which constitute a substantial portion of our total cost of sales. In 2023, 2024, and 2025, raw materials accounted for 77.8%, 77.5%, and 89.5% of our total cost of sales, respectively. Any substantial increase in these raw materials may directly raise our cost of sales and adversely affect our gross profit and gross profit margin, especially if we are unable to pass such cost increases on to our customers in a timely or effective manner. Availability, quality and lead times of key raw materials may also deteriorate due to global or regional shortages, unexpected supply disruptions, environmental protection measures, or changes in the regulatory environment affecting mining and processing activities. These factors may disrupt our production schedules and impair our ability to meet customer demand. As we continue to expand our product portfolio to meet evolving downstream manufacturing needs, the challenges associated with raw material sourcing and cost management may increase. Any sustained increase in procurement costs, instability in supply, or adverse developments could materially and adversely affect our financial condition, operational

performance, and competitive position. Specifically, rare earth PM materials are important raw materials for manufacturing of PM motors. While the rare earth industry in the PRC is subject to regulatory oversight and policy measures by the government from time to time, including policies relating to resource management, production quotas and industry consolidation.

The manufacturing of many of our products is highly exacting and complex, as a result, our ability to utilize our production capacity, maintain production stability and manage production costs are essential to our business.

Our manufacturing operations are concentrated at our production facility in Changzhou, Jiangsu Province, which had a total gross floor area of 63,936 sq.m. as of December 31, 2025. The efficient and uninterrupted operation of our production facility is critical to our ability to manufacture products in a cost-effective manner, maintain optimal capacity utilization, achieve economies of scale and meet customer delivery schedules. The production of many of our products involves complex manufacturing processes and depends on the availability and proper maintenance of equipment, a stable electricity supply, sufficient skilled labor, compliance with environmental and workplace safety requirements and the overall reliability of our operational infrastructure. In addition, our manufacturing operations are subject to occupational health and safety risks, and there can be no assurance that our existing safety measures will prevent all workplace accidents, injuries or health-related incidents. Any production disruption, equipment failure, labor shortage, labor dispute, strike, workplace accident or non-compliance with applicable health, safety or environmental regulations could result in production delays, regulatory investigations, penalties, compensation claims, increased operating costs, reputational damage and an inability to fulfill customer orders in a timely manner. Furthermore, our production processes rely on skilled labor, specialized components, and outsourced labor and services, the costs of which are subject to fluctuations resulting from macroeconomic factors beyond our control. Any increase in such costs that cannot be fully transferred to our customers. Should any of the foregoing risks materialize, our business, financial condition and results of operations could be materially and adversely affected.

We are subject to certain risks relating to third-party settlements and payment processing-related risks.

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 our Group through accounts of third-party payors designated by such Relevant Customers (the "**Third-Party Payor(s)**") at their request (the "**Third-Party Settlement Arrangement(s)**"). Such arrangements primarily relate to (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. We have implemented comprehensive internal control measures to record all such transactions with standardized procedures. 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, respectively, representing approximately 1.2%, 2.2% and 1.9% of our total revenue. See "Business – Third-Party Settlement Arrangement." During the Track Record Period, no single relevant customer contributed materially to our Group's revenue.

Third-Party Settlement Arrangements may be subject to risks, including possible exposure to money laundering risks or claims from third-party payors for the return of funds as the contractual relations with such payers may be invalid or even non-existent and possible claims from liquidators of third-party payors could arise. In the event of any claims from third-party payors or their liquidators, or legal proceedings, whether civil or criminal, instituted or brought against us in respect of Third-Party Settlement Arrangements, we may have to allocate additional financial and managerial resources to address such claims or legal proceedings, and our results of operations and financial condition may as a result be adversely affected.

We may not be successful in implementing our business plans and strategies effectively, or at all, which could materially and adversely affect our business, financial condition and results of operations.

Our business plans and strategies rely on assumptions about future developments that carry inherent risks and uncertainties and may prove inaccurate. If these assumptions are incorrect, the commercial viability of our plans and strategies could be adversely affected. As a result, there is no assurance that they will be implemented on schedule, successfully, or at all.

If we fail to execute our business plans and strategies effectively and efficiently, we may be unable to expand our operations, manage growth, capture expected market opportunities, or maintain our competitive position. Even if successfully implemented, factors beyond our control, such as regulatory changes, shortages of skilled talent, or shifts in customer demand, may prevent us from achieving our intended or profitable results. In addition, execution may increase operating costs, including higher personnel expenses, greater depreciation of manufacturing equipment and facilities, and increased cash outflows. Consequently, if our plans and strategies do not deliver the desired outcomes, we may have difficulty recovering our costs, which could materially and adversely affect our business, financial condition and results of operations.

Our historical financial performance may not be indicative of future performance and we cannot guarantee the same level of profitability.

We experienced positive growth in our revenue and other key financial metrics during the Track Record Period. Our revenue increased from RMB761.5 million in 2023 to RMB936.0 million in 2025. Our gross profit margin increased from 24.1% in 2023 to 25.0% in 2024 and further increased to 25.7% in 2025. However, there is no assurance that we will be able to maintain our historical growth rate, sustain current revenue levels, or achieve higher margins or any profitability in the future. Managing growth on a larger scale will require us to continually strengthen our corporate governance, organizational structure, and internal controls. We must also continue to recruit, train, and retain skilled personnel. These efforts will require significant managerial, financial, and human resources. Changes in the availability or cost of raw materials, labor, or utilities may further affect our cost structure and profitability. Any deterioration in our reputation or product quality could adversely affect customer loyalty and sales performance. Even with sound risk management and strategic planning, these uncertainties may lead to slower revenue growth or possible margin compression. Consequently, our historical results of operations should not be regarded as indicative of our future performance, and **[REDACTED]** should exercise caution when evaluating our prospects.

We may face risks associated with defective products and the unsatisfactory performance of our products if we fail to maintain an effective quality control system.

Our manufacturing processes must comply with applicable quality standards, and our products are subject to regulatory requirements in the jurisdictions where they are sold. See "Regulatory Overview – Laws and Regulations Relating to Product Quality." We have established a dedicated quality control team and implemented a structured quality control system designed to ensure that our products meet customer-specific specifications as well as applicable regulatory and industry quality standards. See "Business – Quality Control." The effectiveness of our quality control system depends on a number of factors, including system design, the implementation of quality standards, the adequacy of training programs, and our employees' adherence to quality control policies and procedures across the jurisdictions in which we operate or intend to expand. Our quality control measures are designed to cover key stages of the business operation process, there can be no assurance that our quality control system will always be effective. If we fail to maintain an adequate or effective quality control system, we may manufacture defective products, which could expose us to warranty claims, including product returns, replacements or recalls, as well as compensation claims and potential product liability. Any such events could increase our costs, disrupt our operations and adversely affect our business, results of operations and financial condition.

In addition, a significant portion of our products are made-to-order and highly customized to meet the specific technical requirements of our customers. Our ability to successfully deliver such customized products depends on our capability to design, manufacture and deliver products in strict accordance with the technical standards and specifications set out in the relevant customer contracts. See "Business – Sales and Marketing." If our products fail to perform as expected, do not meet contractual specifications, or fail to pass customer testing or validation procedures, we may be subject to product quality claims, contractual disputes or litigation, and may face delays or difficulties in recovering outstanding payments from customers.

We maintain a structured customer complaint handling mechanism to promptly address our customer needs. See "Business – Sales and Marketing – After-Sale Services." These efforts may not be timely to meet our customers' expectations and may disrupt our production. In such an event, we may be required, or may choose, for customer relations or other reasons, to expend additional resources to correct the problem. Furthermore, these issues could potentially lead to lawsuits, including those filed against us by our customers or other parties, exposing us to potential liabilities and damages. There may also be subsequent negative publicity associated with litigation or negative user experience, regardless of whether the allegations are valid or whether we are ultimately found liable. In addition, certain product quality claims or contract performance disputes may also arise from defects in parts and components sourced from third-party suppliers. Such suppliers may not fully indemnify us for losses arising from these defects or may provide only limited indemnification that is insufficient to cover our potential liabilities. As a result, our customer satisfaction could be diminished, our reputation and brand could be significantly harmed, and our business, results of operations, and financial condition may be adversely affected.

We are subject to risks associated with the overseas expansion of our business.

As part of our globalization strategy, we plan to collaborate with overseas customers and expand our business into overseas markets. During the Track Record Period, we have progressively expand our overseas presence, with our products commercialized and applied across multiple international markets covering regions such as Southeast Asia, Europe, South America and Africa. However, our existing

overseas presence and future international expansion expose us to a variety of inherent risks. In addition, local regulatory requirements, compliance obligations and business practices in overseas jurisdictions may differ significantly from those applicable in our existing markets, which could result in additional compliance costs, operational constraints or delays in market entry. Our overseas presence may subject us to heightened legal and regulatory risks, including uncertainties relating to export controls and economic sanctions, anti-dumping and countervailing measures, anti-corruption and anti-money laundering laws, cybersecurity and data protection requirements, environmental and labor regulations, foreign investment procedure requirements and restrictions, competition and antitrust laws, as well as tariffs applicable to our products. We may also be required to allocate additional resources to ensure that our products and solutions comply with varying local product standards, regulatory requirements and industry standards across different jurisdictions. Even if we are able to establish operations in such overseas markets, there can be no assurance that these operations will generate sufficient revenue or profitability to justify the related investments. Failure to effectively manage these risks could adversely affect our business, financial condition and results of operations. As we continue to expand into new geographic regions and broaden our overseas customer base, we expect to face increasing operational complexity. Growing shipment volumes, longer supply chains and more diverse customer requirements may increase the difficulty and cost of maintaining consistent service quality across different markets. If we are unable to effectively manage these operational challenges, it may slow down our globalization progress and our business, financial condition and results of operations could be adversely affected.

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.

Our ability to protect and enforce our intellectual property rights is critical to maintaining our competitive position. See "Business – Intellectual Property." We seek to protect our intellectual property and proprietary know-how through patents, trademarks, and other forms of intellectual property protection. However, we cannot assure that such rights will be obtained in a timely manner, on favorable terms, or at all. We also rely on contractual protections, including confidentiality, non-disclosure, and trade secret provisions with our employees, contractors, and business partners. These measures may be insufficient to protect our interests, and any failure to effectively protect our intellectual property rights could adversely affect our business, financial condition, and results of operations. If we identify, or become aware of, any infringement of our intellectual property rights by third parties, we may be required to enforce our rights through litigation or other legal proceedings. Such actions can be costly, time-consuming, and may divert management's attention and resources from our business operations.

Our products may infringe or be alleged to infringe the intellectual property rights of third parties. We cannot assure that our products, services, technologies, or business activities do not or will not infringe, misappropriate, or otherwise violate patents, copyrights, trademarks, trade secrets, or other intellectual property rights of third parties. In addition, during the course of our operations, our employees, contractors, or service providers may intentionally or inadvertently use, install, access, or distribute software without appropriate authorization or outside the scope of applicable licenses. We also cannot rule out the possibility that certain systems, tools, operating software, or embedded software used in our production processes, product testing, or solutions may not be fully licensed or maintained in compliance with applicable licensing requirements. Any such infringement, unauthorized use, or licensing non-compliance could expose us to claims, litigation, damages, regulatory penalties, or contractual liabilities. Such claims or proceedings could result in substantial costs, reputational harm, operational disruption, or other adverse effects on our business, financial condition, and results of operations.

We may not be able to obtain financing at favorable terms, or at all, to support our operations and expansion.

Historically, we have funded our operations through bank loans and other borrowing, supplemented by cash generated from our business activities. While these sources have supported our needs to date, we anticipate that future requirements relating to ongoing operations, capital expenditures, strategic investments, and other funding obligations may necessitate additional external financing. There is no assurance that we will be able to obtain new bank loans and other borrowings or renew our existing credit facilities on similar favorable terms, or at all. Access to financing is subject to numerous factors beyond our control, including prevailing market conditions, fluctuations in interest rates, lender risk appetite, regulatory developments, and our own financial performance. During periods of economic uncertainty or tightening credit markets, available funding options may become more limited or more expensive, which may increase our cost of capital and further reduce the likelihood of achieving profitability.

If we are unable to secure adequate external funding on acceptable terms, we may face constraints in financing our operations, meeting our working capital needs, or pursuing our business development and growth strategies. Such constraints may hinder our ability to develop new products, expand production capacity, upgrade technologies, enter new markets, or respond effectively to competitive pressures. In severe circumstances, liquidity shortfalls may impair our ability to meet financial obligations as they fall due, which could materially and adversely affect our business sustainability, financial condition, and results of operations.

Negative publicity and allegations involving us, our Shareholders, Directors, officers, employees, and business partners may affect our reputation and, as a result, our business, financial condition and results of operations may be negatively affected.

Negative publicity and allegations involving us, our Shareholders, Directors, officers, employees and business partners, or the market as a whole, may materially and adversely harm our brand image and reputation, and cause deterioration in the level of market recognition of, and trust in, the solutions provided by us, thereby resulting in reduced sales volumes and revenue, potential loss of business partners as well as the loss of highly qualified personnel with specialized skills. In addition, such negative publicity may come from malicious harassment or unfair competition acts by third parties, which are beyond our control. Negative publicity may also result in the diversion of management's attention, and governmental investigations or other forms of scrutiny, which may have a material and adverse effect on our business sustainability, financial condition, results of operations and future prospects.

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.

Our business is subject to the risk of disputes, claims or legal proceedings brought by customers, suppliers, employees, government agencies and others in the forms of private actions, administrative proceedings, regulatory actions or other litigation. The outcome of such proceedings can be difficult to assess or quantify. Claimants in such proceedings may seek recovery of large or indeterminate amounts, and the magnitude of potential losses relating to such disputes may remain unknown for a substantial period of time. The cost of defending future disputes or proceedings may be significant and could negatively affect our results of operations if changes to our business operations are required. There could also be negative publicity associated with such disputes or proceedings, regardless of whether the allegations are valid or whether we are ultimately found liable. As a result, any significant disputes or proceedings could adversely affect our business sustainability, results of operations, financial condition or reputation.

Any change or discontinuation of preferential tax treatment we currently enjoy would increase our tax charge.

In 2023, 2024 and 2025, we qualified as a high and new technology enterprise in the PRC and therefore enjoyed a preferential corporate income tax rate of 15%. This accreditation remained valid as of the Latest Practicable Date. As a result, our income tax expenses for the Track Record Period reflected the application of this preferential rate.

We cannot assure you that the PRC policies relating to preferential tax treatments for high and new technology enterprises will remain unchanged or that such preferential tax treatments will continue to be available to us. Our continued qualification is subject to periodic reassessment by the relevant PRC authorities, which consider factors such as the level and nature of our research and development activities, the proportion of technical personnel, the ownership and use of our intellectual property rights, and other compliance criteria. Any changes in applicable rules or their interpretations may affect our ability to meet the required standards.

If our high and new technology enterprise status is not renewed or is revoked, or if preferential tax treatments are changed, canceled or discontinued, we would become subject to the standard PRC corporate income tax rate of 25% on our taxable income. Any increase in our tax burden could materially and adversely affect our financial condition and results of operations. Uncertainty regarding the continuation of preferential tax incentives may also require us to adjust the allocation of resources to research and development or to alter the structure of certain functions or operations. Such actions could negatively affect our profitability, competitive position, and our results of operations.

If we fail to effectively manage our inventory, our financial results may be materially and adversely affected.

Our inventories primarily consist of raw materials, work in progress, goods in transit and finished goods. As of December 31, 2023, 2024 and 2025, our inventories were RMB429.4 million, RMB449.5 million and RMB510.9 million, respectively. The industrial PM electric-drive solution market is highly competitive and subject to rapid technological advancement, evolving product standards, customer preferences and frequent pricing fluctuations. As a result, our ability to manage inventory levels efficiently is critical to our operations. We rely on internal demand forecasts and customer production schedules to plan our procurement of long lead time raw materials, manage production output and maintain appropriate inventory levels. If we are unsuccessful in accurately determining appropriate inventory levels, our business, financial condition, results of operations, and prospects may be materially and adversely affected.

Certain raw materials required for our production have long lead times, are subject to supply constraints, or require advance payments, and some may be non-returnable. As we expand our product portfolio and increase the complexity of our offerings, the challenges associated with inventory planning, production scheduling, and logistics management will increase. We cannot assure you that all inventory will be sold on a timely basis. Excess inventory may result in higher storage costs, increased risk of obsolescence or impairment, and potential declines in net realizable value. We may also be required to make significant inventory write-downs or write-offs, which may materially and adversely affect our results of operations and financial condition.

We may be subject to anti-money laundering, anti-bribery, anti-corruption, sanctions and other financial crime laws and regulations in the jurisdictions where we operate or our products and solutions are applied.

We are required to comply with applicable anti-money laundering, anti-bribery, anti-corruption, sanctions and other financial crime laws and regulations in the jurisdictions where we operate or our products and solutions are applied. These laws and regulations are complex, subject to evolving regulatory interpretation and enforcement, and may impose significant compliance obligations on us. Any alleged involvement in money laundering, bribery, corruption, sanctions violations or other unlawful activities by us or persons associated with us, including our customers and suppliers, even if any such allegation is subsequently proven to be unfounded, could adversely affect our reputation. If we fail, or are perceived to fail, to comply with applicable financial crime laws and regulations, we could be subject to substantial penalties, litigation, regulatory scrutiny, remediation costs and other adverse consequences, any of which could materially and adversely affect our business, financial condition and results of operations.

We may not continue to receive government grants at historical levels or at all, which could adversely affect our financial performance.

Our Company has historically received government grants from various PRC governmental authorities. Most of these grants were one off in nature and were not subject to specific performance conditions. During the years ended December 31, 2023, 2024, and 2025, our government grants recorded in other income amounted to RMB3.3 million, RMB8.3 million, and RMB6.3 million, respectively. While these grants have contributed positively to our financial results in certain periods, they are granted at the discretion of the relevant government authorities and are not guaranteed. There is no assurance that similar subsidies will be available to us in the future in terms of amount, conditions or frequency, if at all.

If we fail to obtain and maintain the requisite licenses and approvals, our results of operation and financial condition may be materially and adversely affected.

The industry in which we operate is highly regulated. In accordance with the PRC laws and regulations, we are required to maintain certain approvals, licenses and permits in order to operate our businesses in the PRC. As advised by our PRC Legal Advisors, we had obtained the requisite licenses, permits, approvals and certificates from applicable authorities which are material to our operations, and such licenses, permits, approvals and certificates are valid and effective. Nevertheless, there can be no assurance that we will be able to obtain and/or renew all of the approvals, licenses and permits required for our existing business operations upon expiration in a timely manner, or at all. If we fail to obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdiction where we operate, we may be subject to penalties such as the imposition of fines and discontinuation or restriction of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, results of operations, and financial condition.

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 of the Latest Practicable Date, we leased one core 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, we may from time to time lease other non-core properties, primarily for use as employee dormitories. See "Business – Property."

Under the PRC laws and regulations, the parties to a lease agreement are required to complete the registration and filing procedures for the executed lease agreement with the relevant governmental authorities. See "Regulatory Overview – Laws and Regulations Relating to Real Estate Leasing." As of the Latest Practicable Date, we had not completed the registration or filing of the above-mentioned one lease in the PRC, primarily due to difficulties in obtaining the relevant lessors' cooperation in registering such leases with the relevant administrative authorities. As advised by our PRC Legal Advisors, while the lack of registration will not affect the validity of the lease agreements, we may be required by the relevant government authorities to complete registration within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease. As of the Latest Practicable Date, we had not received any order from the competent authorities requiring rectification within a specified time limit in relation to such unregistered and unfiled lease properties, and we will promptly rectify such non-compliance upon receipt of any such requirement in the future. Accordingly, as advised by our PRC Legal Advisors, the lack of registration of the lease agreements will not have any material adverse effect on our business operations.

Our business is subject to seasonality.

Our results of operations are affected by seasonal fluctuations in demand for our solutions, as affected by market trends of our customers. This seasonality is primarily attributable to the fact that: (i) a higher concentration of public holidays and vacation periods in the first half of a year in China, which may reduce production days and delay execution schedules; and (ii) customers typically establish their annual budgets, capital expenditure plans, and schedules at the beginning of a year, with the fourth quarter typically representing the key execution and completion phase of annual plans. See "Business – Seasonality." Such concentrated order placement may exert pressure on our production capacity, delivery schedule, quality control and operating efficiency. If we are unable to effectively plan in advance and adjust the production capacity and utilization rates of our production bases to accommodate such fluctuations in demand, our business operations, financial condition and results of operations may be materially and adversely affected.

Our ability to attract and retain qualified personnel could materially affect our business and the results of operations.

Our ability to sustain and grow our business depends, to a significant extent, on our capability to attract, retain and motivate individuals with appropriate qualifications, expertise and experience, including senior management, technical personnel, professional executives, engineers and sales personnel. Our senior management team possess extensive industry experience and operational expertise, and their continued involvement is an important contributor to our long-term development and overall performance. Such individuals and our other technical staff play a critical role in supporting our R&D activities and in facilitating the successful commercialization of our products and solutions. The demand for highly skilled professionals within our industry has intensified, and competition for such talent continues to increase.

Changes to our management and technical team may occur from time to time, and we cannot guarantee that our key management and technical personnel's resignation will not take place or that we will be able to identify, recruit and retain suitably qualified replacements on acceptable terms or within a reasonable period of time. Newly hired personnel may not become productive or efficient within the time frame we expect, and we may not be able to hire or retain a sufficient number of qualified individuals in the future. In addition, changes in the interpretation, implementation or enforcement of employment-related laws and regulations applicable to our workforce practices may result in increased compliance costs and reduced flexibility in managing our human resources. If we are unable to control labor costs or pass increased labor costs on to our customers, we may not be able to attract or retain qualified personnel, and our financial condition and results of operations may be adversely affected.

We may not be able to detect or prevent fraud, misconduct or arrangements related to our solutions that are unknown to or unauthorized by us and that are committed by third parties or by our employees, which may negatively affect our reputation and business.

Fraud or misconduct may include unauthorized business transactions or arrangements, bribery, improper or illegal use of our solutions, unauthorized access to our systems, misuse of data or disputes arising from arrangements by third parties involving our solutions without our knowledge or authorization. These incidents may be difficult to detect or prevent. For example, we cannot rule out the possibility that customers may misuse our products and solutions for improper or illegal purposes. These incidents may expose us to financial losses, legal or regulatory proceedings and disputes, and may seriously damage our reputation. Such incidents may also impair our ability to attract or retain customers, maintain supplier confidence, secure financing on favorable terms or conduct other business activities.

Although we have implemented risk management systems, information technology systems and internal control procedures to monitor our operations and compliance, we may be unable to identify noncompliance or suspicious transactions promptly, or at all. Fraud, misconduct or unauthorized arrangements may occur or may have occurred without being detected. The measures we have adopted may not be effective in preventing or detecting such activities. Any such failures may materially and adversely affect our business, financial condition and reputation.

Our insurance coverage may not be sufficient to cover all the losses associated with our business operations.

As of the Latest Practicable Date, we maintained insurance policies for commercial personal accident insurance and property insurance. See "Business – Insurance." We provide social security insurance as required by relevant rules and regulation in China, including general care and work-related injury insurance, for our employees. We cannot assure you that our insurance coverage is sufficient to prevent us from any loss, or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

Failure to make adequate contributions to various employee benefit plans may subject us to penalties.

Under PRC laws and regulations, we are required to participate in various employee benefit plans, including social insurance and housing provident funds. During the Track Record Period, we had not made full contributions of social insurance and housing provident funds based on actual employee salaries with respect to certain of our employees as required by the relevant PRC laws and regulations. As a result, we may be required to make additional contributions to social insurance fund and/or housing provident fund and pay late payments and fines under PRC laws and regulations. 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 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.

During the Track Record Period and up to the Latest Practicable Date, we had also engaged third-party agencies for paying social insurance or housing provident funds to some of our employees on behalf of us for less than five employees on our behalf in each relevant year during the Track Record Period, which was not in strict compliance with applicable PRC laws and regulations. We adopted such arrangements mainly to enable employees working outside the cities where we are registered to make social insurance and housing fund contributions in their actual working cities through a third-party agency. As advised by our PRC Legal Advisors, if the validity of such arrangements is challenged by competent PRC authorities, we might be subject to additional contributions, late payment fees and/or penalties required by relevant PRC laws and regulations for failing to discharge our obligations in relation to payment of social insurance and housing provident funds as an employer or be ordered to rectify such practice. Nevertheless, our PRC Legal Advisors are of the view that our such arrangement for certain employees will not have a material adverse effect on our business operations. However, as there remains uncertainties over the interpretation and implementation of labor-related laws and regulations, we cannot assure you that our arrangements with the third-party agency are and will at all times not subject us to labor disputes or government investigations.

Pursuant to Article 19(1) of the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the "**New Judicial Interpretation**"), promulgated on July 31, 2025, and effective as of September 1, 2025, if an employer and an employee agree or the employee commits that social insurance contributions are not required to be paid, the People's Court shall deem such agreement or commitment invalid, and where an employer fails to pay social insurance contributions, and the employee requests to terminate the labor contract and claims economic compensation from the employer in accordance with the PRC Labor Contract Law, the People's Court shall support such claim. In light of (i) the absence of prior agreements excluding social insurance payments, or major complaints, reports, or labor disputes related to social insurance against our Group during the Track Record Period and up to the Latest Practicable Date; and (ii) as advised by our PRC Legal Advisors, the New Judicial Interpretation does not expand our penalty exposure or repeal the social insurance laws and regulations currently in force of the PRC, we believe the New Judicial Interpretation would not have a material adverse effect on our business or financial results. However, as PRC labor laws and regulatory guidance continue to evolve, we cannot assure how future developments may affect our operations. If we are deemed to have violated the relevant labor laws and regulations, we could be subject to related penalties, fines or legal fees, and our business, financial condition and results of operations could be materially and adversely affected.

Our operations may be significantly disrupted by risks associated with natural disasters, health epidemics, and other outbreaks.

Our operations are vulnerable to interruption and damage from natural disasters and other calamities, such as fires, floods, severe weather conditions, earthquakes, power failures, civil unrest and acts of terrorism. Due to their nature, we cannot predict the incidence, timing and severity of catastrophes. In addition, changing climate conditions, primarily rising global temperatures, may be increasing, or may in the future increase, the frequency and severity of natural catastrophes. If any such catastrophes or extraordinary events were to occur in the future, our ability to operate our business could be seriously impaired, and therefore adversely affect our operations and financial conditions. In addition, our business could be affected by public health epidemics and pandemics, such as the outbreak of Ebola, SARS, avian influenza, H1N1, or COVID-19 virus or other disease. Even if we are not directly affected, such disaster or disruption could affect the operations or financial conditions of our customers, which could harm our results of operations. If any of our employees is suspected of having contracted a contagious disease, we may be required to apply quarantines or suspend our operations. Furthermore, any future outbreak may restrict economic activities in affected regions, resulting in reduced business volume, temporary closure of our offices or otherwise disrupt our business operations and adversely affect our financial condition and results of operations.

Our risk management and internal control systems may not be adequate or effective.

We have developed and implemented comprehensive risk management and internal control policies that encompass various aspects of our business operations to supervise and address a spectrum of operational, financial, legal and market risks that may be or have been identified. While we are seeking to improve our risk management and internal control systems on a continuous basis, we cannot assure you that these systems are sufficiently effective. See "Business – Risk Management and Internal Control." Since our risk management and internal control systems depend on implementation by our employees, we cannot assure you that our employees or other related third parties are sufficiently or fully trained to implement these systems, or that their implementation will be free from human error or mistakes. If we fail to timely update, implement, and modify, or fail to deploy sufficient human resources to maintain our risk management policies and procedures, our business sustainability, results of operations, financial condition and future prospects could be materially and adversely affected.

We may face risks associated with information technology ("IT") system failures, network disruptions, or cybersecurity breaches.

IT systems are critical to our ability to effectively manage our operations. If we do not allocate sufficient resources to build and sustain the proper IT infrastructure, we could be subject to transaction errors, processing inefficiencies, customer service disruptions and, in some instances, loss of customers. Moreover, if our data management systems do not effectively collect, store, process and report relevant data for the operation of our business, whether due to equipment malfunction or constraints, software deficiencies, system failures, cybersecurity attack, or human error, our ability to effectively plan, forecast and execute our business plan and comply with applicable laws and regulations will be impaired. Challenges relating to the building of new IT structures can also lead us to certain errors, inefficiencies, disruptions and, in some instances, loss of customers. Our IT systems, and the systems of our third-party IT service providers may also be vulnerable to a variety of interruptions due to events beyond our control, including, but not limited to, natural disasters, terrorist attacks, electrical or telecommunications

failures, software program errors, computer viruses, cyber-attacks or hackers, and other security issues or threats that may pose a risk of financial losses, business interruptions, wrongful use of information, damage to reputation, and lack of proper protection. Cybersecurity attacks are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information and corruption of data. Given the unpredictability of the timing, nature and scope of such disruptions, such measures may not have been effectively implemented or may not be adequate to ensure that our operations are not disrupted, and we could potentially be subject to operational interruption, damage to our image and private data exposure. We may also incur significant expenses for implementing additional security measures to protect our IT systems.

We must comply with continuously evolving laws and regulations related to data security and the protection of personal information.

We are subject to various PRC laws, regulations and regulatory requirements that govern data security, cybersecurity, network operations and the protection of personal information. See "Regulatory Overview – Laws and Regulations Relating to Data Protection and Cyber Security." These regulations have expanded rapidly in recent years and continue to evolve. Regulatory authorities may issue new rules, impose additional compliance obligations or strengthen enforcement practices from time to time. As a result, the scope, interpretation and application of these laws may change, and compliance requirements for enterprises operating in China may increase. To comply with these regulatory requirements, we must invest resources to enhance our data governance systems, cybersecurity capabilities, internal controls and employee training. We also maintain information systems that support our business operations, after-sales services and operational management. If these systems fail to meet regulatory standards or experience vulnerabilities, unauthorized access, data leakage or other security incidents could occur. Any actual or perceived failure to protect personal information or important data may expose us to regulatory investigations, administrative penalties, civil claims or reputational damage.

In addition, regulators may require companies handling certain types of data to complete security assessments, adopt classified protection measures or undergo certification processes. See "Regulatory Overview – Laws and Regulations Relating to Data Protection and Cyber Security." If applicable requirements become stricter or if new obligations are introduced, we may be required to modify our systems, adjust internal processes or suspend certain data-related operations until compliance is achieved. Failure to comply with evolving data security and personal information protection requirements may materially and adversely affect our business operations, financial condition and prospects.

Changes in environmental, social and governance ("ESG") compliance requirements could have an adverse impact on our business, operating results and financial condition.

There is increasing scrutiny from regulators, investors, and consumers regarding ESG practices. Our operations may be subject to stricter environmental standards, waste management requirements, and heightened expectations around social responsibility and corporate governance. ESG considerations are evolving rapidly, and failure to meet these requirements or expectations could result in legal penalties, exclusion from certain markets or investment pools, loss of investor confidence, and significant reputational harm. However, these efforts may not be sufficient to address future regulatory changes or stakeholder demands. Additional investments may be required to upgrade facilities, adopt new technologies, or implement enhanced compliance systems, which could increase operating costs and capital expenditure.

Moreover, ESG performance is increasingly linked to access to financing and investor sentiment. Failure to demonstrate progress or transparency in ESG matters could limit our ability to attract capital or participate in certain procurement opportunities. Even allegations of non-compliance or perceived shortcomings, regardless of their accuracy, could damage our reputation and brand image. Given the dynamic nature of ESG standards and the growing emphasis on sustainability, there is no assurance that we will be able to meet all applicable requirements or expectations in a timely and cost-effective manner. Any failure to do so may materially and adversely affect our business, financial condition, and results of operations.

RISKS RELATING TO DOING BUSINESS IN THE COUNTRIES AND REGIONS WHERE WE OPERATE

Any slowdown in the growth of regional or global economy could affect our business, results of operations and financial condition.

The growth of the regional and global economies has slowed in recent years. It remains uncertain whether, and for how long, the regional and global economic slowdown will persist. There are considerable uncertainties over the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies. There have been concerns over war, unrest and terrorist threats in certain countries and regions, which have resulted in volatility in oil and other markets. Regional economic conditions are sensitive to global economic conditions, changes in domestic economic and political policies as well as the expected overall economic growth rate. It is unclear whether these challenges and uncertainties will be effectively managed or resolved and what effects they may have on the global political and economic conditions in the long term. Any economic slowdown or negative business sentiment could have an indirect potential impact on our industry. In addition, continued turbulence in the international markets may adversely affect our ability to access capital markets to meet liquidity needs. As a result, our business operations and financial performance may be adversely affected.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

We are incorporated under the laws of the PRC with limited liability, and substantially all our assets are in the PRC. In addition, most of our Directors and all our senior management personnel reside within the PRC, and substantially all their assets are located within the PRC. As a result, it may not be possible to effect service of process within the United States or elsewhere outside the PRC upon us or most of our Directors and senior management personnel. When it comes to trans-jurisdictional recognition and enforcement of judgments, the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan or many other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in mainland China or Hong Kong of judgments of a court obtained in the United States and any of the other jurisdictions mentioned above may be uncertain. On July 14, 2006, the Supreme People's Court of the PRC and the Government of the Hong Kong Special Administrative Region signed an Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**2006 Arrangement**"). Under the 2006 Arrangement, where any designated People's Court of the PRC or Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court

agreement, any party concerned may apply to the relevant People's Court of mainland China or Hong Kong court for recognition and enforcement of the judgment. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in mainland China if the parties in dispute have not agreed to enter into such a choice of court agreement in writing. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in mainland China if the parties in dispute have not entered into a jurisdiction agreement in writing under the 2006 Arrangement. As between mainland China and Hong Kong, the new arrangement entered between the Supreme People's Court of the PRC and the government of the Hong Kong Special Administrative Region on January 18, 2019, which took effect on January 29, 2024, has lifted the requirements for a choice of court agreement in writing in a civil or commercial case under the previous regime on bilateral recognition and enforcement. However, the 2006 Arrangement will remain applicable to a "jurisdiction agreement in writing" as defined in the 2006 Arrangement which is entered into before the 2019 Arrangement taking effect. Nevertheless, since the 2019 Arrangement is newly effected and promulgated, the interpretation, application and enforcement must be determined in accordance with the relevant laws and regulations in effect at the time.

Payment of dividends is subject to laws and regulations in regions where we operate.

Under the PRC laws, dividends may be paid only out of distributable profits. Our distributable profits represent our distributable net profits with less appropriations to statutory surplus reserve, general reserve, and discretionary surplus reserve (as approved by our Shareholders' meeting). Our distributable net profit represents the lowest of (i) our net profit attributable to our equity holders for a period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under PRC GAAP, and (ii) our net profit attributable to our equity holders for the period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under IFRS Accounting Standards. As a result, we may not have sufficient distributable profits to make dividend distributions to our Shareholders in the future, including in respect of periods where we register an accounting profit. Any distributable profits that are not distributed each year are retained and available for distribution in subsequent years.

Our H Share [REDACTED] could be liable for PRC taxes on dividends obtained from us and profits from the disposition of their H Shares.

Under the current tax laws and regulations in China, non-Chinese resident individuals and non-Chinese resident enterprises are subject to different tax obligations with respect to dividends paid to them by us and the gains realized upon the sale or other disposition of our H Shares.

Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》), non-Chinese resident individuals are required to pay individual income tax at a rate of 20% on interest, dividends and bonuses they obtain from China. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. Generally, in accordance with the Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 issued by the State Administration of Taxation (the"**SAT**") (《國家税務總局關於國税發[1993] 045號文件廢止後有關個人所得税徵管問題的通知》), domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends to overseas resident individuals in the jurisdiction of the tax treaty, withhold individual income tax at the rate of 10%. When a tax rate of 10% is not applicable, the withholding company shall: (a) return the excess tax amount pursuant to due procedures if the applicable tax rate is lower than 10%; (b) withhold such foreign individual income tax at the effective tax rate agreed on if the applicable tax rate is between 10% and 20%; or (c) withhold such foreign individual income tax at a rate of 20% if no taxation treaty is applicable.

For non-Chinese resident enterprises that do not have establishments or premises in China, and for those who have establishments or premises in China but whose income is not related to such establishments or premises under the EIT law, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of Shares are ordinarily subject to PRC enterprise income tax at a rate of 20%. In accordance with the Circular on Issues Relating to the Withholding of Enterprise Income Tax by Chinese Resident Enterprises on Dividends Paid to Overseas Non-Chinese Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) issued by the SAT, such tax rate has been reduced to 10%. If there is any development in the applicable tax laws and regulations or the interpretation or application of such laws and regulations, the value of your holdings in our H Shares may be adversely affected.

Regulatory changes may adversely affect our business, operating results and financial condition, thereby leading to impacts on our [REDACTED].

We operate in an industry that is subject to extensive and evolving laws and regulations, including those relating to manufacturing, product quality and safety, environmental protection, taxation, labor management and data security. Regulatory authorities may from time to time introduce new regulations, adjust existing rules, strengthen supervision or modify enforcement practices. These changes may impose additional licensing or filing requirements, increase compliance obligations, or result in more stringent operational standards. If we are required to adjust our operations, upgrade facilities, enhance product testing procedures, modify product features or increase investment in compliance systems to meet new regulatory requirements, our operating costs may increase and our business activities may be disrupted. Any failure to respond to evolvement in the regulatory environment in jurisdictions where we operate could materially affect our business and impede our ability to continue our operations. Such impacts may in turn affect the value of our H Shares and the **[REDACTED]** returns of our **[REDACTED]**.

We face foreign exchange risks. Fluctuations in exchange rates could have a material and adverse effect on our results of operations and financial performance.

A significant portion of our revenue and expenses is denominated in Renminbi, while the net **[REDACTED]** from the **[REDACTED]** and certain procurement or overseas business activities may be denominated in Hong Kong dollars, U.S. dollars or other foreign currencies. Fluctuations in the Renminbi exchange rate against these foreign currencies may therefore affect the value of our revenue, costs, assets and liabilities when expressed in foreign currencies. If the Renminbi is depreciated, the value of the net **[REDACTED]** from the **[REDACTED]** and any foreign-currency-denominated assets may decline when converted into Renminbi. Exchange-rate volatility may also affect our pricing competitiveness in overseas markets and the financial performance of our international operations. Movements in Renminbi exchange rates are affected by, among others, changes in political and economic conditions and China's foreign exchange regime and policy. With the development of the foreign exchange market and progress toward interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system. Any significant depreciation or appreciation of the Renminbi, or increased volatility in the foreign exchange market, could materially and adversely affect our operating results, financial condition and the value of your **[REDACTED]**.

We are subject to certain regulatory requirements over foreign currency conversion and remittance.

Our business may be subject to the regulatory requirements of convertibility and remittance of currencies. For example, the PRC government requires that the conversion of Renminbi into foreign currencies must be subject to certain regulatory procedures and, under certain circumstances, remittances out of China are also subject to certain regulatory procedures. We may convert a portion of our revenue into other currencies to meet our foreign currency obligations and support our global business operations. Under the existing PRC foreign exchange regulations, payments for current account items, including profit distributions, interest payments, and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE, provided that certain procedural requirements are met. However, approval from or registration with competent authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses. If we cannot fulfill the relevant regulatory requirements, or if future regulations on foreign currency exchanges impose additional requirements, it may impair our ability to have sufficient foreign currency capital to fund any of our future business activities conducted in foreign currencies.

RISKS RELATING TO THE [REDACTED]

No public market currently exists for our H Shares and an active [REDACTED] market for our H Shares may not develop and the market [REDACTED] of our H Shares may decline or become volatile.

Prior to the completion of the **[REDACTED]**, there has been no public market for our H Shares. The **[REDACTED]** is the result of negotiations between our Company and the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**), which may not be indicative of the **[REDACTED]** at which our H Shares will be **[REDACTED]** following completion of the **[REDACTED]**. The market **[REDACTED]** of our H Shares may drop below the **[REDACTED]** at any time after completion of the **[REDACTED]**. We have applied to the Hong Kong Stock Exchange for the **[REDACTED]** of, and permission to **[REDACTED]**, the H Shares. A **[REDACTED]** on the Hong Kong Stock Exchange, however, does not guarantee that an active and liquid **[REDACTED]** market for our H Shares will develop, or if it does develop, that it will be sustained following the **[REDACTED]**.

The [REDACTED] of our H Shares may be volatile, which could result in substantial losses to you.

The **[REDACTED]** of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in mainland China or engaging in similar business that have **[REDACTED]** their securities in Hong Kong may affect the volatility in the **[REDACTED]** of and **[REDACTED]** for our H Shares. In addition to market and industry factors, the **[REDACTED]** and **[REDACTED]** of our H Shares may be highly volatile for specific business reasons, such as regulatory developments affecting our industry, fluctuations in our revenue, earnings, cash flows, investments and expenditures, relationships with our suppliers, or actions taken by competitors. Several mainland China based companies or companies engaging in similar business have **[REDACTED]** their securities, and some are in the process of preparing for **[REDACTED]** their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant **[REDACTED]** declines after their **[REDACTED]**. The trading performances of the securities of these companies at the time of or after their **[REDACTED]** may affect the overall investor sentiment towards mainland China based companies or companies engaging in similar business **[REDACTED]** in Hong Kong and consequently may impact the **[REDACTED]** performance of our H Shares.

You will incur immediate and substantial dilution and may experience further dilution if we [REDACTED] additional Shares or equity securities in the future.

The **[REDACTED]** of the **[REDACTED]** is higher than the net tangible asset value per Share immediately prior to the **[REDACTED]**. Therefore, purchasers of the **[REDACTED]** in the **[REDACTED]** will experience an immediate dilution in **[REDACTED]** consolidated net tangible asset value, and our existing Shareholders will receive an increase in the consolidated net tangible assets per share of their H Shares. In order to expand our business, we may consider **[REDACTED]** and **[REDACTED]** additional Shares in the future. Purchasers of the **[REDACTED]** may experience dilution in the net tangible asset value per Share of their Shares if we **[REDACTED]** additional Shares in the future at a **[REDACTED]** which is lower than the net tangible asset value per Share at that time. Furthermore, we may **[REDACTED]** Shares pursuant to any existing or future equity incentive plan, which would further dilute our Shareholders' interests in our Company.

Future sales or perceived sales of substantial amounts of our Shares in the public market, especially by our Directors, executive officers and substantial Shareholders, could materially and adversely affect the prevailing market [REDACTED] of our Shares.

Future sales of a substantial number of our Shares, especially by our Directors, executive officers and substantial Shareholders, or the perception or anticipation that such sales might occur, could negatively impact the market **[REDACTED]** of our Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate. A certain number of the Shares controlled by our existing Shareholders are subject to lock up periods beginning on the date on which **[REDACTED]** in our Shares commences on the Stock Exchange. While we are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. Market sales of Shares by such Shareholders and the availability of these Shares for future sales may have a negative impact on the market **[REDACTED]** of our Shares and our ability to raise equity capital in the future.

Our Controlling Shareholders may not be aligned with the interests of the other Shareholders.

Immediately upon completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), our Controlling Shareholders will be entitled to exercise approximately **[REDACTED]**% of the voting rights at the general meeting of our Company. See "Relationships with Our Controlling Shareholders." Our Controlling Shareholders may, through their voting power at the Shareholders' meetings, have significant influence over our business and affairs, including decisions for mergers or other business combinations, acquisition or disposition of assets, issuance of additional shares or other equity securities, timing and amount of dividend payments, and our management. Our Controlling Shareholders may take actions that are not in the best interests of us or our other Shareholders. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could have the effect of depriving our other Shareholders of the opportunity to receive a premium for their shares as part of a sale of our Company and may reduce the **[REDACTED]** of the H Shares. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that other holders of our ordinary shares may view as beneficial.

The industry data and forecasts quoted in this document from various government publications have not been independently verified.

Certain facts, forecasts and statistics in this document, particularly in "Industry Overview," related to the PRC and global economy and the industry in which we operate, are sourced from publicly available sources such as government publications that we believe to be reliable. However, we cannot guarantee the quality or reliability of these sources. We believe that the sources of the information are appropriate and have taken reasonable care in extracting and reproducing such information. We do not believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by our Group, the Sole Sponsor or any other party involved in the **[REDACTED]** and no representation is given as to its accuracy or completeness. Due to possibly flawed or ineffective sampling or discrepancies between published information and market practice and other problems, the statistics in this document relating to the PRC and the global economy and the industry in which we operate may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Moreover, these facts, forecasts and statistics involve risks and uncertainties and are subject to change based on various factors and should not be unduly relied upon. You should consider how much weight or importance such facts or statistics carry and should not place undue reliance on them.

We cannot assure you that we will declare and distribute any dividends in the future.

If we do not pay dividends in the foreseeable future after the **[REDACTED]**, you must rely on **[REDACTED]** appreciation of our Shares for any return on your **[REDACTED]**. The declaration and distribution of dividends is at the discretion of our Board, and our ability to pay dividends is subject to factors including our business performance, capital requirements, regulatory constraints and general business conditions. Even if our financial statements indicate profitability, we may not have sufficient distributable reserves or cash to make dividend payments. If we retain most or all of our available funds after the **[REDACTED]** to fund development and commercialization activities, we may not expect to pay cash dividends in the foreseeable future. The timing, amount and form of any future dividends will depend on our results of operations, financial condition, business strategies, working capital needs, and other factors. Accordingly, the return on your **[REDACTED]** may depend entirely on **[REDACTED]** appreciation, and there is no guarantee that our Shares will appreciate or maintain their value. You may lose all or part of your **[REDACTED]**.

This document contains forward-looking statements relating to our plans, objectives, expectations and intentions, which may not represent our overall performance for periods of time to which such statements relate.

This document includes forward-looking statements. All statements other than statements of historical facts contained in this document, including, without limitation, those regarding our future financial position, our strategy, plans, estimations, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words "going-forward," "next," "under-estimate," "expect," "hope," "confirm," "navigate," "intend," "might," "anticipate," "justify," "need," "estimate," "believe," "moving forward," "looking forward," "ought to," "plan," "potential," "predict," "project," "seek," "could," "should," "would," "aim," "around," "can," "may," "will," and the negative of these words and other similar

expressions are forward-looking statements. Those statements include, among other things, the discussion of our growth strategy and expectations concerning our future operations, liquidity and capital resources. **[REDACTED]** in the Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that any or all those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our control. Considering these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representation by us that our plans or objectives will be achieved and **[REDACTED]** should not place undue reliance on such forward-looking statements. We do not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether because of new information, future events or otherwise. Please see "Forward-Looking Statements" in this document.

You should read the entire document carefully, and we strongly caution you not to place any reliance on any information contained in press articles and/or other media regarding us, our business, our industry or the [REDACTED].

You are strongly advised to read the entire document carefully and are cautioned against placing any reliance on the information in any press article or any other media coverage which contains information not disclosed or not consistent with the information included in this document. Prior to the completion of the **[REDACTED]**, there may be press and media coverage regarding our Group and the **[REDACTED]**. Our Directors would like to emphasize to prospective **[REDACTED]** that we do not accept any responsibility for the accuracy or completeness of such information, and such information is not sourced from or authorized by our Directors or our management team. Our Directors make no representation as to the appropriateness, accuracy, completeness and reliability of any information or the fairness or appropriateness of any forecast, view or opinion expressed by the press or other media regarding our Group or our Shares. In making decisions as to whether to **[REDACTED]** in our Shares, prospective **[REDACTED]** should rely only on the financial, operational and other information included in this document. By **[REDACTED]** to purchase our Shares in the **[REDACTED]**, you will be deemed to have agreed that you will not rely on any information other than that contained in this document and the **[REDACTED]**. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it, and you should not rely on such information.

In preparation for the **[REDACTED]**, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, a new applicant applying for listing on the Hong Kong Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 may be waived by having regard to, among other considerations, the applicant's arrangements for maintaining regular communication with the Hong Kong Stock Exchange.

Since most of the business operations of our Group are managed and conducted outside of Hong Kong, and all of the executive Directors ordinarily reside outside Hong Kong, our Company considers that it would not be practically feasible or commercially reasonable for our Company to arrange for two executive Directors to be ordinarily resident in Hong Kong. Therefore, we do not have, and for the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the management presence requirement under Rule 8.12 of the Listing Rules.

Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted] a waiver from strict compliance with Rule 8.12 and Rule 19A.15 of the Listing Rules, subject to the conditions that, among other things, we maintain the following arrangements to maintain effective communication between us and the Hong Kong Stock Exchange:

(a) **Authorized Representatives:** we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Hong Kong Stock Exchange. The two appointed authorized representatives are Ms. Fu Jie, our executive Director and Ms. Ma Hoi Ki, one of our joint company secretaries (the "**Authorized Representatives**"), who will act as our principal channel of communication with the Hong Kong Stock Exchange and would be readily contactable by phone, facsimile and email to deal promptly with enquiries from the Hong Kong Stock Exchange. Accordingly, the Authorized Representatives will be able to meet with the relevant members of the Hong Kong Stock Exchange to discuss any matters in relation to our Company within a reasonable period of time;

(b) **Directors:** each of our Authorized Representatives has means to contact all members of our Board (including our independent non-executive Directors) promptly at all times as and when the Hong Kong Stock Exchange wishes to contact the members of our Board for any matters. In the event that any Director expects to travel or otherwise be out of office, he/she will provide a contactable phone number of him/her to the Authorized Representatives. Pursuant to Rule 3.20 of the Listing Rules, each of our Directors has provided his/her telephone number, mobile phone number, facsimile number (if available), email address (if available), residential address and correspondence address to the Hong Kong Stock Exchange. To the best of our knowledge and information, each Director who does not ordinarily reside in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period upon request of the Hong Kong Stock Exchange;

(c) **Compliance Advisors:** our Company has, in accordance with Rule 3A.19 of the Listing Rules, also appointed Frontpage Capital Limited as our Compliance Adviser, who will act as an additional channel of communication with the Hong Kong Stock Exchange. The Compliance Adviser will advise ongoing compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong for a period commencing on the **[REDACTED]** at least until the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our Company's financial results for the first full financial year after the **[REDACTED]**. Pursuant to Rule 3A.23 of the Listing Rules, we shall ensure that the Compliance Adviser will have access at all times to our Authorized Representatives, our Directors and other officers. We shall also ensure that our Authorized Representatives, our Directors and other officers will provide promptly such information and assistance as the Compliance Adviser may need or may reasonably require in connection with the performance of the Compliance Adviser's duties as set forth in Chapter 3A of the Listing Rules. We shall ensure that there are adequate and efficient means of communication among our Company, our Authorized Representatives, our Directors and other officers and the Compliance Adviser, and will keep the Compliance Adviser fully informed of all communications and dealings between us and the Hong Kong Stock Exchange; and

(d) **Hong Kong Legal Adviser:** we will retain a Hong Kong legal adviser to advise us on the on-going compliance requirements, any amendment or supplement to and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after the **[REDACTED]**.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of the company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing the "relevant experience", the Hong Kong Stock Exchange will consider the individual's:

(a) length of employment with the issuer and other issuers and the roles he or she played;

(b) familiarity with the Listing Rules and other relevant law and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

We have appointed Ms. Feng Wenwen, as one of our joint company secretaries. Although Ms. Feng Wenwen does not possess the qualification and sufficient relevant experience as stipulated in the Notes to Rule 3.28 of the Listing Rules, we would like to appoint her as our joint company secretary due to her past management experience within our Group and her thorough understanding of the internal administration and business operations of our Group. In addition, we have appointed Ms. Ma Hoi Ki, who fulfils the requisite qualification as required under Note 1 to Rule 3.28 of the Listing Rules, to act as our other joint company secretary and to assist Ms. Feng Wenwen to acquire all qualifications and experience as the company secretary of our Company required under Rule 3.28 of the Listing Rules. See "Directors and Senior Management" for further information regarding the qualifications and experience of Ms. Feng Wenwen and Ms. Ma Hoi Ki.

Apart from discharging her functions in her role as one of our joint company secretaries, Ms. Ma Hoi Ki will assist Ms. Feng Wenwen in enabling her to acquire the relevant company secretary experience as required under Rule 3.28 of the Listing Rules and to become familiar with the requirements of the Listing Rules and other applicable Hong Kong laws. In addition, Ms. Feng Wenwen will also attend relevant professional training during each financial year as required under Rule 3.29 of the Listing Rules.

We have applied for, and the Hong Kong Stock Exchange [has granted], a waiver from strict compliance of Rules 3.28 and 8.17 of the Listing Rules in respect of the appointment of Ms. Feng Wenwen as one of our joint company secretaries pursuant to Chapter 3.10 of the Guide for New Listing Applicants on the following conditions:

(a) Ms. Feng Wenwen must be assisted by Ms. Ma Hoi Ki, who possesses the qualifications and experience required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary of our Company throughout the validity period of the waiver;

(b) the waiver is valid for an initial period of three years commencing from the **[REDACTED]** and will be revoked immediately if there are material breaches of the Listing Rules by our Company; and

(c) before the end of the three-year period, the qualifications and experience of Ms. Feng Wenwen will be further evaluated by our Company. Our Company will then endeavor to demonstrate to the Hong Kong Stock Exchange's satisfaction that Ms. Feng Wenwen, having had the benefit of the assistance of Ms. Ma Hoi Ki for the immediately preceding three years, has acquired the relevant experience (within the meaning of Note 2 to Rule 3.28 of the Listing Rules) such that a further waiver from Rules 3.28 and 8.17 of the Listing Rules will not be necessary.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

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[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Ms. Fu Jie (付傑女士)	Room 1508, Building 8 Jingcheng Haoyuan No. 180 Juqian Street Zhonglou District, Changzhou Jiangsu Province PRC	Chinese
Mr. Wang Yong (王勇先生)	1–3/F, Building 15 Lane 218, Xiuyan West Road Pudong New Area, Shanghai PRC	Chinese
Mr. Zhang Chunhui (張春暉先生)	Room 502, Unit A No.106 Panjiatingshan Street, Xueyan Town Wujin District, Changzhou Jiangsu Province PRC	Chinese
Non-executive Directors		
Mr. Wei Bin	Room 2602, Building 2 Lane 199, Shimen Second Road Jing'an District, Shanghai PRC	American
Ms. Xu Jinxiu (徐金秀女士)	No. 23–10, Panjiatingshan Street Xueyan Town Wujin District, Changzhou Jiangsu Province PRC	Chinese
Ms. Yang Qiuju (楊秋菊女士)	Room 2301, Unit B, Building 16 Zi Jin Cheng No. 1280 Gufang Road Wujin District, Changzhou Jiangsu Province PRC	Chinese
Mr. Man Yeung Chi (文揚之先生)	Unit A, 20th Floor, Tower 2B Lohas Park Phase 9, Grand Marini Tseung Kwan O Hong Kong	Chinese (Hong Kong)

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Address	Nationality
Independent Non-executive Directors		
Ms. Liu Ye (劉曄女士)	Room 1102, Unit B, Building 161 Xincheng Nandu Hutang Town Wujin District, Changzhou Jiangsu Province PRC	Chinese
Ms. Yang Hongqin (楊宏芹女士)	Room 1701, Unit 6 Lane 500, Zhongshan South First Road Huangpu District, Shanghai PRC	Chinese
Mr. Lin Mingyao (林明耀先生)	Room 702, Building 18 No. 122 North Taiping Road Xuanwu District, Nanjing Jiangsu Province PRC	Chinese
Mr. Lam Ka Tak (林嘉德先生)	Flat A, 4/F, Tai Gardens 285 Prince Edward Road West Ho Man Tin, Kowloon Hong Kong	Chinese (Hong Kong)

Further information about our Directors and senior management, see "Directors and Senior Management" in this document.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor and [REDACTED]	**Dongxing Securities (Hong Kong) Company Limited** Room 7503B–7505, 75/F International Commerce Centre 1 Austin Road West, Kowloon Hong Kong
[REDACTED]	**Dongxing Securities (Hong Kong) Company Limited** Room 7503B–7505, 75/F International Commerce Centre 1 Austin Road West, Kowloon Hong Kong

	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbor View Street Central Hong Kong
Legal Advisors to our Company	*As to Hong Kong and U.S. laws:* **Baker & McKenzie** 14/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong *As to PRC laws:* **Zhong Lun Law Firm** 22–24, 27–31/F South Tower of CP Center, 20 Jin He East Avenue Chaoyang District, Beijing PRC
Legal Advisors to the Sole Sponsor and the [REDACTED]	*As to Hong Kong and U.S. laws:* **Dentons Hong Kong LLP** 3201 Jardine House 1 Connaught Place Central Hong Kong *As to PRC laws:* **Jingtian & Gongcheng** Room 1601–1602 Office Building of Deji Plaza NO. 18 Zhongshan Road, Nanjing Jiangsu Province PRC
Reporting Accountants and Independent Auditors	**KPMG** *Certified Public Accountants* *Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance* 8/F, Prince's Building 10 Chater Road Central Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Compliance Adviser	**Frontpage Capital Limited** 26/F, Siu On Centre 188 Lockhart Road, Wanchai Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 2504, Wheelock Square 1717 West Nanjing Road, Shanghai PRC
	[REDACTED]

CORPORATE INFORMATION

Registered Office and Headquarters in the PRC	No. 108, Changtang Road Wujin District, Changzhou Jiangsu Province PRC
Principal Place of Business in Hong Kong	Room 1918, 19th Floor Lee Garden One 33 Hysan Avenue, Causeway Bay Hong Kong
Company's Website	**www.jasung.com** *(information contained in this website does not form part of this document)*
Joint Company Secretaries	Ms. Feng Wenwen (馮文文女士) 1303, Unit B, Building 12 Linhu Shijia Courtyard Wujin District, Changzhou Jiangsu Province PRC Ms. Ma Hoi Ki (馬海琪女士) *(ACG, HKACG)* Room 1918, 19th Floor Lee Garden One 33 Hysan Avenue, Causeway Bay Hong Kong
Authorized Representatives	Ms. Fu Jie (付傑女士) Room 1508, Building 8 Jingcheng Haoyuan No. 180 Juqian Street Zhonglou District, Changzhou Jiangsu Province PRC Ms. Ma Hoi Ki (馬海琪女士) *(ACG, HKACG)* Room 1918, 19th Floor Lee Garden One 33 Hysan Avenue, Causeway Bay Hong Kong
Audit Committee	Ms. Liu Ye (劉曄女士) *(chairperson)* Ms. Yang Qiuju (楊秋菊女士) Mr. Lam Ka Tak (林嘉德先生)
Nomination Committee	Ms. Fu Jie (付傑女士) *(chairperson)* Ms. Yang Hongqin (楊宏芹女士) Mr. Lin Mingyao (林明耀先生)

Remuneration and Assessment Committee	Mr. Lin Mingyao (林明耀先生) *(chairperson)* Mr. Wang Yong (王勇先生) Ms. Yang Hongqin (楊宏芹女士)
Strategy and ESG Committee	Ms. Fu Jie (付傑女士) *(chairperson)* Mr. Wang Yong (王勇先生) Mr. Zhang Chunhui (張春暉先生) Mr. Wei Bin Mr. Man Yeung Chi (文揚之先生)

[REDACTED]

Principal Banks	**Bank of Suzhou Changzhou Branch** F1, Fortune Plaza No. 19 Middle Yanzheng Road Wujin District, Changzhou Jiangsu Province PRC **Agricultural Bank of China Changzhou Wujin Sub-branch** No. 88 Huayuan Street, Hutang Sub-district Wujin District, Changzhou Jiangsu Province PRC **Bank of Jiangsu Changzhou University Town Science and Technology Sub-branch** No. 15-112 Middle Mingxin Road Hutang Town Wujin District, Changzhou Jiangsu Province PRC

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

GLOBAL AND CHINA'S INDUSTRIAL ELECTRIC-DRIVE SOLUTION INDUSTRY

Overview

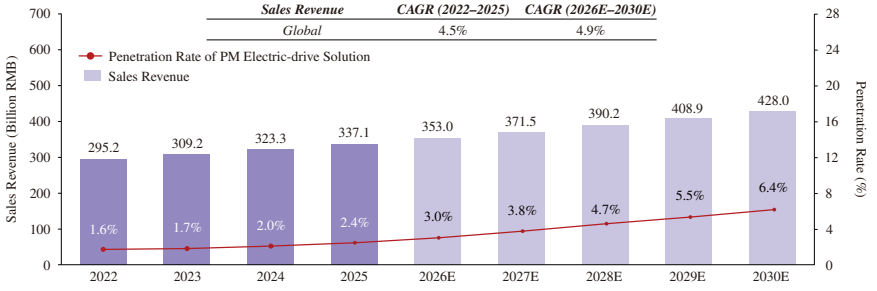
Industrial electric-drive solutions refer to an engineering system and related service provided to meet the motion control needs of industrial equipment. These solutions are centered on motors, drive and control units, supporting software, and related services including parameter tuning, operational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

Market Size

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

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

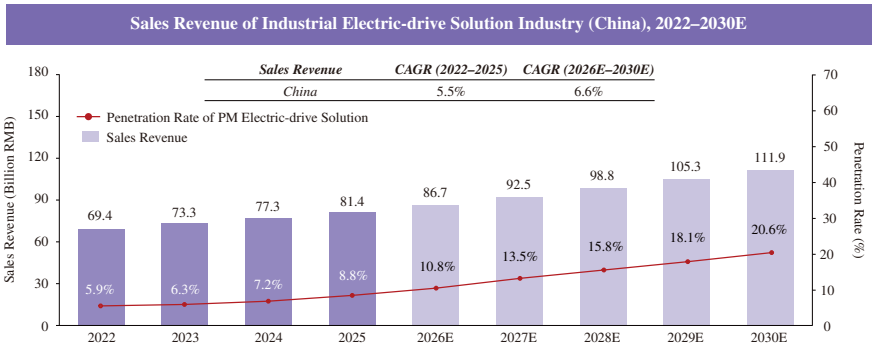
Sales Revenue of Industrial Electric-drive Solution Industry (Global), 2022–2030E



Source: Frost & Sullivan Analysis

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

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



Source: Frost & Sullivan Analysis

Future Opportunities

(1) *Increasing penetration of industrial PM electric-drive solutions.* In response to increasingly stringent regulatory requirements in relation to energy efficiency, carbon emission control and production safety, downstream industrial enterprises have raised their requirements for industrial electric-drive solutions in respect of energy consumption and operation continuity. PM electric-drive solutions can significantly reduce energy consumption and failure rate by improving overall system efficiency, reducing transmission loss and minimizing unplanned downtime. As a result, penetration rates of PM electric-drive solutions in global and China's markets reached 2.4% and 8.8% in 2025 and are projected to rise to 6.4% and 20.6% respectively by 2030. By contrast, traditional industrial electric-drive solutions, such as conventional asynchronous motor drive solutions, are expected to be gradually phased out due to their inferior efficiency and reliability.

(2) *Downstream application capacity expansion drives steady growth in demand for electric-drive solutions.* Continued capacity expansion and accelerated equipment upgrades in downstream industries, notably in mining sector, will spur simultaneous growth in both new installations and retrofitting requirements for electric-drive solutions. Specifically, the mining industry's expansion towards larger-scale and low-carbon production will drive demand for high-power, high-efficiency electric-drive solutions in heavy-duty applications such as ore beneficiation, grinding, crushing, and conveying.

(3) *Digitalization and AI empowerment.* With continuous advancement of digital technologies and artificial intelligence, techniques such as data acquisition, edge computing, remote communication, and cloud-based analytics are progressively being integrated into industrial electric-drive solutions. This integration enhances capabilities in condition monitoring, diagnostic early warning, and operational maintenance. Furthermore, certain motor types exhibit inherent structural characteristics that facilitate intelligent transformation with more pronounced efficiency gains. For instance, permanent magnet motors, with their high-power density and compact design, can readily integrate sensors and communication systems, enabling efficient digital analytics and energy management. These digital and intelligent upgrades will enhance production continuity and efficiency, accelerating market share growth for data-enabled electric-drive solution providers.

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

Definition and Overview

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

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

(1) *Efficiency and energy consumption advantages:* PM motors generate their magnetic field using permanent magnets, eliminating the need for excitation current and avoiding associated excitation system losses. Consequently, they generally achieve higher efficiency than traditional asynchronous motors.

(2) *Maintenance cost advantages:* Industrial PM electric-drive solutions reduce the use of vulnerable components like reducers and couplings, minimizing long-term maintenance requirements caused by gear wear. Such solutions can reduce the frequency of onsite inspections, downtime repairs and spare parts replacement, lowering the need for maintenance personnel and supporting the upgrade towards unmanned operation and maintenance. This lowers both equipment operating and maintenance costs.

(3) *Installation advantages:* Industrial PM motors feature compact dimensions and lightweight construction. The integrated PM electric-drive solution minimizes the need for traditional mechanical transmission components, reducing the need for space in the factories and improving space utilization.

The Advantages of PM Electric-drive Solution Compared with Traditional Asynchronous Motor Solutions

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

Source: Frost & Sullivan Analysis

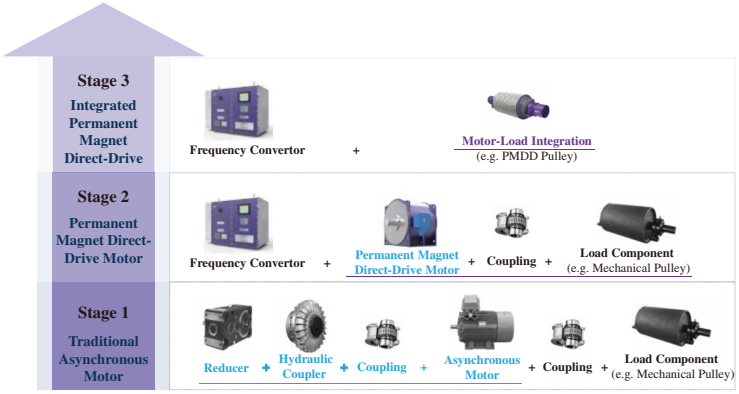
Analysis of the Technological Evolution Path of Motor Permanent Magnetization

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

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

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

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



Major Downstream Applications

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

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

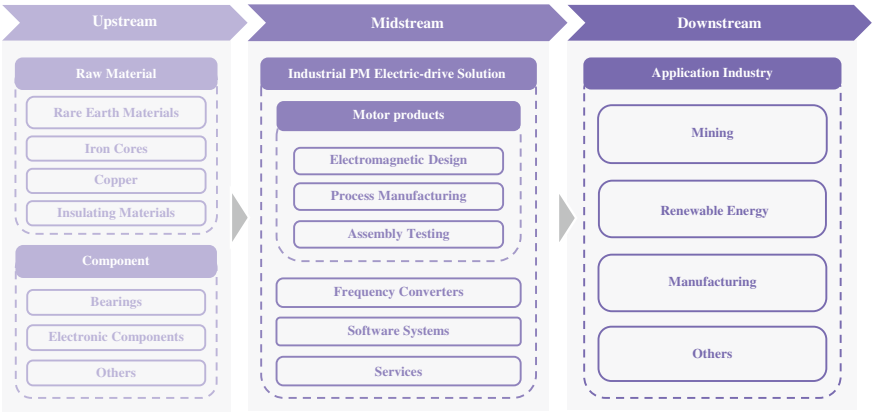
Main Downstream Industry	Main Application Scenarios
Mining Industry	Coal
	Non-ferrous Metals
	Ferrous Metals
	Rare Earths
	Others
Renewable Energy Industry	Electric Vessel
	Renewable Energy Construction Machinery
	Others
Manufacturing Industry	Papermaking
	Pharmaceuticals
	Heating, Ventilation and Air-Conditioning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

Source: Frost & Sullivan Analysis

Value Chain Analysis

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

Value Chain of Industrial PM Electric-drive Solution Industry



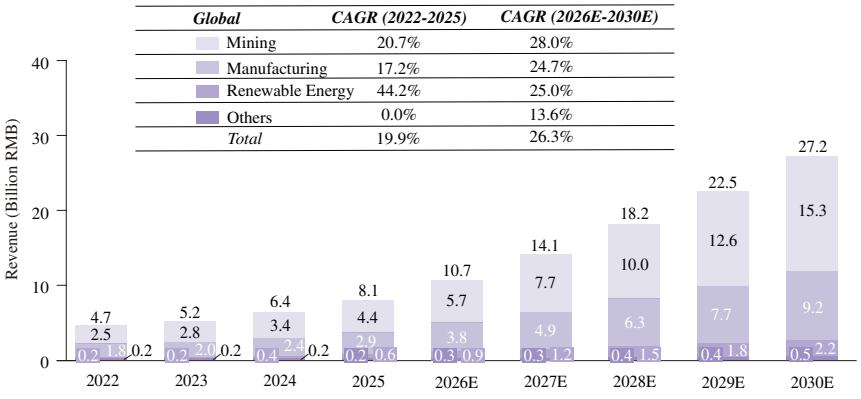
Source: Frost & Sullivan Analysis

Market Size

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

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

Sales Revenue of Industrial PM Electric-drive Solution Industry (Global), 2022–2030E



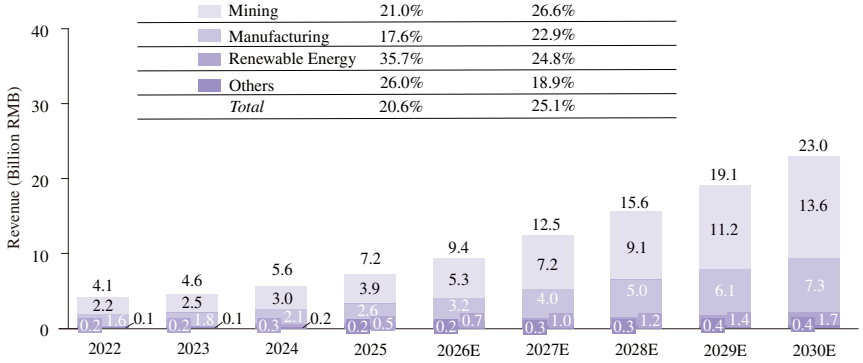
Source: Frost & Sullivan Analysis

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

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

Sales Revenue of Industrial PM Electric-drive Solution Industry (China), 2022–2030E

China	*CAGR (2022-2025)*	*CAGR (2026E-2030E)*
Mining	21.0%	26.6%
Manufacturing	17.6%	22.9%
Renewable Energy	35.7%	24.8%
Others	26.0%	18.9%
Total	20.6%	25.1%



Source: Frost & Sullivan Analysis

Market Drivers

(1) *Favorable Policy Support.* Energy-efficiency policies across different countries continue to support the development of the industrial PM electric-drive solution market. Some developed economies introduced such policies at early years. For example, in July 2023, the European Union mandated that all motors ranging from 75kW to 200kW meet the IE4 energy efficiency standard. In addition, in July 2019, Australia reinforced its mandatory Minimum Energy Performance Standards (MEPS) system by improving energy efficiency of various electrical products. In recent years, the Chinese government has introduced supportive policies in energy-saving and carbon-reduction. In February 2026, China's Ministry of Industry and Information Technology, together with three other departments, jointly issued the "Implementation Plan for the High-Quality Development of Energy-Saving Equipment (2026–2028)" (《節能裝備高質量發展實施方案(2026–2028年)》). Moreover, in March 2024, China's Ministry of Industry and Information Technology, alongside six other departments issued the "Implementation Plan for Promoting Equipment Renewals in the Industrial Sector" (《推動工業領域設備更新實施方案》). These policy measures accelerate the replacement of inefficient installed equipment, helping enterprises reduce energy consumption and supporting higher market penetration of PM electric-drive solutions in industrial applications.

(2) *Unmanned Operation and Higher Economic Benefits.* Motors are the most important end-use electricity-consuming products in the industrial sector. Electricity consumption and maintenance costs are core components of equipment operating costs. Compared with conventional motors, PM synchronous motors offer advantages in unmanned operation and energy-saving performance. By reducing intermediate transmission components, such solutions can lower energy consumption and maintenance requirements, reduce the need for maintenance personnel and support the upgrade towards unmanned operation. For example, in labor-intensive industries such as mining, PM electric-drive solution providers can reduce energy consumption and save costs through lower repair frequency and reduced the number of working staff.

(3) *Innovation and Upgrading.* In the increasingly competitive market, more and more PM electric-drive solution providers, especially some leading ones, continuously upgrade their technologies and launch new products to strengthen competitive edge and obtain market shares. For example, based on PM technology, the PMDD pulley motors have been introduced as an upgraded solution

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

Future Opportunities and Challenges

(1) *Expansion of Application Scenarios.* Driven by advantages in energy efficiency and emission reduction, PM electric-drive solutions are increasingly adopted by downstream enterprises in the mining, manufacturing and other industries. In the mining industry, such solutions are well suited to heavy-load, continuous-operation scenarios and help reduce energy consumption, supporting broader penetration across coal, non-ferrous metal and other sectors. In the pharmaceutical industry, such solutions can be applied to air compressors, centrifuges, mixing equipment and other scenarios, meeting production workshops' core requirements for sterility, energy efficiency and precision production, thereby supporting the industry's process upgrade. In the computing power infrastructure sector, computing centers have increasingly higher energy efficiency requirements for supporting equipment such as cooling water pumps and cooling tower fans. PM electric-drive solutions can reduce the electricity consumption of supporting equipment through high-efficiency drive and precise speed control, thereby improving energy utilization efficiency. Moreover, the vessel industry continues to advance toward green and low-carbon transformation, supporting the ongoing electrification retrofit of vessels. In 2025, China had approximately 480 electric vessels in operation, and launched the scrappage and replacement of 8,900 old operating vessels, which is expected to drive demand growth for PM electric-drive systems and related supporting equipment. Providers with leading R&D and manufacturing capabilities are able to offer solutions across industries, thereby promoting the growth of the industrial PM electric-drive solution market.

(2) *Development of Global Overseas Business.* In the context of energy conservation, carbon reduction and AI-driven industrial upgrading, major economies such as the European Union and Australia have introduced a series of industrial policies, creating favorable conditions for local enterprises to adopt industrial PM electric-drive systems. Concurrently, Chinese government initiated the Belt and Road Initiative to support industrial energy-efficiency upgrades across Southeast Asia, Africa and other nations along its routes. Accordingly, leading Chinese industrial PM electric-drive solution providers are well positioned, supported by energy-efficient, reliable and adaptable products, to expand customer reach and overseas sales, thereby supporting the growth of their global business.

(3) *Technological Innovation.* With the advancement of artificial intelligence and sensing technologies, industrial PM electric-drive solution market is evolving toward greater intelligence. By integrating sensors, IoT modules and key actuation components such as conveyor pulleys, industrial PM electric-drive systems enable real-time condition monitoring, fault warning and remote control, while enhancing predictive maintenance capabilities. Such upgrades help improve reliability across different operating conditions, reduce downtime risk and further expand application boundaries.

(4) *Challenges of Raw Material Supply.* As the key raw material for industrial PM electric-drive solutions, rare earth material exhibits characteristics of resource concentration. Fluctuations in global output and changes in supply chain dynamics directly affect raw material prices and availability, thereby impacting production costs and lead times. Thereby, those leading industrial PM electric-drive solution providers can mitigate risks by optimizing supply chain systems and inventory management to seize the market opportunity.

Entry Barriers

(1) *Technological Barriers.* Industrial PM electric-drive solution providers are required to have a high level of integration and coordinated capabilities across multiple technical areas, including permanent magnet temperature control, magnetic circuit design, magnet assembly and anti-demagnetization measures. These capabilities are critical to achieving high torque density, effective heat dissipation and long-term insulation stability, and are difficult for new entrants to replicate in the short term.

(2) *Qualification Barriers.* Industrial PM electric-drive solution providers are required to comply with mandatory local requirements across different countries and regions. These requirements generally cover product safety, professional review and sign-off. In China, explosion-proof electrical products are subject to Explosion-Proof CCC certification, while products used in coal mining applications are also required to obtain additional mining safety and explosion-proof certifications. On the

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

(3) *Raw Material Barriers.* Industrial PM electric-drive solution providers exhibit high dependency on rare earths materials. The performance and supply stability of these materials directly impact product quality and production cycles. By 2025, China's rare earth mineral reserves reached approximately 44.0 million tonnes, ranking first globally. Concurrently, in August 2025, China's Ministry of Industry and Information Technology (MIIT) and other authorities issued the "Interim Measures for the Total Volume Control of Rare Earth Mining and Smelting Separation" (《稀土開採和冶煉分離總量調控管理暫行辦法》). This policy implements total volume regulation and centralized allocation of quotas, with quotas granted only to a few large rare earth groups. Consequently, providers possessing the capability for long-term cooperation with upstream enterprises are better positioned to establish supply chain advantages, creating a barrier for new entrants.

(4) *Customer Barriers.* PM electric-drive systems constitute critical equipment components in industrial applications. As malfunctions lead to widespread production halts or safety incidents, downstream customers place high importance on product quality and reliability. Accordingly, customer trust in downstream industrial sectors is established through long-term engineering validation, while stringent supplier qualification procedures often lead to lengthy certification cycles but strong customer stickiness. Once a supplier relationship is established, switching occurs infrequently, thereby raising customer acquisition barriers for new entrants.

Competitive Landscape

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

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

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

Note:

(1) Company A is a company established in 2007, headquartered in Zhejiang Province, China, engaging in the development and manufacturing of electric motors and related drive products.

(2) Company B is a company established in 2004, headquartered in Hunan Province, China, engaging in the provision of electrical drive solutions for rail transit, wind power and industrial equipment.

(3) Company C is a company established in 2016, headquartered in Liaoning Province, China, engaging in the provision of motors and electric-drive solutions supported by industrial automation technologies.

(4) Company D is a company established in 2005, headquartered in Hebei Province, China, engaging in the provision of electric-drive solutions for mining, metallurgy and other industrial scenarios.

Source: Frost & Sullivan Analysis

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

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

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

Source: Frost & Sullivan Analysis

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

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

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

Note:

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

Source: Frost & Sullivan Analysis

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

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

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

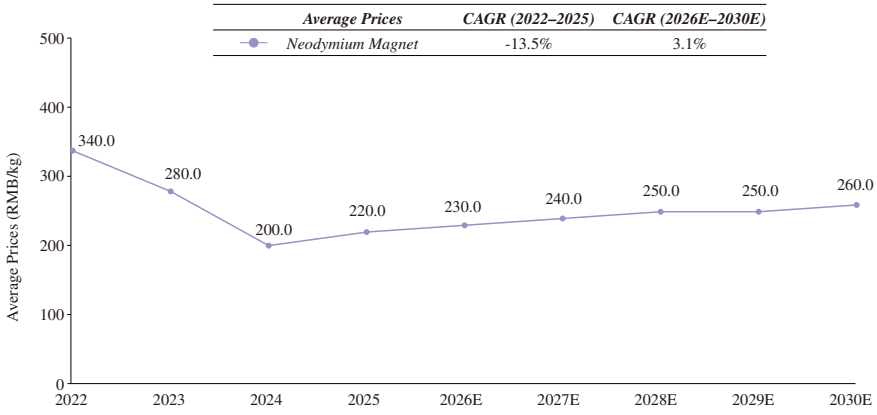
Source: Frost & Sullivan Analysis

Raw Material Price Analysis

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

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

Average Price (Excluding VAT) of Neodymium Magnet(China), 2022 – 2030E



Source: Frost & Sullivan Analysis

SOURCE AND RELIABILITY OF INFORMATION

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

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

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

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

LAWS AND REGULATIONS IN THE PRC

This section sets forth a summary of the major laws and regulations that affect our current business activities in China.

REGULATIONS RELATING TO COMPANY

The establishment, operation and management of companies in the PRC are governed by the Company Law of the People's Republic of China (《中華人民共和國公司法》) (the "**PRC Company Law**"), which was promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on December 29, 1993, latest amended on December 29, 2023 and took effect on July 1, 2024.

LAWS AND REGULATIONS RELATING TO PRODUCT QUALITY

Product Quality

According to the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), which was promulgated by the SCNPC on February 22, 1993, latest revised on December 29, 2018, and came into effect on the same date, producers shall be responsible for the quality of the products they produce. The products shall constitute no unreasonable threats to personal safety or safety of property, and possess the intended properties, and the adopted product standards shall be indicated on the products or their package. Any producers that produces substandard products shall be ordered to cease production or sale of the products, and the products may be confiscated and/or a fine may be imposed; the illegal gains, if any, may also be confiscated; if the circumstances are serious, the business license may be revoked; if a crime is constituted, criminal responsibility shall be investigated according to law. If a defect in a product causes physical injury or damage to third party property, the party which was injured or incurred damage may claim compensation against the producer or may claim compensation against the seller.

Product Certification

According to the Administrative Regulations for Compulsory Product Certification (《強制性產品認證管理規定》), which was promulgated by the former General Administration of Quality Supervision, Inspection and Quarantine of the PRC (which merged into the State Administration of Market Regulation) on December 3, 2001, amended on September 29, 2022 and became effective on November 1, 2022, products specified by the state shall not be delivered, sold, imported or used in other business activities until they have been certified (the "**Compulsory Product Certification**") and labeled with China Compulsory Certification mark. According to the Announcement of the State Administration for Market Regulation on the Publication of the Description and Definition Table for the Compulsory Product Certification Catalogue (《市場監管總局關於發佈強制性產品認證目錄描述與界定表的公告》) issued by the State Administration for Market Regulation on August 10, 2023 and became effective on the same date, explosion-proof motors fall within the scope of Compulsory Product Certification.

Safety Mark

According to the Law of the People's Republic of China on Safety in Mines (《中華人民共和國礦山安全法》) promulgated by the SCNPC on November 7, 1992, most recently amended on August 27, 2009 and took effect on the same date, equipment, apparatus, protective gear, and safety testing instruments used in mines with special safety requirements must comply with the national or industry safety standards. According to the Notice of the State Administration of Work Safety on the Implementation of Safety Mark Management for Mining Products Used in Metal and Non-Metallic Mines (《國家安全生產監督管理總局關於金屬與非金屬礦山實施礦用產品安全標誌管理的通知》), which was promulgated by the State Administration of Work Safety on August 3, 2005 and became effective on September 1, 2005, mining products used in metal and non-metallic mines subject to safety mark management include electrical equipment, drainage equipment, lifting and conveying equipment, etc. For safety mark management in mining products with explosive gas (dust) in metal and non-metallic mines, its catalogue shall refer to that of coal mine products. For mining products used in metal and non-metallic mines subject to safety mark management, manufacturers must obtain safety marks before the production and sale of the products.

According to the Safety Regulations for Coal Mines (《煤礦安全規程》) revised by the Ministry of Emergency Management on January 6, 2022, most recently amended on July 7, 2025, and became effective on February 1, 2026, safety marks for coal mine products are required for products used in coal mines subject to safety mark management. According to the Catalogue of Mining Products Subject to Safety Mark Management (《執行安全標誌管理的礦用產品目錄》) issued by the National Mine Safety Administration on September 15, 2022 and became effective on December 10, 2022, explosion-proof electric motors and explosion-proof electric drums (cylinders) have been included in the catalogues of coal mine products and non-coal underground mine products subject to safety mark management.

Explosion-proof Inspection

Pursuant to the Explosive atmospheres – Part 1: General Requirements for Equipment (《爆炸性環境第1部分：設備通用要求》) (the "**General Requirements for Equipment**"), which was a national standard of the PRC promulgated by the State Administration of Market Regulation and National Standardization Administration on October 11, 2021 and became effective on May 1, 2022, electrical equipment trial-manufactured by manufacturers according to the explosion-proof standards for special purposes listed in the General Requirements for Equipment shall be submitted to the quality supervision and inspection institution authorized by the state to undergo explosion-proof inspection under the requirements of corresponding standards, and an explosion-proof certificate is required.

LAWS AND REGULATIONS RELATING TO PRODUCTION SAFETY, ENVIRONMENT PROTECTION AND FIRE SAFETY

Production Safety

According to the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) (the "**Production Safety Law**") promulgated by the SCNPC on June 29, 2002, latest amended on June 10, 2021 and became effective on September 1, 2021, all enterprises engaged in production and business activities in China shall strengthen production safety management, establish and improve a production safety responsibility system for all employees and the internal rules and regulations for production safety, and improve working conditions, etc. Violation of the Production Safety Law may result in administrative penalties such as fines, suspension of operation and revocation of license.

Environmental Protection

According to the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》), which was promulgated by the SCNPC on October 28, 2002, latest amended on December 29, 2018 and came into force on the same date, the Regulation on the Administration of Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), which was promulgated by the State Council on November 29, 1998, latest amended on July 16, 2017 and came into force on October 1, 2017, and the Interim Measures for Environmental Protection Acceptance Inspection upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), which was promulgated by the former Ministry of Environmental Protection on November 20, 2017 and came into force on the same date, the PRC implements an environmental impact assessment system for construction projects. Prior to the commencement of a construction project, the construction entity must submit an environmental impact assessment documents, for approval, or for record. Furthermore, upon completion of a construction project for which an environmental impact assessment documents have been prepared, the construction entity shall undergo acceptance inspection and prepare an acceptance report. Any project that has not been accepted or has failed acceptance inspection is prohibited from being put into production or use.

Pursuant to the Administrative Measures for Pollutant Discharge Licensing (《排污許可管理辦法》) promulgated by the Ministry of Ecology and Environment of the PRC (the "**MEE**") on April 1, 2024 and effective on July 1, 2024 and the Regulations on the Administration of Pollutant Discharge Licensing (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and effective on March 1, 2021, enterprises that are included in the category-based administration catalogue of pollutant discharge licensing for stationary pollution sources issued by the MEE are required to apply for and obtain a pollutant discharge permit within the prescribed time limit; those who have not obtained the pollutant discharge permits shall not discharge pollutants.

According to the Catalogue of Classified Administration of Pollutant Discharge Permits for Stationary Pollution Sources (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》) promulgated by the MEE on December 20, 2019 and implemented on the same date, pollutant discharge entities with minimal pollutant generation, discharge volume and environmental impact shall be subject to discharge registration management.

Fire Safety

Pursuant to the Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998 and most recently revised on April 29, 2021 and implemented on the same date, the fire protection design and construction of construction projects must comply with the national fire protection technical standards for construction projects. According to the Interim Provisions on the Administration of Fire Protection Design Review and Final Inspection of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》), promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020, latest amended on August 21, 2023 and implemented on October 30, 2023, special construction projects shall undergo fire protection design review and fire protection final acceptance, construction projects other than such special construction projects shall file fire protection final acceptance of the projects with the competent authorities.

LAWS AND REGULATIONS RELATING TO REAL ESTATE LEASING

According to the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development of the People's Republic of China on December 1, 2010 and came into effect on February 1, 2011, within 30 days after the conclusion of the house leasing contract, the parties involved in the house leasing shall carry out house leasing registration. Where registration and filing are not completed within the prescribed time limit in accordance with the regulations, they may be ordered to make corrections within a specified time limit by the construction (real estate) administrative department of the people's government of a municipality directly under the central government of the PRC; where correction is not made within the stipulated period, a fine may be imposed.

Pursuant to the relevant provisions of the Civil Code of the People's Republic of China (《中華人民共和國民法典》) which was promulgated by the National People's Congress on May 28, 2020 and came into effect on January 1, 2021, the parties' failure to proceed with the registration and filing procedures for the lease contract as required under the laws and administrative regulations does not affect the validity of the contract.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY

According to the Patent Law of the People's Republic of China (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984, last amended on October 17, 2020 and came into effect on June 1, 2021, and its implementation rules, patents in the PRC are categorized into invention patents, utility model patents and design patents. Commencing from the date of application, the terms of invention patents, utility model patents and design patents are twenty years, ten years and fifteen years, respectively.

According to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982 and last amended on April 23, 2019 and came into effect on November 1, 2019, and its implementation rules, trademarks approved by and registered with the Trademark Office are registered trademarks. The valid period of a registered trademark is ten years, commencing from the date of the approval of registration. If the term of validity of a registered trademark expires and the registrant intends to continue to use it, the trademark registrant is required to apply for renewal within twelve months before the expiry date.

Pursuant to the Computer Software Copyright Protection Regulations (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991 and last amended on January 30, 2013 and effective on March 1, 2013, the software copyright owner may go through the registration formalities with the software registration authority recognized by the State Council's copyright administrative department.

According to the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) promulgated by the SCNPC on September 2, 1993, last amended on June 27, 2025 and came into effect on October 15, 2025, the term "trade secrets" refers to technical information, business information and other commercial information that is not known to the public, has commercial value and for which the right holder has taken corresponding confidentiality measures. Where any party infringes upon trade secrets of the right holder, regulatory authorities may order the cessation of any illegal activities, confiscate the illegal gains and impose fine on the infringing party.

LAWS AND REGULATIONS RELATING TO DATA PROTECTION AND CYBER SECURITY

Pursuant to the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》) promulgated by the SCNPC on November 7, 2016, which was latest amended on October 28, 2025 and came into effect on January 1, 2026, the PRC has implemented a hierarchical network security protection system, and network operators shall formulate an internal security management system, and adopt technical measures and other necessary measures to protect the security of the network and stable operation.

According to the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》) promulgated by the SCNPC on June 10, 2021 and came into effect on September 1, 2021, the use of the Internet and other information networks to carry out data processing activities shall perform the data security protection obligations on the basis of the network security level protection system. The processors of important data shall, in accordance with relevant provisions, carry out regular risk assessments of their data processing activities and submit risk assessment reports to the competent authorities.

Pursuant to the Measures for Cybersecurity Review (《網絡安全審查辦法》) which was jointly promulgated by the Cyberspace Administration of China and other departments on November 16, 2021 and came into effect on February 15, 2022, a network platform operator with personal information of more than 1 million users which seeks listing in a foreign country is obliged to apply for a cybersecurity review by the Cybersecurity Review Office.

Pursuant to the Measures on Security Assessment of Outbound Data Transfer (《數據出境安全評估辦法》) which was promulgated by the Cyberspace Administration of China on July 7, 2022 and came into effect on September 1, 2022, to provide data abroad under circumstances specified in the Measures, a data processor shall declare security assessment for its outbound data transfer to the national cyberspace administration through the local cyberspace administration at the provincial level.

LAWS AND REGULATIONS RELATING TO LABOR CONTRACTS, SOCIAL INSURANCE AND HOUSING PROVIDENT FUND

Labor Contract

Pursuant to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994, last amended on December 29, 2018 and came into effect on the same date, and the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007, last amended on December 28, 2012 and came into effect on July 1, 2013 and its implementing rules, the labor relationship between an employer and an employee must be established in written form.

Social Insurance and Housing Provident Fund

According to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) promulgated by the SCNPC on October 28, 2010, which was amended on December 29, 2018 and came into effect on the same date, and the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) which was promulgated by the State Council on January 22, 1999 and latest amended on March 24, 2019 and came into effect on the same date, the employer shall contribute to social insurance plans covering basic pension insurance, basic medical insurance, maternity insurance, work injury insurance and unemployment insurance.

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, last amended on March 24, 2019 and came into effect on the same date, enterprises in the PRC are required to pay and deposit housing provident funds on behalf of their employees in full and in a timely manner.

Any employer that fails to make contributions to above-mentioned social insurance and housing provident fund as required may be ordered to pay the required contributions within a prescribed time limit. If the employer still fails to make the relevant contributions within the prescribed time, a fine may be imposed, and for the overdue contribution, the people's court may enforce collection.

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT AND OVERSEAS INVESTMENT

Foreign Investment

The investment activities of foreign investors in China are primarily regulated by the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**"), which was promulgated by the National People's Congress on March 15, 2019 and effective on January 1, 2020, together with its supporting implementation regulations, as well as the Special Administrative Measures for the Access of Foreign Investment (Negative List) (《外商投資准入特別管理措施(負面清單)》) (the "**Negative List**") promulgated and amended from time to time by the Ministry of Commerce of the People's Republic of China (the "**MOFCOM**") and the National Development and Reform Commission of the People's Republic of China (the "**NDRC**"). Unless otherwise provided by laws relating to foreign investment, the PRC Company Law also applies to foreign-invested companies.

The Foreign Investment Law and the Implementation Regulations of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), promulgated by the State Council on December 26, 2019 and effective on January 1, 2020, have established a basic legal framework for foreign investment access, promotion, protection, and management. The Negative List, by way of legislation, sets out the restrictive measures in a unified manner. Industries beyond the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment.

Overseas Investment

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) promulgated by the MOFCOM on September 6, 2014 and implemented on October 6, 2014, the MOFCOM and the commerce authorities at the provincial level implement filing or approval administration, respectively, depending on the different circumstances of enterprises' overseas investments. Overseas investments by enterprises involving sensitive countries and regions or sensitive industries are subject to approval administration. The overseas investments under other circumstances shall be subject to filing administration.

According to the Administrative Measures for Overseas Investment of Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and implemented on March 1, 2018, the domestic enterprises in the PRC (the "**Investor Entities**") undertaking overseas investment shall implement filing or approval administration, respectively, depending on the different circumstances of enterprises' overseas investments. Overseas investments by enterprises involving sensitive countries and regions or sensitive industries are subject to approval administration. The overseas investments under other circumstances shall be subject to filing administration.

LAWS AND REGULATIONS RELATING TO IMPORT AND EXPORT OF GOODS

According to the Foreign Trade Law of the People's Republic of China (《中華人民共和國對外貿易法》) which was promulgated by the SCNPC on May 12, 1994, latest amended on December 30, 2022 and came into effect on the same date, and the Regulations of the People's Republic of China on the Administration of the Import and Export of Goods (《中華人民共和國貨物進出口管理條例》)which was promulgated by the State Council of the PRC on December 10, 2001, last amended on March 10, 2024 and became effective on May 1, 2024, the State Council shall allow free import and export of goods, and except for the goods which is explicitly prohibited or restricted by laws or administrative regulations.

According to the Customs Law of the People's Republic of China (《中華人民共和國海關法》) which was promulgated by the SCNPC on January 22, 1987, latest amended on April 29, 2021 and came into effect on the same date, the consignees and consignors of import and export of goods and customs declaration enterprises shall, when handling customs declaration formalities, file with the customs in accordance with the law.

LAWS AND REGULATIONS RELATING TO OVERSEAS LISTING

According to the Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the China Securities Regulatory Commission (the "**CSRC**") on February 17, 2023 and implemented on March 31, 2023, the companies in Chinese Mainland that directly or indirectly issue securities or list in overseas markets must file with the CSRC within three working days after submitting the listing application documents to the regulatory authority of the place of the proposed listing.

According to the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) which was promulgated by the CSRC, the MOF, the National Administration of State Secrets Protection and the National Archives Administration of China on February 24, 2023 and took effect on March 31, 2023, where a domestic enterprise provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing entity, documents and materials involving state secrets or working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures according to the relevant provisions of the state.

OVERVIEW

Our history can be traced back to June 2005, when the predecessor of our Company, Changzhou Jasung CNC Equipment Co., Ltd.* (常州嘉軒數控設備有限公司), was established in Changzhou by Ms. Fu Yu (付宇女士)[1] and Mr. Zhang Chunhui (our executive Director). In June 2017, our Company was converted into a joint stock company with limited liabilities and renamed as Jiangsu Jasung Intelligent Industrial Technology Co., Ltd. (江蘇嘉軒智能工業科技股份有限公司).

We have conducted a series of Pre-**[REDACTED]** Investments since our establishment. See "– Pre-**[REDACTED]** Investments" in this section for details. As of the Latest Practicable Date, the share capital of our Company was RMB64,153,966 divided into 64,153,966 Unlisted Shares with a nominal value of RMB1.00 each.

KEY MILESTONES

The following is a summary of our key corporate and business development milestones:

Year	Event
2005	The predecessor of our Company, Changzhou Jasung CNC Equipment Co., Ltd.* (常州嘉軒數控設備有限公司), was established in Changzhou
2015	The first flat-wire permanent magnet motor was put into operation
2017	Our Company was converted into a joint stock company with limited liabilities and renamed as Jiangsu Jasung Intelligent Industrial Technology Co., Ltd. (江蘇嘉軒智能工業科技股份有限公司)
2018	We obtained the first patent for external-rotor permanent magnet
2019	We were included in the National Recommended Directory of Industrial Energy-Saving Technologies and Equipment
2020	The China Machinery Industry Federation recognised that our High-efficiency Intelligent Permanent Magnet Direct-drive Drum project reached an internationally leading level
2021	We were recognised as a High-tech Enterprise for the first time Our products expanded from low- and medium-power applications to high-power, long-distance and high-capacity conveying scenarios, with the application scope extending to industries such as ports, mining, coal and metallurgy

[1] *Ms. Fu Yu is the sister of Ms. Fu Jie (our chairwoman of the Board, executive Director and general manager), and the spouse of Mr. Zhang Chunhui.*

Year	Event
2022	We were recognised as a National-level Key Specialized, Refined, Differential and Innovative "Little Giant" Enterprise
	High-voltage multi-drive permanent magnet motorised pulley systems commenced application, marking our upgrade from standalone products to system solutions
2023	Our products entered overseas markets, and we continued to expand our global footprint
2024	We were included in the National Guide to the Application of Industrial Energy-saving and Carbon-reduction Technologies and Case Studies
	We obtained the first ATEX certificate for motors, further expanding into the European market
2025	We obtained China Patent Excellence Award
	We completed the production of the world's first 2,000kW 10kV high-voltage permanent magnet motorised pulley
	Our plant located in Changzhou was completed and commenced operation
2026	We were recognised as a National Green Factory
	We obtained the world's first explosion-proof certificate for high-voltage motorised pulleys rated at 900kW and 10kV
	We completed the operating condition test of the world's first 3.55MW low-speed permanent magnet ring motor specifically designed for grinding mills

MAJOR SUBSIDIARIES

We carried out our business through two subsidiaries as of the Latest Practicable Date, details of which are set out below:

Name of subsidiary	Date of establishment	Place of incorporation	Equity interest attributable to our Group	Principal business activities
Yidu Jasung	September 5, 2024	PRC	100%	Sales of products
Tianjin Jasung	April 26, 2020	PRC	70%	R&D, manufacturing and sales of products

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

1) Establishment of our Company and Early Capital Increase and Share Transfer

The predecessor of our Company, Changzhou Jasung CNC Equipment Co., Ltd.* (常州嘉軒數控設備有限公司), was established on June 20, 2005 in Changzhou by Ms. Fu Yu and Mr. Zhang Chunhui. The shareholding of our Company upon establishment in June 2005 was as follows:

Shareholders	Registered capital held	Percentage of shareholding
Ms. Fu Yu	RMB255,000	51.00%
Mr. Zhang Chunhui	RMB245,000	49.00%
Total	**RMB500,000**	**100.00%**

In December 2008, Ms. Fu Yu transferred the share capital of RMB250,000 to Ms. Fu Jie and RMB5,000 to Ms. Yue Lantian (岳蘭田女士)[2], and Mr. Zhang Chunhui transferred the share capital of RMB245,000 to Ms. Fu Jie. Upon completion of three rounds of capital increases from November 2010 to November 2013, the share capital of our Company increased from RMB500,000 to RMB15,000,000, of which, Ms. Fu Jie held RMB11,250,000 and Ms. Yue Lantian held RMB3,750,000, respectively. In December 2014, Ms. Yue Lantian transferred all of the share capital she held (i.e., RMB3,750,000) to Mr. Zhang Chunhui. In October 2015, Ms. Fu Jie transferred portions of her share capital, being RMB450,000 and RMB450,000, to Ms. Xu Jinxiu and Mr. Wang Yong, respectively, and Mr. Zhang Chunhui transferred portions of his share capital, being RMB150,000 and RMB300,000, to Ms. Xu Jinxiu and Mr. Wang Yong, respectively.

2) Conversion into a Joint Stock Company in June 2017

On June 7, 2017, our Company was converted into a joint stock company with limited liabilities with its name changed into Jiangsu Jasung Intelligent Industrial Technology Co., Ltd. (江蘇嘉軒智能工業科技股份有限公司). The shareholding of our Company upon completion of the conversion in June 2017 and the names of the promoters of our Company were as follows:

Shareholders/Promoters	Shares held	Percentage of shareholding
Ms. Fu Jie	10,350,000	69.00%
Mr. Zhang Chunhui	3,300,000	22.00%
Mr. Wang Yong	750,000	5.00%
Ms. Xu Jinxiu	600,000	4.00%
Total	**15,000,000**	**100.00%**

[2] *Ms. Yue Lantian is the mother of Ms. Fu Yu and Ms. Fu Jie, and the mother-in-law of Mr. Zhang Chunhui. Ms. Yue Lantian was the nominee holding the equity interest on behalf of her daughter Ms. Fu Jie and such nominee arrangement was terminated in December 2014 upon transfer of all of the share capital she held to Mr. Zhang Chunhui.*

EMPLOYEES HOLDING PLATFORMS

In recognition of the contributions of, among others, our management and employees and to incentivize them to further promote our development, Changzhou Hongbo, Changzhou Jinbo and Changzhou Tongbo were established in the PRC as our management and employees holding platforms.

Changzhou Hongbo

Changzhou Hongbo is a limited partnership established on June 3, 2016 in the PRC with Ms. Fu Jie being its executive partner since its establishment, who held approximately 64.23% interest in it. As of the Latest Practicable Date, Changzhou Hongbo held approximately 8.02% equity interest in our Company and was a holding platform of our 28 management and employees with no actual business operation. Except for Ms. Fu Jie, none of the limited partners held more than 10% interest of Changzhou Hongbo as of the Latest Practicable Date.

Changzhou Jinbo

Changzhou Jinbo is a limited partnership established on August 17, 2023 in the PRC with Ms. Fu Jie being its executive partner since its establishment, who held approximately 13.75% interest in it. As of the Latest Practicable Date, Changzhou Jinbo held approximately 0.62% equity interest in our Company and was a holding platform of our 28 management and employees with no actual business operation. Except for Ms. Fu Jie, Ms. Zhang Han (張晗女士, who held approximately 18.75% interest), and Mr. Fu Xiangtao (付向濤先生, who held approximately 18.75% interest), none of the limited partners held more than 10% interest in Changzhou Jinbo as of the Latest Practicable Date.

Changzhou Tongbo

Changzhou Tongbo is a limited partnership established on August 17, 2023 in the PRC with Ms. Fu Jie being its executive partner since its establishment, who held approximately 43.75% interest in it. As of the Latest Practicable Date, Changzhou Tongbo held approximately 0.62% equity interest in our Company and was a holding platform of our 23 employees with no actual business operation. Except for Ms. Fu Jie and Mr. Wu Qinglin (吳慶林先生, who held approximately 18.75% interest), none of the limited partners held more than 10% interest in Changzhou Tongbo as of the Latest Practicable Date.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and up to the Latest Practicable Date, we had not conducted any acquisitions, disposals or mergers that we consider to be material to us.

CONCERT PARTY AGREEMENTS

To ensure the stability of control over our Company, Ms. Fu Jie, Mr. Zhang Chunhui, Mr. Wang Yong and Ms. Xu Jinxiu entered into a concert party agreement on December 20, 2019 (the "**Concert Party Agreement**"). On March 22, 2024, Ms. Fu Jie, Mr. Zhang Chunhui, Mr. Wang Yong, Ms. Xu Jinxiu, Changzhou Hongbo, Changzhou Jinbo and Changzhou Tongbo (the "**Concert Parties**") entered into a supplemental agreement to the Concert Party Agreement (together with the Concert Party Agreement, the "**Concert Party Agreements**").

Pursuant to the Concert Party Agreements, the Concert Parties shall act in concert when voting at Board meetings and at general meetings. The Concert Parties have agreed to fully communicate and consult with each other in respect of their votes, and shall maintain a unified position with respect thereto. In the event that the Concert Parties are unable to reach a unanimous decision, the opinion of Ms. Fu Jie shall prevail.

The Concert Parties were together entitled to exercise or control the exercise of approximately 38.32% of the voting rights at general meetings of our Company as of the Latest Practicable Date, and accordingly, they constitute a group of controlling shareholders of our Company for the purposes of the Listing Rules.

PRE-[REDACTED] INVESTMENTS

Overview

Our Company has completed several rounds of Pre-**[REDACTED]** Investments through capital increases and share transfers. The following table summarizes the Pre-**[REDACTED]** Investments in our Company:

Pre-[REDACTED] Investors	Date of investment agreement	Subscription amount of registered capital	Consideration paid	Date of completion of payment of consideration	Average cost per Share	Number of Shares as of the Latest Practicable Date	[REDACTED] to the [REDACTED] (midpoint)[6]
Capital increase and share transfer in 2018							
Ms. Leng Yingjin (冷盈槿女士)	Capital increase[1]: June 28, 2018	RMB608,611	RMB2,000,000	June 29, 2018	RMB3.29	990,000	**[REDACTED]**
Share transfer in 2019							
Ms. Huang Wenjia (黃文佳女士)	Share transfer[2]: December 18, 2019	RMB699,903	RMB2,645,000	December 18, 2019	RMB3.78		**[REDACTED]**
	Share transfer: December 18, 2019	RMB213,014	RMB703,000	December 18, 2019	RMB3.30	538,904	**[REDACTED]**
Capital increase and share transfer in 2020							
Jiangsu SME Development Fund (Limited Partnership)* (江蘇中小企業發展基金(有限合夥), "**Jiangsu SME**")	Capital increase[3]: December 20, 2019	RMB2,222,222	RMB14,999,998.5	December 24, 2019	RMB6.75	1,232,005	**[REDACTED]**

Pre-[REDACTED] Investors	Date of investment agreement	Subscription amount of registered capital	Consideration paid	Date of completion of payment of consideration	Average cost per Share	Number of Shares as of the Latest Practicable Date	[REDACTED] to the [REDACTED] (midpoint)[6]
Shanghai Haobo Consulting Management Partnership Enterprise (Limited Partnership)* (上海浩帛諮詢管理合夥企業(有限合夥), "**Shanghai Haobo**")	Share transfer[2]: January 7, 2020	RMB222,222	RMB1,500,000	January 20, 2020	RMB6.75		**[REDACTED]**
	Share transfer[4][5]: January 23, 2020	RMB3,273,603	RMB22,096,820.25	September 8, 2020	RMB6.75	5,686,498	**[REDACTED]**
Jiangsu Tuobang Investment Co., Ltd.* (江蘇拓邦投資有限公司, "**Tuobang Investment**")	Capital increase[3]: August 5, 2020	RMB2,227,171	RMB30,000,000	August 17, 2020	RMB13.47	3,622,837	**[REDACTED]**
Changzhou Zhongding Tiansheng Venture Capital Partnership (Limited Partnership)* (常州中鼎天盛創業投資合夥企業(有限合夥), "**Zhongding Tiansheng**")	Capital increase[3]: August 5, 2020	RMB2,227,171	RMB30,000,000	August 11, 2020	RMB13.47	3,622,837	**[REDACTED]**
Hefei Fangfu Equity Investment Partnership (Limited Partnership)* (合肥方富股權投資合夥企業(有限合夥), "**Hefei Fof**")	Capital increase[3]: August 13, 2020	RMB742,390	RMB10,000,000	August 24, 2020	RMB13.47	823,292	**[REDACTED]**
Capital increase and share transfer in 2021							
Changzhou Gaotou Yida Venture Capital Partnership (Limited Partnership)* (常州高投毅達創業投資合夥企業(有限合夥), "**Yida Venture Capital**")	Capital increase[3]: May 6, 2021	RMB851,081	RMB20,000,000	June 7, 2021	RMB23.50	1,384,414	**[REDACTED]**
Changzhou West Taihu Lake Emerging Industry Investment Fund Co., Ltd.* (常州西太湖新興產業投資基金有限公司, "**West Taihu Industry Investment**")	Capital increase[3]: May 6, 2021	RMB851,081	RMB20,000,000	June 17, 2021	RMB23.50	1,384,414	**[REDACTED]**

Pre-[REDACTED] Investors	Date of investment agreement	Subscription amount of registered capital	Consideration paid	Date of completion of payment of consideration	Average cost per Share	Number of Shares as of the Latest Practicable Date	[REDACTED] to the [REDACTED] (midpoint)[6]
Changzhou Wujin Technology Venture Capital Investment Co., Ltd.* (常州武進科技創業投資有限公司, "**Wujin Venture Capital**")	Capital increase[3]: May 6, 2021	RMB1,276,621	RMB30,000,000	June 16, 2021	RMB23.50	2,076,621	**[REDACTED]**
Shanghai Guigu Enterprise Management Partnership Enterprise (Limited Partnership)* (上海貴穀企業管理合夥企業(有限合夥), "**Shanghai Guigu**")	Capital increase[3]: June 5, 2021	RMB1,276,621	RMB30,000,000	July 23, 2021	RMB23.50	2,076,621	**[REDACTED]**
Ms. Ye Hongping (葉鴻萍女士)	Share transfer[2]: June 28, 2021	RMB212,766	RMB5,000,000	August 9, 2021	RMB23.50	346,097	**[REDACTED]**
Ms. Zhang Yumei (張玉梅女士)	Share transfer[2]: September 15, 2021	RMB72,340	RMB1,700,000	September 27, 2021	RMB23.50	117,672	**[REDACTED]**
Capital increase in 2022							
Suzhou Woyan Venture Capital Partnership (Limited Partnership)* (蘇州沃衍創業投資合夥企業(有限合夥), "**Suzhou Woyan**")	Capital increase[3]: September 29, 2022	RMB3,993,502	RMB100,000,000	December 8, 2022	RMB25.04	5,550,103	**[REDACTED]**
Fuzhou Richland Venture Capital Fund (Limited Partnership)* (福州嘉衍創業投資合夥企業(有限合夥), "**Fuzhou Jiayan**")	Capital increase[3]: September 29, 2022	RMB1,996,751	RMB50,000,000	October 9, 2022	RMB25.04	1,996,751	**[REDACTED]**
Jiaxing Suifeng Equity Investment Partnership (Limited Partnership)* (嘉興歲豐股權投資合夥企業(有限合夥), "**Jiaxing Suifeng**")	Capital increase[3]: September 29, 2022	RMB1,996,751	RMB50,000,000	October 18, 2022	RMB25.04	1,996,751	**[REDACTED]**

Pre-[REDACTED] Investors	Date of investment agreement	Subscription amount of registered capital	Consideration paid	Date of completion of payment of consideration	Average cost per Share	Number of Shares as of the Latest Practicable Date	[REDACTED] to the [REDACTED] (midpoint)[6]
Suzhou Yuelin Venture Capital Partnership Enterprise (Limited Partnership)* (蘇州躍鱗創業投資合夥企業(有限合夥), "**Suzhou Yuelin**")	Capital increase[3]: December 20, 2022	RMB798,700	RMB20,000,000	December 22, 2022	RMB25.04	798,700	[REDACTED]
Share transfer in 2023							
Ms. Zhao Jinghua (趙晶華女士)	Share transfer[2]: January 29, 2023	RMB220,000	RMB5,508,800	February 6, 2023	RMB25.04	220,000	[REDACTED]
Suzhou Yongxin Rongyao Venture Capital Partnership (Limited Partnership)* (蘇州永鑫融耀創業投資合夥企業(有限合夥), "**Suzhou Yongxin**")	Share transfer[2]: January 31, 2023	RMB600,000	RMB15,024,000	March 30, 2023	RMB25.04	600,000	[REDACTED]
Capital increase and share transfer in 2024							
Suzhou Woyan	Share transfer[2]: April 30, 2024	RMB864,719	RMB22,500,000	June 13, 2024	RMB26.02		[REDACTED]
	Capital increase[3]: April 30, 2024	RMB691,882	RMB22,500,000	June 13, 2024	RMB32.52	5,550,103	[REDACTED]
Suzhou High Tech Sunshine Huili Equity Investment Partnership Enterprise (Limited Partnership)* (蘇州高新陽光匯利股權投資合夥企業(有限合夥), "**Sunshine Huili**")	Share transfer[2]: April 30, 2024	RMB864,719	RMB22,500,000	June 20, 2024	RMB26.02		[REDACTED]
	Capital increase[3]: April 30, 2024	RMB691,882	RMB22,500,000	June 20, 2024	RMB32.52	1,556,601	[REDACTED]
Shanghai Ronghe New Energy Green Carbon Investment Partnership (Limited Partnership)* (上海融和新能綠碳投資合夥企業(有限合夥), "**Ronghe New Energy**")	Share transfer[2]: April 30, 2024	RMB557,264	RMB14,500,000	June 20, 2024	RMB26.02		[REDACTED]
	Capital increase[3]: April 30, 2024	RMB445,879	RMB14,500,000	June 20, 2024	RMB32.52	1,003,143	[REDACTED]

Pre-[REDACTED] Investors	Date of investment agreement	Subscription amount of registered capital	Consideration paid	Date of completion of payment of consideration	Average cost per Share	Number of Shares as of the Latest Practicable Date	[REDACTED] to the [REDACTED] (midpoint)[6]
Shanghai Catalpastone Private Equity Fund Management Co., Ltd.* (上海梓石私募基金管理有限公司, "**Shanghai Catalpastone**")	Share transfer[2]: April 30, 2024	RMB96,080	RMB2,500,000	June 19, 2024	RMB26.02		**[REDACTED]**
	Capital increase[3]: April 30, 2024	RMB76,876	RMB2,500,000	June 19, 2024	RMB32.52	172,956	**[REDACTED]**
Jiangsu Yancheng Coastal Hengxin Carbon and Equity Investment Partnership (Limited Partnership)* (江蘇鹽城沿海恒鑫碳和股權投資合夥企業(有限合夥), "**Coastal Hengxin**")	Share transfer[2]: October 8, 2024	RMB384,320	RMB10,000,000	October 12, 2024	RMB26.02	384,320	**[REDACTED]**
Jiangtong (Beijing) Equity Investment Fund (Limited Partnership)* (江銅(北京)股權投資基金(有限合夥), "**Jiangtong Fund**")	Capital increase[3]: December 31, 2024	RMB438,712	RMB14,266,914	January 10, 2025	RMB32.52		**[REDACTED]**
	Share transfer[2]: December 31, 2024	RMB644,209	RMB14,733,060	January 21, 2025	RMB22.87	1,082,921	**[REDACTED]**
Capital increase and share transfer in 2025							
Shaanxi Kaiyuan Eaglet Equity Investment Fund Partnership (Limited Partnership)* (陝西開源雛鷹股權投資基金合夥企業(有限合夥), "**Kaiyuan Eaglet**")	Share transfer[2]: July 24, 2025	RMB192,159	RMB4,999,977	September 12, 2025	RMB26.02		**[REDACTED]**
	Capital increase[3]: July 24, 2025	RMB153,751	RMB4,999,983	September 12, 2025	RMB32.52	345,910	**[REDACTED]**
Wuhan Kaiyuan Optics Valley Hard Technology Venture Capital Partnership (Limited Partnership)* (武漢開源光穀硬科技創業投資合夥企業(有限合夥), "**Kaiyuan Optics Valley**")	Share transfer[2]: July 24, 2025	RMB192,159	RMB4,999,977	September 17, 2025	RMB26.02		**[REDACTED]**
	Capital increase[3]: July 24, 2025	RMB153,751	RMB4,999,983	September 17, 2025	RMB32.52	345,910	**[REDACTED]**

Notes:

(1) In June 2018, four individuals, each being an Independent Third Party, participated in the capital increase and/or share transfers of our Company. The consideration for the Pre-**[REDACTED]** Investments was determined after arm's length negotiations among the relevant parties with reference to the nominal value of our Company at the relevant time. As of the Latest Practicable Date, only Ms. Leng Yingjin (former name was Ms. Leng Lixiao (冷麗曉女士) remained a Shareholder, while the other three individuals had ceased to be our Shareholders, namely (i) Mr. Yang Jintong (楊金同先生) acquired 3,651,667 Shares from Ms. Fu Jie as a nominee on behalf of his friends at a consideration of RMB6,000,000 pursuant to a share transfer agreement dated June 28, 2018, and the consideration was fully settled on September 5, 2018. Mr. Yang Jintong ceased to be our Shareholder upon completion of the transfer of his Shares to Shanghai Haobo and Mr. Song Fengrui (宋鳳瑞先生) in May 2020, and the previous nominee arrangement was terminated accordingly; and (ii) pursuant to the capital increase agreement dated June 28, 2018, Mr. Cheng Weidong (程衛東先生) and Mr. Zhang Zhifeng (章志鋒先生) subscribed for 699,903 Shares and 213,014 Shares at a consideration of RMB2,300,000 and RMB700,000, respectively. Such considerations were fully settled on July 2, 2018 and July 5, 2018, respectively. They ceased to be our Shareholders upon completion of the transfer of their equity interests to Ms. Huang Wenjia (黃文佳女士) in January 2020.

(2) The consideration of the Pre-**[REDACTED]** Investment was determined after arm's length negotiation among the parties with reference to the investment amount by the transferor(s) in our Company plus interest at the relevant times.

(3) The consideration of the Pre-**[REDACTED]** Investments was determined after arm's length negotiation among the parties with reference to the nominal value of our Company at the relevant times.

(4) Pursuant to the share transfer agreement dated January 23, 2020, Mr. Yang Jintong transferred 3,273,603 Shares to Shanghai Haobo, details of which were set out in the above table; and 378,064 Shares to Mr. Song Fengrui, who held such Shares as a nominee on behalf of Mr. Yang Jintong and was an Independent Third Party, at a consideration of RMB2,551,934.75, and the consideration was fully settled on September 2, 2020. Mr. Song Fengrui ceased to be our Shareholder upon completion of share transfer to Ms. Zhou Lingqin (周玲琴女士) in August 2020, and the previous nominee arrangement was terminated accordingly. The consideration of the Pre-**[REDACTED]** Investment was determined after arm's length negotiation among the parties with reference to the investment amount by the transferor(s) in our Company plus interest at the relevant times.

(5) Pursuant to the share transfer agreement dated August 28, 2020, Mr. Song Fengrui transferred 378,064 Shares to Ms. Zhou Lingqin, who held such Shares as a nominee on behalf of her son and was an Independent Third Party, at a consideration of RMB5,092,522, and the consideration was fully settled on August 28, 2020. Ms. Zhou Lingqin ceased to be our Shareholder upon completion of share transfer to Jiangtong Fund in January 2025, and the previous nominee arrangement was terminated accordingly. The consideration of the Pre-**[REDACTED]** Investment was determined after arm's length negotiation among the parties with reference to the investment amount by the transferor(s) in our Company plus interest at the relevant times.

(6) The **[REDACTED]** to the **[REDACTED]** is calculated based on the assumption that the **[REDACTED]** is HK$**[REDACTED]** per Share (being the mid-point of the indicative **[REDACTED]** of HK$**[REDACTED]** to HK$**[REDACTED]**). The foregoing **[REDACTED]** has taken various factors including the recent market condition, liquidity premium after the **[REDACTED]**, valuation level of the **[REDACTED]** comparable peers, the current business scale of our Group and future profitability of our Group, into account.

Principal terms of the Pre-[REDACTED] Investments

Use of proceeds from the Pre-**[REDACTED]** Investments:	We utilized the proceeds from the Pre-**[REDACTED]** Investments for investment in business expansion and operation, including development of products, technology, marketing, etc. As of the Latest Practicable Date, the net proceeds from the Pre-**[REDACTED]** Investments had been fully utilized.

Strategic benefits of the Pre-**[REDACTED]** Investments to our Company	At the time of the Pre-**[REDACTED]** Investments, our Directors believed that our Company would benefit from the additional funds provided by the Pre-**[REDACTED]** Investments in our Group, insights for industry, the knowledge and experience of the Pre-**[REDACTED]** Investors. Their investments also demonstrated their confidence in our Group's operations and served as an endorsement of our Group's performance, strengths and prospects.
Basis for determination of consideration paid	The consideration of the Pre-**[REDACTED]** Investments was determined after arm's length negotiation among the parties with reference to the nominal value of our Company and the investment amount by the transferor(s) in our Company plus interest at the relevant times. See the table in "– Overview" in this section for details.
Lock-up period	In accordance with the applicable PRC laws, the Pre-**[REDACTED]** Investors are not allowed to sell any of their Shares within one year after the **[REDACTED]**.

Information about the Pre-[REDACTED] Investors

Set out below is a detailed description of the Pre-**[REDACTED]** Investors. To the best of our Directors' knowledge and belief having made all reasonable enquiries, except for Ms. Zhang Yumei (the sister of our executive Director Mr. Zhang Chunhui), Shanghai Haobo, Shanghai Guigu, each of our Pre-**[REDACTED]** Investors (being individuals or entities) is an Independent Third Party.

Shanghai Haobo

Shanghai Haobo is a limited partnership established in January 2020 in the PRC with Shanghai Guigu Investment Co., Ltd.* (上海貴穀投資有限公司, "**Shanghai Guigu Investment**") being its executive partner, which held approximately 0.25% interest in it. As of the Latest Practicable Date, Shanghai Haobo held approximately 8.86% equity interest in our Company and had 15 limited partners, none of which held more than 30.00% interest in it.

As of the Latest Practicable Date, Shanghai Guigu Investment was a PRC incorporated company held as to 70.00% and 30.00% by Shanghai Huayang Junwei Industrial Development Co., Ltd.* (上海華揚君偉實業發展有限公司, a company wholly controlled by Mr. Sun Wei (孫偉先生)) and Mr. Sun Wei, respectively.

Shanghai Guigu

Shanghai Guigu (previously known as Anji Guigu Enterprise Management Partnership Enterprise (Limited Partnership)* (安吉貴穀企業管理合夥企業(有限合夥))) is a limited partnership established in September 2020 in the PRC with Shanghai Guigu Investment being its executive partner, which held approximately 3.28% interest in it. As of the Latest Practicable Date, Shanghai Guigu held approximately 3.24% equity interest in our Company and had 14 limited partners, none of which held more than 30.00% interest in it.

Suzhou Woyan

Suzhou Woyan is a limited partnership established in April 2022 in the PRC with Beijing Woyan Capital Management Center (Limited Partnership)* (北京沃衍資本管理中心(有限合夥), "**Beijing Woyan**") being its executive partner, which held 1.00% interest in it. As of the Latest Practicable Date, Suzhou Woyan held approximately 8.65% equity interest in our Company and had 21 limited partners, none of which held more than 30.00% interest in it.

As of the Latest Practicable Date, Beijing Woyan was a PRC incorporated limited partnership and a private fund manager filed with the Asset Management Association of China (filing number: P1008585). Except for Mr. Cheng Yong (成勇先生) who held 58.15% interest, none of the limited partners of Beijing Woyan held more than 30.00% interest in it.

Fuzhou Jiayan

Fuzhou Jiayan is a limited partnership established in November 2019 in the PRC with Beijing Woyan being its executive partner, which held approximately 1.00% interest in it. As of the Latest Practicable Date, Fuzhou Jiayan held approximately 3.11% equity interest in our Company and had 25 limited partners, none of which held more than 30.00% interest in it.

Tuobang Investment

Tuobang Investment is a PRC incorporated company established in February 2004. As of the Latest Practicable Date, Tuobang Investment held approximately 5.65% equity interest in our Company and had three individual shareholders, which were Mr. Huang Weixing (黃衛星先生), Ms. Jiang Yuping (薑毓萍女士) and Mr. Wang Guowei (王國偉先生), holding 50.00%, 35.00% and 15.00% equity interests in it.

Zhongding Tiansheng

Zhongding Tiansheng is a limited partnership established in December 2017 in the PRC with Changzhou Qingyuan Oriental Investment Management Partnership Enterprise (Limited Partnership)* (常州清源東方投資管理合夥企業(有限合夥), "**Qingyuan Dongfang**") being its executive partner, which held approximately 1.05% interest in it. As of the Latest Practicable Date, Zhongding Tiansheng held approximately 5.65% equity interest in our Company and had six limited partners, none of which held more than 30.00% interest in it.

As of the Latest Practicable Date, Qingyuan Dongfang was a limited partnership established in the PRC, held as to 51.00% and 49.00% by Changzhou Qingyuan Era Investment Management Co., Ltd.* (常州清源時代投資管理有限公司) and Changzhou Hengxin Investment Partnership Enterprise (Limited Partnership)* (常州恒鑫投資合夥企業(有限合夥)), respectively, both of which were ultimately controlled by Mr. Pan Haifeng (潘海峰先生).

Wujin Venture Capital

Wujin Venture Capital is a PRC incorporated company established in October 2011. As of the Latest Practicable Date, Wujin Venture Capital held approximately 3.24% equity interest in our Company and was wholly controlled by Jiangsu Wujin Economic Development Group Co., Ltd.* (江蘇武進經濟發展集團有限公司), a PRC incorporated company and ultimately controlled by the State-owned (Collective) Assets Administration Office of Wujin District, Changzhou (常州市武進區國有(集體)資產管理辦公室).

West Taihu Industry Investment

West Taihu Industry Investment is a PRC incorporated company established in December 2016. As of the Latest Practicable Date, West Taihu Industry Investment held approximately 2.16% equity interest in our Company and had three shareholders, which were Jiangsu Huide Holdings Group Co., Ltd.* (江蘇慧德控股集團有限公司, "**Huide Holdings**"), Changzhou West Taihu Investment Development Co., Ltd.* (常州西太湖投資發展有限公司, "**West Taihu Investment**") and Changzhou Weichi Equity Fund Management Co. Ltd.* (常州偉馳股權基金管理有限公司), holding 50.00%, 49.00% and 1.00% equity interests in it, respectively. Each of Huide Holdings and West Taihu Investment is a PRC incorporated company and ultimately controlled by the State-owned (Collective) Assets Administration Office of Wujin District, Changzhou.

Jiaxing Suifeng

Jiaxing Suifeng is a limited partnership established in August 2022 in the PRC with Guotong Chuangfeng Private Equity Fund Management Co., Ltd.* (國彤創豐私募基金管理有限公司, "**Guotong Chuangfeng**") being its executive partner, which held approximately 0.001% interest in it. As of the Latest Practicable Date, Jiaxing Suifeng held approximately 3.11% equity interest in our Company and had one limited partner, being Guotou Securities Investment Co., Ltd.* (國投證券投資有限公司, "**Guotou Investment**"), holding 99.999% interest in it.

As of the Latest Practicable Date, Guotong Chuangfeng was a PRC incorporated company ultimately controlled by SASAC. Guotou Investment was a PRC incorporated company and ultimately controlled by SASAC.

Sunshine Huili

Sunshine Huili is a limited partnership established in July 2021 in the PRC with Suzhou High Tech Sunshine Ronghui Investment Management Partnership Enterprise (Limited Partnership)* (蘇州高新陽光融匯投資管理合夥企業(有限合夥), "**Sunshine Ronghui**") being its executive partner, which held approximately 0.50% interest in it. As of the Latest Practicable Date, Sunshine Huili held approximately 2.43% equity interest in our Company and had three limited partners, which were Suzhou Heyao Venture Capital Partnership Enterprise (Limited Partnership)* (蘇州合曜創業投資合夥企業(有限合夥), "**Suzhou Heyao**"), Sunshine Life Insurance Corporation Limited* (陽光人壽保險股份有限公司, "**Sunshine Life Insurance**"), and Sunshine Property Insurance Corporation Limited* (陽光財產保險股份有限公司), holding 49.75%, 39.80% and 9.95% interests in it, respectively.

As of the Latest Practicable Date, Sunshine Ronghui was a PRC incorporated limited partnership with Sunshine Ronghui Capital Investment Management Co., Ltd.* (陽光融匯資本投資管理有限公司) being its executive partner, which held 35.00% interest in it. Sunshine Ronghui had two limited partners, which were Shanghai Ronggen Enterprise Management Partnership (Limited Partnership)* (上海融亙企業管理合夥企業(有限合夥)) and Suzhou High-tech Venture Capital Group Co., Ltd.* (蘇州高新創業投資集團有限公司), holding 35.00% and 30.00% interest in it, respectively. Suzhou Heyao is a PRC incorporated limited partnership and ultimately controlled by Suzhou National High-tech Industrial Development Zone Administrative Committee (蘇州國家高新技術產業開發區管理委員會). Sunshine Life Insurance is a PRC incorporated company and ultimately controlled by Sunshine Insurance Group Company Limited (陽光保險集團股份有限公司), a PRC incorporated company with its H shares listed on the Stock Exchange (stock code: 06963.HK).

Jiangsu SME

Jiangsu SME is a limited partnership established in November 2016 in the PRC with Jiangsu Addor Equity Investment Fund Management Co., Ltd. (江蘇毅達股權投資基金管理有限公司, "**Addor Investment**") being its executive partner, which held 1.00% interest in it. As of the Latest Practicable Date, Jiangsu SME held approximately 1.92% equity interest in our Company and had four limited partners. Except for Jiangsu Yida Small and Medium Enterprises Development Fund (Limited Partnership)* (江蘇毅達中小企業發展基金(有限合夥), "**Yida SME**") which held approximately 54.22% interest, none of the limited partners held more than 30.00% interest in it.

As of the Latest Practicable Date, Addor Investment is a PRC incorporated company and a private fund manager filed with the Asset Management Association of China (filing number: P1001459). Yida SME is a PRC incorporated limited partnership with Addor Investment being its executive partner.

Yida Venture Capital

Yida Venture Capital is a limited partnership established in December 2020 in the PRC with Nanjing Yida Equity Investment Management Enterprises (Limited Partnership)* (南京毅達股權投資管理企業(有限合夥), "**Nanjing Yida**") being its executive partner, which held 1.00% interest in it. As of the Latest Practicable Date, Yida Venture Capital held approximately 1.56% equity interest in our Company and had ten limited partners, none of which held more than 30.00% interest in it.

As of the Latest Practicable Date, Nanjing Yida is a PRC incorporated limited partnership with Xizang Aida Huicheng Private Fund Management Co., Ltd.* (西藏愛達匯承私募基金管理有限公司) being its executive partner, which held 99.00% interest in it. Nanjing Yida is a private fund manager filed with the Asset Management Association of China (filing number: P1032972).

Jiangtong Fund

Jiangtong Fund is a limited partnership established in October 2024 in the PRC with Jiangtong (Beijing) Private Equity Fund Management Co., Ltd.* (江銅(北京)私募基金管理有限公司, "**Jiangtong Beijing**") being its executive partner, which held 27.73% interest in it. As of the Latest Practicable Date, Jiangtong Fund held approximately 1.69% equity interest in our Company and had one limited partner, which was Jiangxi Tongye (Beijing) International Investment Co., Ltd.* (江西銅業(北京)國際投資有限公司, "**Jiangtong International Investment**") which held 72.27% interest in it.

As of the Latest Practicable Date, Jiangtong Beijing is a PRC incorporated company and a private fund manager filed with the Asset Management Association of China (filing number: P1074758). Both Jiangtong Beijing and Jiangtong International Investment were ultimately wholly controlled by Jiangxi Tongye Group Co., Ltd.* (江西銅業集團有限公司), a company ultimately controlled by Jiangxi SASAC (江西省國有資產監督管理委員會).

Ronghe New Energy

Ronghe New Energy is a limited partnership established in October 2023 in the PRC with Shanghai Ronghe Sanzhen New Energy Technology Co., Ltd.* (上海融和三真新能源科技有限公司, "**Shanghai Ronghe**") being its executive partner, which held 0.10% interest in it. As of the Latest Practicable Date, Ronghe New Energy held approximately 1.56% equity interest in our Company and had one limited partner, which was China Power Investment Ronghe New Energy Technology Co., Ltd.* (中電投融和新能源科技有限公司, "**China Power Investment Ronghe**") which held 99.99% interest in it.

As of the Latest Practicable Date, Shanghai Ronghe was a PRC incorporated company and wholly controlled by China Power Investment Ronghe, which was ultimately controlled by SASAC.

Hefei Fof

Hefei Fof is a limited partnership established in May 2020 in the PRC with Beijing Fof Capital Co., Ltd. (北京方富創業投資管理股份有限公司, "**Fof Capital**") being its executive partner, which held 11.52% interest in it. As of the Latest Practicable Date, Hefei Fof held approximately 1.28% equity interest in our Company and had four limited partners. Except for Beijing Fof Venture Capital Center (Limited Partner)* (北京方富創業投資中心(有限合夥), "**Fof Venture**") which held approximately 37.95% interest in it, none of the limited partners held more than 30.00% interest in Hefei Fof.

As of the Latest Practicable Date, Fof Capital was a PRC incorporated company listed on the NEEQ (stock code: 833962.NQ). Fof Venture was a PRC incorporated limited partnership with Fof Capital being its executive limited partner.

Suzhou Yuelin

Suzhou Yuelin is a limited partnership established in November 2021 in the PRC with Suzhou Runfan Business Consulting Partnership Enterprise (Limited Partnership).* (蘇州潤璠商務諮詢合夥企業(有限合夥), "**Suzhou Runfan**") being its executive partner, which held 1.55% interest in it. As of the Latest Practicable Date, Suzhou Yuelin held approximately 1.25% equity interest in our Company and had 23 limited partners, none of which held more than 30.00% interest in it.

As of the Latest Practicable Date, Suzhou Runfan was a limited partnership established in the PRC with Shanghai Runzhang Venture Capital Management Co., Ltd.* (上海潤璋創業投資管理有限公司, "**Shanghai Runzhang**") being its executive partner, which held 99.00% interest in it. Shanghai Runzhang was ultimately controlled by Mr. Xu Ting (徐挺先生).

Suzhou Yongxin

Suzhou Yongxin is a limited partnership established in June 2022 in the PRC with Suzhou Yongxin Ark Equity Investment Partnership* (蘇州永鑫方舟股權投資管理合夥企業(普通合夥), "**Yongxin Ark**") being its executive partner, which held 0.17% interest in it. As of the Latest Practicable Date, Suzhou Yongxin held approximately 0.94% equity interest in our Company and had 45 limited partners, none of which held more than 30.00% interest in it.

As of the Latest Practicable Date, Yongxin Ark is a limited partner company and a private fund manager filed with the Asset Management Association of China (filing number: P1017017) and ultimately controlled by Mr. Wei Yong (韋勇先生).

Coastal Hengxin

Coastal Hengxin is a limited partnership established in September 2022 in the PRC with Jiangsu Coastal Equity Investment Management Co., Ltd. (江蘇沿海私募基金管理有限公司, "**Jiangsu Coastal**") being its executive partner, which held approximately 1.43% interest in it. As of the Latest Practicable Date, Coastal Hengxin held 0.60% equity interest in our Company and had three limited partners, which were Jiangsu Coast Development Group Co., Ltd. (江蘇省沿海開發集團有限公司, "**Jiangsu Coast Group**"), Jiangsu Hengrui Investment Development Corporation* (江蘇恒瑞投資開發有限公司, "**Hengrui Investment**") and Jiangsu Xindelong Envirotech Co., Ltd.* (江蘇鑫德龍環保科技有限公司), holding approximately 54.29%, 42.85% and 1.43% interest in it, respectively.

As of the Latest Practicable Date, Jiangsu Coastal was a PRC incorporated company and a private fund manager filed with the Asset Management Association of China (filing number: P1071782) and wholly controlled by Jiangsu Coast Group. Jiangsu Coast Group was a PRC incorporated company wholly controlled by Jiangsu Provincial People's Government and Hengrui Investment was a PRC incorporated company controlled by Yancheng City People's Government.

Kaiyuan Eaglet

Kaiyuan Eaglet is a limited partnership established in November 2021 in the PRC with Kaiyuan Sichuang (Xi'an) Private Equity Fund Management Co., Ltd.* (開源思創(西安)私募基金管理有限公司, "**Kaiyuan Sichuang**") being its executive partner, which held approximately 20.00% interest in it. As of the Latest Practicable Date, Kaiyuan Eaglet held 0.54% equity interest in our Company and had two limited partners, which were Shaanxi Coal Industry Company Limited (陝西煤業股份有限公司, "**Shaanxi Coal**") and Ningbo Meishan Bonded Port Gejiu Investment Co., Ltd.* (寧波梅山保稅港區格久投資有限公司), holding approximately 60.00% and 20.00% interest in it.

As of the Latest Practicable Date, Kaiyuan Sichuang was a PRC incorporated company and wholly controlled by Kaiyuan Securities Co., Ltd. (開源證券股份有限公司, a PRC incorporated company with Shaanxi Coal and Chemical Industry Group Co., Ltd. (陝西煤業化工集團有限責任公司, "**Shaanxi Coal and Chemical**") being its controlling shareholder. Shaanxi Coal was a PRC incorporated company with its A shares listed on the Shanghai Stock Exchange (stock code: 601225) and with Shaanxi Coal and Chemical being its controlling shareholder.

Kaiyuan Optics Valley

Kaiyuan Optics Valley is a limited partnership established in September 2021 in the PRC with Kaiyuan Sichuang and Wuhan Optics Valley Science and Technology Venture Capital Private Equity Fund Management Co., Ltd.* (武漢光穀科創投私募股權基金管理有限公司, "**Wuhan Optics Valley Science and Technology**") being its executive partners, which held approximately 19.93% and 2.17% interest in it. As of the Latest Practicable Date, Kaiyuan Optics Valley held 0.54% equity interest in our Company and had two limited partners. Except for Wuhan Optics Valley Entrepreneurship Technology Investment Co., Ltd.* (武漢光穀創業科技投資有限公司, "**Wuhan Optics Valley**"), which held approximately 58.00% interest, none of the limited partners held more than 30.00% interest in it.

As of the Latest Practicable Date, each of Wuhan Optics Valley Science and Technology and Wuhan Optics Valley was a PRC incorporated company wholly controlled by Wuhan Optics Valley Financial Holding Group Co., Ltd.* (武漢光穀金融控股集團有限公司), a company ultimately controlled by Administration of Wuhan East Lake High-tech Development Zone (武漢東湖新技術開發區管理委員會).

Shanghai Catalpastone

Shanghai Catalpastone is a PRC incorporated company established in November 2021 and a private fund manager filed with the Asset Management Association of China (filing number: P1073687). As of the Latest Practicable Date, Shanghai Catalpastone held approximately 0.27% equity interest in our Company and had two shareholders, which were Shanghai Ziren Technology Development Co., Ltd.* (上海梓人科技發展有限公司, "**Ziren Technology**") and Guangde Economic Development Zone Investment and Development Group Co., Ltd.* (廣德經濟開發區投資開發集團有限公司, "**Guangde Investment**"), holding 70.00% and 30.00% interest in it, respectively. Ziren Technology was wholly controlled by Mr. Chen Youyong (陳有勇先生). Guangde Investment was wholly controlled by Management Committee of Anhui Guangde Economic Development Zone (安徽廣德經濟開發區管理委員會).

Individual Investors

Each of Ms. Leng Yingjin, Ms. Huang Wenjia, Ms. Ye Hongping, Ms. Zhao Jinghua and Ms. Zhang Yumei is a PRC resident and an individual investor. They acquired our Shares since they are optimistic about the prospect of our Company's business and the growth potential of our Group.

Special Rights of the Pre-[REDACTED] Investors

Certain Pre-**[REDACTED]** Investors had been granted certain special rights relating to our Company, including but not limited to preemptive subscription/purchase/sale right, anti-dilution right, restrictions on sale, priority and compensation right in the event of a merger or acquisition, share repurchase right (granted by our Controlling Shareholders), liquidation right, inspection right, information right and no more favourable terms. The special rights have been unconditionally terminated before the Latest Practicable Date or with effect from the day immediately preceding the date on which our Company submitted the **[REDACTED]** to the Stock Exchange (including the first submission and subsequent submission) as agreed by our Company and the Pre-**[REDACTED]** Investors in accordance with the guidance set out in Chapter 4.2 of the Guide for New Listing Applicants. If our Company voluntarily withdraws the **[REDACTED]** and does not refile within six months, or if the **[REDACTED]** of our Company is rejected or returned by the Stock Exchange and our Company does not refile within six months, the share repurchase right granted by our Controlling Shareholders to certain Pre-**[REDACTED]** Investors shall be reinstated on the date following the expiration of six months from the date when our Company voluntarily withdrew the **[REDACTED]** or the date when the **[REDACTED]** was rejected or returned by the Stock Exchange.

Confirmation from the Sole Sponsor

On the basis that (i) the considerations for the Pre-**[REDACTED]** Investments were irrevocably settled no less than 28 clear days before the date of first submission of the **[REDACTED]** to the Stock Exchange; and (ii) the special rights granted to the Pre-**[REDACTED]** Investors have been unconditionally terminated before the Latest Practicable Date or with effect from the day immediately preceding the date on which our Company submitted the **[REDACTED]** to the Stock Exchange as disclosed in "Special rights of the Pre-**[REDACTED]** Investors" above, the Sole Sponsor confirms that the Pre-**[REDACTED]** Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

PRC Legal Advisor's Confirmation

As advised by our PRC Legal Advisor, our Company has made all necessary registrations or filings with the relevant local branch of SAMR in respect of the historical share transfers and capital increases (including the Pre-**[REDACTED]** Investments) in all material respects, and the historical share transfers and capital increases (including the Pre-**[REDACTED]** Investments) were conducted in accordance with the applicable PRC laws and regulations.

PUBLIC FLOAT

Our Company [has applied] for H-share full circulation to convert **[REDACTED]** Unlisted Shares into H Shares as per the instructions of the **[REDACTED]** existing Shareholders. For further details, see "Share Capital" in this document.

Upon completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised) and the Conversion of Unlisted Shares into H Shares, our Company will have **[REDACTED]** Unlisted Shares, **[REDACTED]** H Shares converted from Unlisted Shares and **[REDACTED]** H Shares to be issued pursuant to the **[REDACTED]**.

The **[REDACTED]** Unlisted Shares that will not be converted into H Shares (representing approximately **[REDACTED]**% of our total issued Shares upon the **[REDACTED]**) will not be considered as part of the public float as such Unlisted Shares will not be converted into H Shares and will not be **[REDACTED]** on the Stock Exchange following the completion of the **[REDACTED]** and the Conversion of Unlisted Shares into H Shares.

Among the **[REDACTED]** Unlisted Shares to be converted into H Shares, **[REDACTED]** H Shares held by certain of our existing Shareholders will be counted towards the public float. Set out below are the details of the Conversion of Unlisted Shares into H Shares (assuming the **[REDACTED]** is not exercised):

	As at the Latest Practicable Date		Upon completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)		
Shareholder	Number of Unlisted Shares as at the Latest Practicable Date	Approximate percentage of the Unlisted Shares in the total share capital of our Company (%)	Number of Unlisted Shares to be converted into H Shares	Approximate percentage of the converted H Shares in the total share capital of our Company (%)	The converted H Shares whether to count towards the public float or not
Ms. Fu Jie	10,895,871	16.98	[REDACTED]	[REDACTED]	No
Shanghai Haobo	5,686,498	8.86	[REDACTED]	[REDACTED]	No
Suzhou Woyan	5,550,103	8.65	[REDACTED]	[REDACTED]	Yes
Mr. Zhang Chunhui	5,367,959	8.37	[REDACTED]	[REDACTED]	No
Changzhou Hongbo	5,146,875	8.02	[REDACTED]	[REDACTED]	No
Tuobang Investment	3,622,837	5.65	[REDACTED]	[REDACTED]	Yes

	As at the Latest Practicable Date		Upon completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)		
Shareholder	Number of Unlisted Shares as at the Latest Practicable Date	Approximate percentage of the Unlisted Shares in the total share capital of our Company (%)	Number of Unlisted Shares to be converted into H Shares	Approximate percentage of the converted H Shares in the total share capital of our Company (%)	The converted H Shares whether to count towards the public float or not
Zhongding Tiansheng	3,622,837	5.65	[REDACTED]	[REDACTED]	Yes
Shanghai Guigu	2,076,621	3.24	[REDACTED]	[REDACTED]	No
Wujin Venture Capital	2,076,621	3.24	[REDACTED]	[REDACTED]	Yes
Fuzhou Jiayan	1,996,751	3.11	[REDACTED]	[REDACTED]	Yes
Jiaxing Suifeng	1,996,751	3.11	[REDACTED]	[REDACTED]	Yes
Mr. Wang Yong	1,756,787	2.74	[REDACTED]	[REDACTED]	No
Sunshine Huili	1,556,601	2.43	[REDACTED]	[REDACTED]	Yes
West Taihu Industry Investment	1,384,414	2.16	[REDACTED]	[REDACTED]	Yes
Jiangsu SME	1,232,005	1.92	[REDACTED]	[REDACTED]	Yes
Jiangtong Fund	1,082,921	1.69	[REDACTED]	[REDACTED]	Yes
Ronghe New Energy	1,003,143	1.56	[REDACTED]	[REDACTED]	Yes
Yida Venture Capital	1,000,096	1.56	[REDACTED]	[REDACTED]	Yes
Ms. Leng Yingjin	990,000	1.54	[REDACTED]	[REDACTED]	Yes
Hefei Fof	823,292	1.28	[REDACTED]	[REDACTED]	Yes
Suzhou Yuelin	798,700	1.25	[REDACTED]	[REDACTED]	Yes
Ms. Xu Jinxiu	614,514	0.96	[REDACTED]	[REDACTED]	No
Suzhou Yongxin	600,000	0.94	[REDACTED]	[REDACTED]	Yes
Ms. Huang Wenjia	538,904	0.84	[REDACTED]	[REDACTED]	Yes
Changzhou Jinbo	400,000	0.62	[REDACTED]	[REDACTED]	No
Changzhou Tongbo	400,000	0.62	[REDACTED]	[REDACTED]	No
Coastal Hengxin	384,320	0.60	[REDACTED]	[REDACTED]	Yes

	As at the Latest Practicable Date		Upon completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)		
Shareholder	Number of Unlisted Shares as at the Latest Practicable Date	Approximate percentage of the Unlisted Shares in the total share capital of our Company (%)	Number of Unlisted Shares to be converted into H Shares	Approximate percentage of the converted H Shares in the total share capital of our Company (%)	The converted H Shares whether to count towards the public float or not
Ms. Ye Hongping	346,097	0.54	[REDACTED]	[REDACTED]	Yes
Kaiyuan Eaglet	345,910	0.54	[REDACTED]	[REDACTED]	Yes
Kaiyuan Optics Valley	345,910	0.54	[REDACTED]	[REDACTED]	Yes
Ms. Zhao Jinghua	220,000	0.34	[REDACTED]	[REDACTED]	No
Shanghai Catalpastone	172,956	0.27	[REDACTED]	[REDACTED]	Yes
Ms. Zhang Yumei	117,672	0.18	[REDACTED]	[REDACTED]	Yes

With respect to the indicative **[REDACTED]** of HK$**[REDACTED]**, HK$**[REDACTED]** and HK$**[REDACTED]** per **[REDACTED]** (being the low-end, mid-point and the high-end of the **[REDACTED]**, respectively) and assuming the **[REDACTED]** is not exercised, the expected market capitalization of our Company's H Shares at the time of **[REDACTED]** will be approximately HK$**[REDACTED]**, HK$**[REDACTED]** and HK$**[REDACTED]**, respectively. To the best knowledge of our Directors, upon completion of the **[REDACTED]** and the Conversion of Unlisted Shares into H Shares, assuming the **[REDACTED]** is not exercised, an aggregate of **[REDACTED]** H Shares held or controlled by our Shareholders who are not our core connected persons, representing approximately **[REDACTED]**% of our total issued Shares, will be counted towards the public float. Under Rule 19A.13A(1) of the Listing Rules, in the event the expected market value of our Company's H Shares upon **[REDACTED]** does not exceed HK$6 billion, at least 25% of the total issued H Shares must be held by the public upon **[REDACTED]**, and our Company's expected public float of **[REDACTED]**% will satisfy the minimum requirement of 25%. Therefore, our Company will be able to meet the minimum public float requirement under Rule 19A.13A(1) of the Listing Rules.

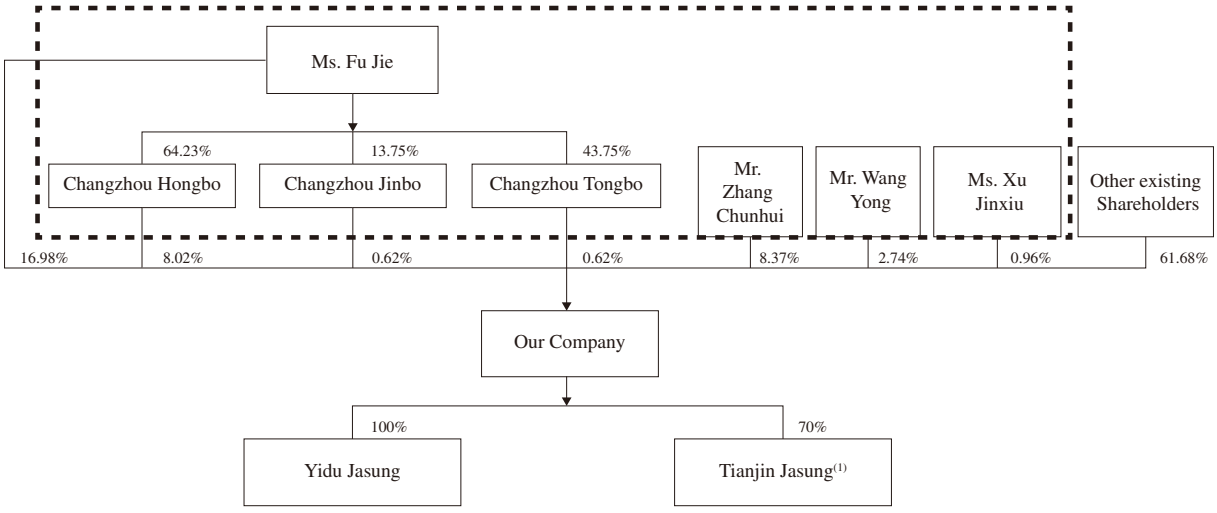
FREE FLOAT

Rule 19A.13C of the Listing Rules provides that, where a new applicant is a PRC issuer with no other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50,000,000; or (b) have an expected market value at the time of listing of not less than HK$600,000,000.

To the best knowledge of our Directors, upon completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised) and the Conversion of Unlisted Shares into H Shares, the Shares constituting our Company's free float are expected to be **[REDACTED]** Shares, representing approximately **[REDACTED]**% of our Company's total issued share capital, with an expected market capitalisation of HK$**[REDACTED]** (calculated based on the low-end of the indicative **[REDACTED]** at HK$**[REDACTED]** per Share). Accordingly, our Company will satisfy the free float requirements under Rule 19A.13C of the Listing Rules.

OUR STRUCTURE IMMEDIATELY PRIOR TO THE [REDACTED]

The following chart illustrates the shareholding structure and simplified corporate structure of our Group immediately prior to completion of the **[REDACTED]**:



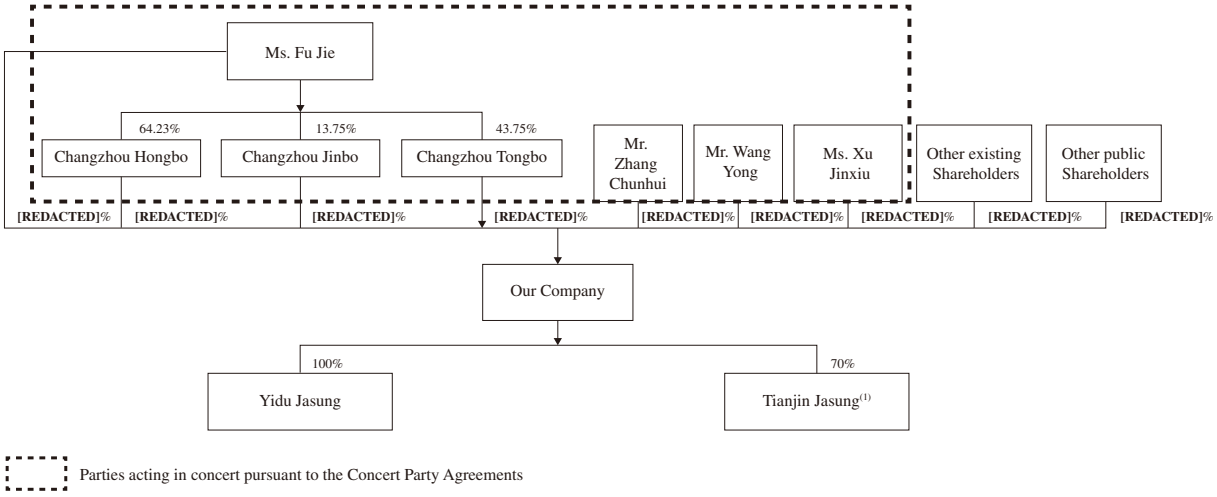
Notes:

(1) As of the Latest Practicable Date, Tianjin Jasung was owned as to 30% by Tianjian Weishu Intelligent Technology Co., Ltd.* (天津維數智能科技有限公司), which was ultimately controlled by an Independent Third Party Ms. Pan Yajuan (潘亞娟女士). For the avoidance of doubt, the registered capital of such 30% shareholding held by Tianjian Weishu Intelligent Technology Co., Ltd.* (天津維數智能科技有限公司) has not been fully contributed as of the Latest Practicable Date.

(2) As of the Latest Practicable Date, (1) Singapore Jasung Pte. Ltd., a Singapore private company limited by shares incorporated in November 2024 and wholly-owned by our Company, was in the process of voluntary cancellation due to no actual operation, and (2) Huzhou Jasung, a subsidiary owned as to 70% by our Company and 30% by Ms. Zhao Jinghua (趙晶華女士), a Pre-**[REDACTED]** Investor and an Independent Third Party, was in the process of voluntary cancellation due to no actual operation.

OUR STRUCTURE IMMEDIATELY FOLLOWING THE [REDACTED]

The following chart illustrates the shareholding structure and simplified corporate structure of our Group immediately following completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and that no changes are made to the issued share capital of our Company and its subsidiaries between the Latest Practicable Date and **[REDACTED]**):



Notes (1) to (2): Please refer to the details contained in the preceding page.

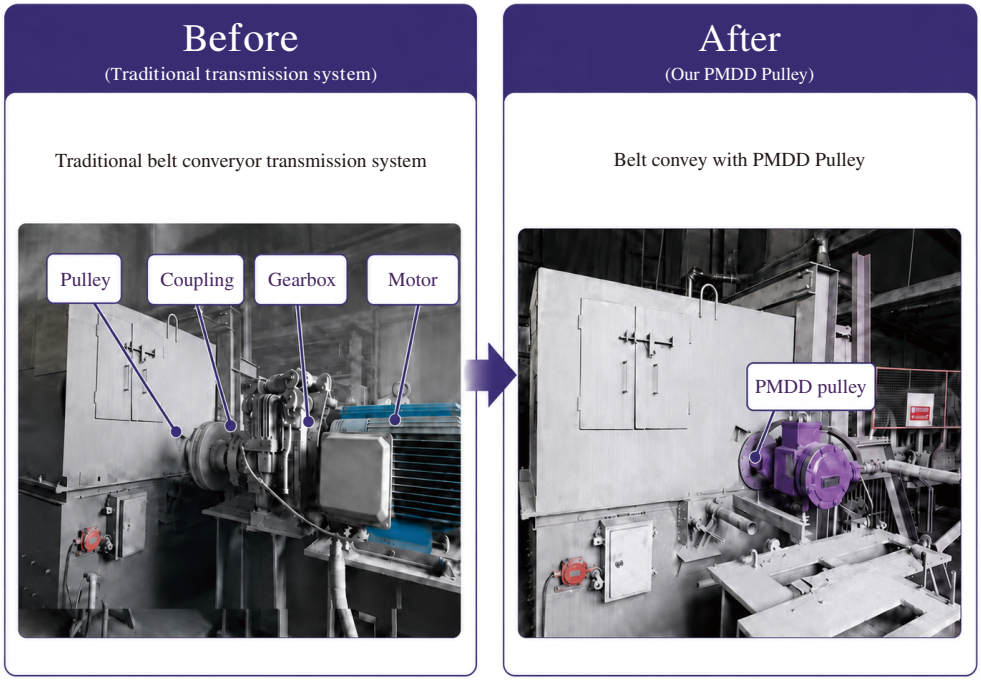
OVERVIEW

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:



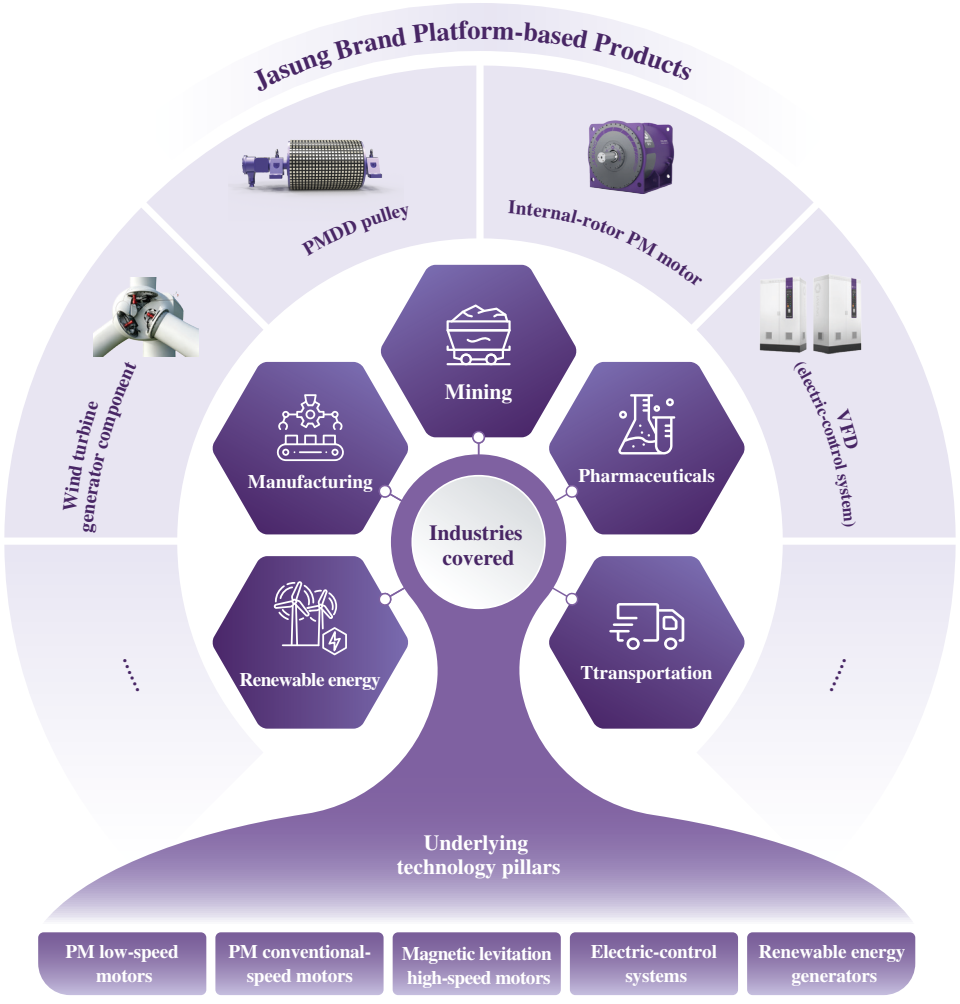
Furthermore, through system-level design and innovation in materials, we simultaneously improved the electromagnetic performance, thermal management and insulation stability of PM motors. In 2020, our PMDD pulley was recognized as internationally leading, and our key technologies and applications of 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

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:



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,

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.

(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;

(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.

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;

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.

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-

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.

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

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.

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.

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.

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.

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)]
	(Units)	*(RMB in thousands)*	*(Units)*	*(RMB in thousands)*	*(Units)*	*(RMB in thousands)*
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.

(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

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.

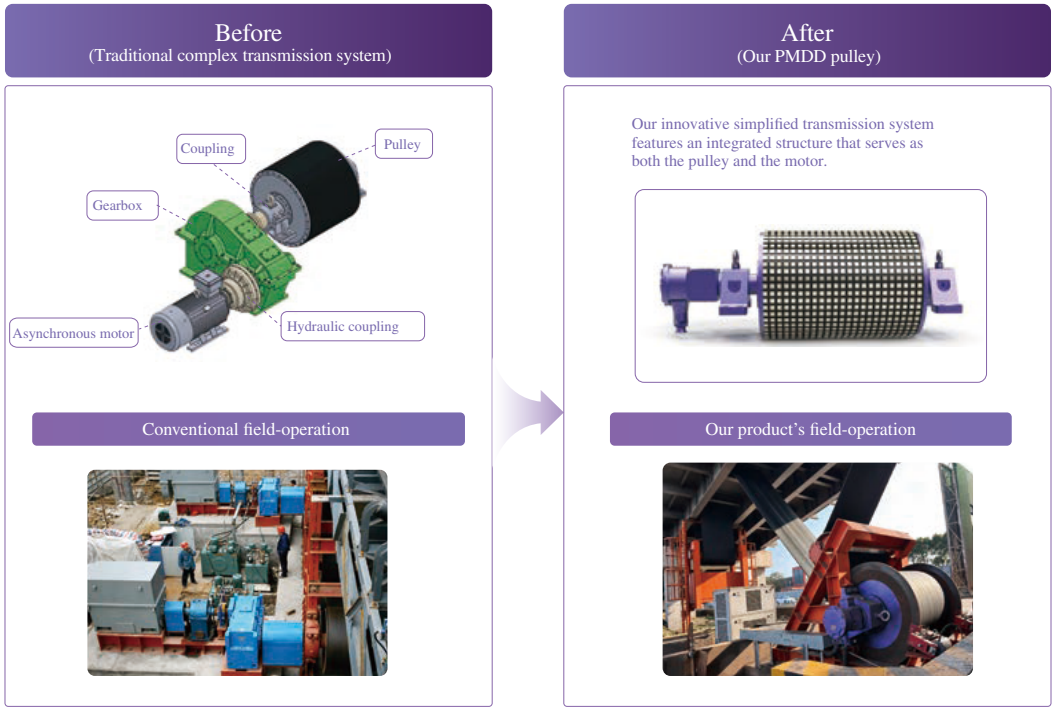
PMDD Pulleys

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.

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

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.

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				

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		

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.

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

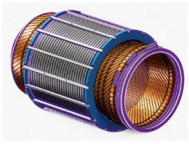
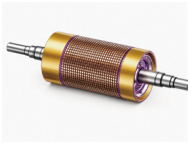
	Non-Explosion-Proof VFD	Explosion-Proof VFD
Typical Industries	Non-coal mining, power generation, manufacturing and building materials	Mining
Typical Voltage Level	0.38kV/0.66kV/1.14kV/3.3kV/6 kV/10 kV	0.66kV/1.14kV/3.3kV/6kV/10kV
Power Range	0.75kW – 5,000 kW	7.5kW – 1,000kW
Control Method	Voltage/Frequency 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.

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.

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.

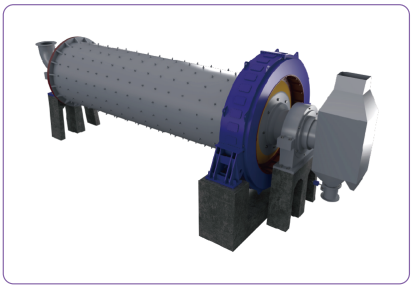
The diagram below shows a structural and field-operation comparison between the traditional complex transmission system before retrofit and our mill low-speed PM ring motor:



Our product's field operation



Our product's design structure



Magnetic-levitation High-Speed PM motors

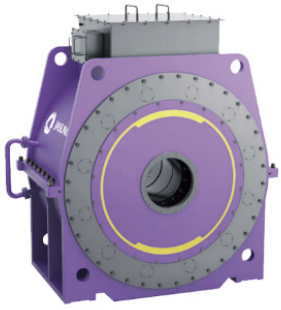
The magnetic-levitation high-speed PM motors combine magnetic-levitation bearing technology with high-speed PM motor technology. It represents a new type of rotating machinery and an important technological direction for high-end equipment toward high-speed, high-efficiency, and oil-free development. 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.

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.

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.

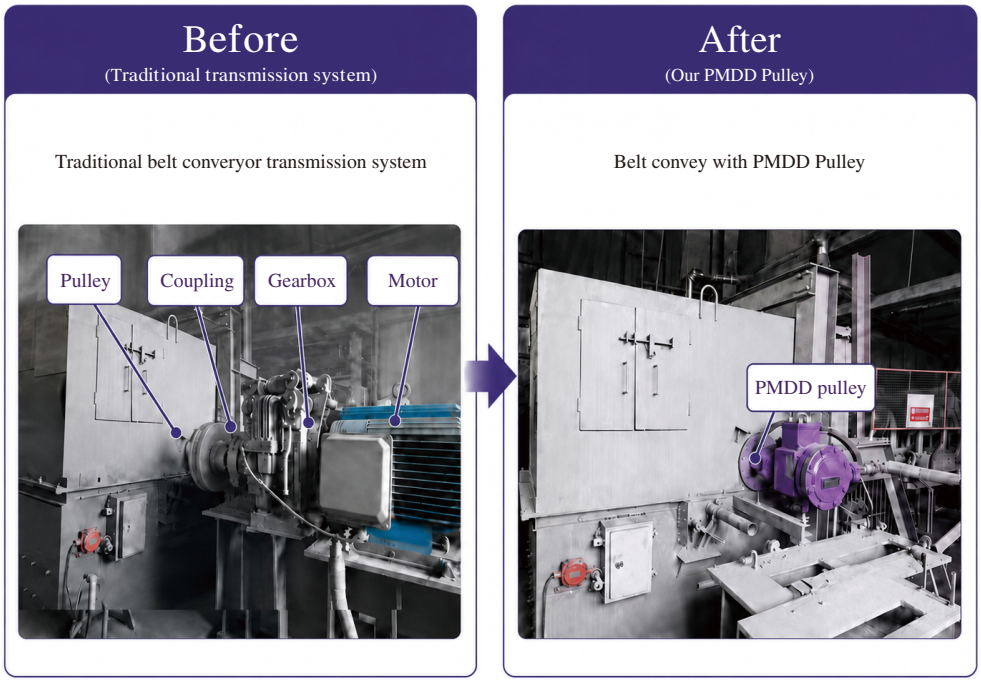
The following chart sets forth the key application scenarios of our PM electric-drive products that could be employed across the mining process:



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:

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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:

	Year ended December 31,								
	2023			2024			2025		
Product	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

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.

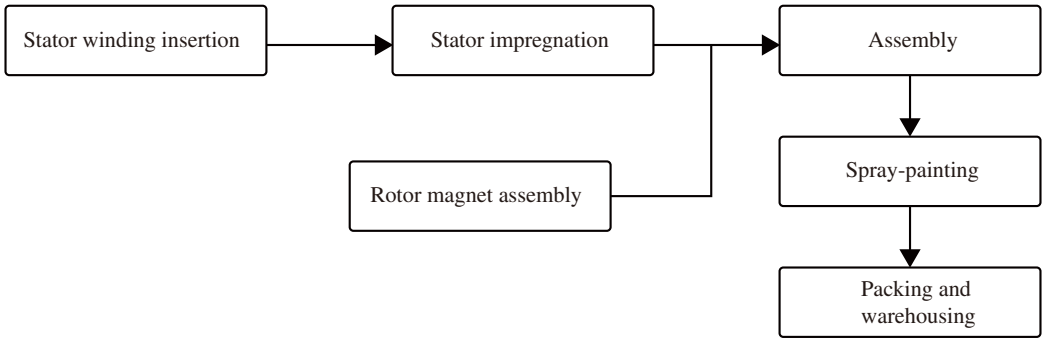
(5) The decrease in the designed capacity of the wind turbine component production lines in 2024 and the subsequent increase in 2025 were primarily attributable to our proactive adjustments based on order volumes from major customers in response to reduced demand and we were in progress for preparing 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

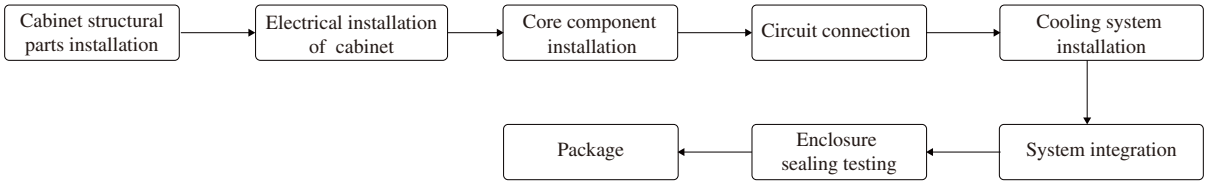


Our PM motor production adopts end-to-end standardized processes, with advanced manufacturing technologies applied at key production stages. We coordinate production through the integration of our in-house R&D, intelligent manufacturing, and fast-response logistics and raw material supply capabilities.

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.

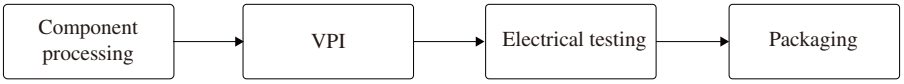
Stators, rotors and other components are then assembled using automated equipment, with precise control over coaxiality, air-gap clearance and fastening torque. Following system assembly, surface coating treatments are applied to provide multi-layer protection, enhancing insulation, wear resistance, 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.

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.

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.

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.

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.

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.

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
	RMB in thousands	%				
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.

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
	RMB in thousands	*%*				
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.

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

Customer	Revenue	Percentage of total revenue of our Group	Business relationship since	Major products provided by our Group	Credit/payment term	Payment method
	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.

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.

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.

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."

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.

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

Supplier	Purchase amount	Percentage of total purchase	Business relationship since	Products Supplied	Credit/payment term	Payment method
	(RMB in thousands)	*(%)*				
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 bases 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.

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

Supplier	Purchase amount	Percentage of total purchase	Business relationship since	Products Supplied	Credit/payment term	Payment method
	(RMB in thousands)	*(%)*				
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.

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:

(1) 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.

(2) 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.

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

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

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,

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

No.	Holder	License/Permits	Issuing Authority	Grant Date	Expiry Date/ Valid Period
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."

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

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.

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.

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.

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)]	*tCO2e*	2,218.78	1,615.43	4,041.50
Indirect GHG emissions (Scope 2) intensity[(2)]	*tCO2e/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.

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."

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.

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

OVERVIEW

Our Board consists of eleven Directors, comprising three executive Directors, four non-executive Directors and four independent non-executive Directors. The Directors other than employee representative Directors are elected by the general meeting, while the employee representative Directors are elected by the employee representatives' congress of the Company. All Directors serve a term of three years and are eligible for re-election upon expiry of their term. Our Board is responsible and has general powers for the management and conduct of our business.

The senior management of our Company consists of six members, who are responsible for the management of day-to-day operations of our Group.

DIRECTORS

The following table sets forth certain information of our Directors:

Name	Age	Position(s)	Roles and responsibilities	Date of joining our Group	Date of appointment as a Director	Relationship with other Directors or senior management
Executive Directors						
Ms. Fu Jie (付傑女士)	49	Chairwoman of the Board, Executive Director and general manager	Responsible for the overall operation and management of our Group	December 2008	December 2008	Sister-in-law of Mr. Zhang Chunhui; Maternal aunt of Mr. Zhang Jinbin's spouse
Mr. Wang Yong (王勇先生)	54	Vice chairman of the Board, Executive Director and deputy general manager	Responsible for marketing and business development of our Group	April 2017	April 2017	None
Mr. Zhang Chunhui (張春暉先生)	57	Executive Director and deputy general manager	Responsible for technology research and development of our Group	June 2005	June 2005	Brother-in-law of Ms. Fu Jie; Uncle-in-law of Mr. Zhang Jinbin's spouse
Non-executive Directors						
Mr. Wei Bin	66	Non-executive Director	Responsible for providing guidance for the strategy and business development of our Group	October 2022	October 2022	None
Ms. Xu Jinxiu (徐金秀女士)	62	Non-executive Director	Responsible for providing guidance for the strategy and business development of our Group	November 2014	April 2017	None

Name	Age	Position(s)	Roles and responsibilities	Date of joining our Group	Date of appointment as a Director	Relationship with other Directors or senior management
Ms. Yang Qiuju (楊秋菊女士)	38	Non-executive Director	Responsible for providing guidance for the strategy and business development of our Group	May 2012	April 2017	None
Mr. Man Yeung Chi (文揚之先生)	66	Non-executive Director	Responsible for providing guidance for the strategy and business development of our Group	June 2026	June 2026	None
Independent Non-executive Directors						
Ms. Liu Ye (劉曄女士)	55	Independent non-executive Director	Responsible for providing independent opinion and judgment to our Board	March 2024	March 2024	None
Ms. Yang Hongqin (楊宏芹女士)	49	Independent non-executive Director	Responsible for providing independent opinion and judgment to our Board	March 2024	March 2024	None
Mr. Lin Mingyao (林明耀先生)	66	Independent non-executive Director	Responsible for providing independent opinion and judgment to our Board	March 2024	March 2024	None
Mr. Lam Ka Tak (林嘉德先生)	44	Independent non-executive Director	Responsible for providing independent opinion and judgment to our Board	June 2026	June 2026	None

Executive Directors

Ms. Fu Jie (付傑女士), aged 49, is the chairwoman of the Board, executive Director and general manager of the Company, primarily responsible for the overall operation and management of our Group. She joined our Group in December 2008 and has served as a Director and the general manager of our Company since then, and as the chairwoman of the Board since April 2017. Concurrently, Ms. Fu holds management positions in several of our subsidiaries, including (i) the person in charge of the Liaoning branch of Jiangsu Jasung Intelligent Industrial Technology Co., Ltd.* (江蘇嘉軒智能工業科技股份有限公司遼寧分公司) since April 2021, (ii) the director and manager of Yidu Jasung since September 2024, and (iii) the director and manager of Tianjin Jasung at almost all material times since April 2020.

Prior to joining our Group, from May 2004 to June 2008, Ms. Fu served as a manager of AIGI Industrial Group of Companies Limited* (艾志工業技術集團有限公司) (formerly known as AIGI (Nanjing) Mechanical Industrial Technology Co., Ltd.* (艾志(南京)機械工業技術有限公司)), primarily responsible for the research and development, production and sales of industrial sealing products, lubrication products and related materials, as well as hydraulic maintenance services.

Ms. Fu obtained a bachelor's degree in management from Harbin University of Commerce (哈爾濱商業大學) in July 2005 in the PRC.

Mr. Wang Yong (王勇先生), aged 54, is the vice chairman of the Board, executive Director and deputy general manager of the Company, primarily responsible for marketing and business development of our Group. He joined our Group in April 2017 and has served as a Director since April 2017, as the deputy general manager since June 2021 and as the vice chairman of the Board since May 2023. Concurrently, Mr. Wang has also served as a director of Shandong Quanxing Jasung Intelligent Industrial Technology Co., Ltd.* (山東泉興嘉軒智能工業科技有限公司), a company owned as to 40.00% by our Company.

Prior to joining our Group, from March 1999 to May 2013, Mr. Wang served as a deputy general manager of AIGI Industrial Group of Companies Limited* (艾志工業技術集團有限公司) (formerly known as AIGI (Nanjing) Mechanical Industrial Technology Co., Ltd.* (艾志(南京)機械工業技術有限公司)), where he was responsible for market strategy formulation and business development of the company. From January 2016 to December 2017, he worked at Shanghai Suke Trading Co., Ltd.* (上海速客貿易有限公司).

Mr. Wang obtained a bachelor's degree in mechanical engineering from Northwest Institute of Light Industry (西北輕工業學院) (currently known as Shaanxi University of Science and Technology (陝西科技大學)) in July 1996 in the PRC, and a master's degree in business administration from China Europe International Business School (中歐國際工商學院) in September 2009 in the PRC.

Mr. Zhang Chunhui (張春暉先生), aged 57, is an executive Director and deputy general manager of the Company, primarily responsible for technology research and development of our Group. He joined our Group in June 2005 and has served as a Director since then and as the deputy general manager since June 2021.

Prior to joining our Group, Mr. Zhang worked at Shenyang Junfeng CNC Equipment Co., Ltd.* (瀋陽峻峰數控設備有限公司).

Mr. Zhang completed a secondary specialized programme in computer application at Shenyang First Industrial School (瀋陽第一工業學校) (currently known as Shenyang Ligong University (瀋陽理工大學)) in July 1990 in the PRC. He subsequently obtained a junior college diploma in computer network technology from the Open University of China (國家開放大學) in July 2022 in the PRC, and a bachelor's degree in mechanical design, manufacturing and automation from Changzhou Institute of Technology (常州工學院) in July 2025 in the PRC through part-time studies.

Mr. Zhang obtained the qualification of Intermediate Engineer (Mechanical Engineering) granted by the Changzhou Mechanical Engineering Intermediate Professional Qualification Evaluation Committee* (常州市機械工程中級專業技術資格評審委員會) in November 2019.

Non-executive Directors

Mr. Wei Bin, aged 66, is a non-executive Director of the Company, primarily responsible for providing guidance for the strategy and business development of our Group. He joined our Group in October 2022 and has served as a Director of our Company since then. Concurrently, Mr. Wei has served as a partner in the investment department of Beijing Woyan Capital Management Center (Limited Partnership)* (北京沃衍資本管理中心(有限合夥)) since September 2018.

Prior to joining our Group, from December 1995 to July 2018, Mr. Wei worked at General Electric Company in the United States. During this period, from May 2011 to April 2017, he was seconded to the Shanghai global research centre of GE (China) Energy Development Co., Ltd.* (通用電氣(中國)能源發展有限公司)(formerly known as GE (China) R&D Centre Co., Ltd.* (通用電氣(中國)研究開發中心有限公司)), where he served as a director and general manager of manufacturing technology. His last position at General Electric Company was chief engineer.

Mr. Wei obtained a PhD degree from the University of Nebraska – Lincoln in May 1994 in the United States.

Ms. Xu Jinxiu (徐金秀女士), aged 62, is a non-executive Director of the Company, primarily responsible for providing guidance for the strategy and business development of our Group. She joined our Group in November 2014 and has served as a Director of our Company since April 2017.

Prior to assuming her current position, Ms. Xu served as the finance director and deputy general manager of the Company, and was responsible for the financial management of our Company.

Prior to joining our Group, from June 1979 to September 1998, she served as the financial manager at Jiaohe City Grain Bureau of Jilin Province* (吉林省蛟河市糧食局). From September 1998 to April 2002, she served as a staff member at Changzhou Panjia Grain Administration Office of Jiangsu Province* (江蘇省常州市潘家糧管所). From January 2005 to December 2009, she served as the financial manager at Changzhou Yihe Rubber Products Co., Ltd.* (常州逸和橡膠製品有限公司), primarily responsible for financial management. From January 2010 to December 2012, she served as the financial manager at China Railway Construction Electrification Bureau Group Rail Transit Equipment Co., Ltd.* (中鉄建電氣化局集團軌道交通器材有限公司), primarily responsible for financial management.

Ms. Xu obtained a junior college diploma in accounting from Jilin Radio and Television University (吉林廣播電視大學) (currently known as the Open University of Jilin (吉林開放大學)) in December 1986 in the PRC.

Ms. Yang Qiuju (楊秋菊女士), aged 38, is a non-executive Director of the Company, primarily responsible for providing guidance for the strategy and business development of our Group. She joined our Group in May 2012 and has served as an employee representative Director of our Company since April 2017, and as the business president since January 2022.

Prior to assuming her current roles, she held successive positions within our Company, including administration manager from May 2012 to December 2021, primarily responsible for administrative management and office operations, and the secretary to the Board from April 2017 to September 2025, primarily responsible for secretarial matters of the Board, information disclosure and investor relations management.

Ms. Yang obtained a college diploma in computer network technology from Heilongjiang Agricultural Economy Vocational College* (黑龍江農業經濟職業學院) in July 2010 in the PRC.

Mr. Man Yeung Chi (文揚之先生) aged 66, joined our Group in June 2026 and has served as a non-executive Director since then, primarily responsible for providing guidance for the strategy and business development of our Group.

Concurrently, Mr. Man has served as a vice president of the Greater China business development and aftermarket service at Metso International (Hong Kong) Limited* (美卓國際(香港)有限公司), a subsidiary of Metso Oyj, a company listed on the Nasdaq Helsinki (stock code: METSO) since August 2025, primarily responsible for investments, mergers and acquisitions and aftermarket business development.

Prior to joining our Group, from September 1977 to August 2019, Mr. Man worked at Epiroc Trading Co., Ltd.* (安百拓貿易有限公司) (formerly known as Atlas Copco (China) Trading Co., Ltd.* (阿特拉斯科普柯(中國)貿易有限公司)), a subsidiary of Epiroc AB, a company listed on the Nasdaq Stockholm (stock code: EPI A and EPI B). His last position prior to his departure was regional general manager, Greater China, of the mining and rock excavation technique business.

Mr. Man completed his secondary education at Kwun Tong Maryknoll College in June 1976. Mr. Man has received several industry awards in recognition of his professional achievements. He was awarded "Manager of the Year" at the T50 Summit of World Construction Machinery Industry, which was jointly organized by the China Construction Machinery Association, the Association of Equipment Manufacturers, the Korean Construction Equipment Manufacturers Association and China Construction Machinery Magazine in 2015 and 2017. He was also honored as a "New Leading Figure of China's Economy" by China Economic Herald (中國經濟導報) and Economic Daily (經濟日報) in 2015.

Independent non-executive Directors

Ms. Liu Ye (劉曄女士), aged 55, is an independent non-executive Director of the Company, primarily responsible for providing independent advice and judgment to the Board. She joined our Group in March 2024 and has served as an independent Director since then.

Concurrently, Ms. Liu has served as a partner and the person-in-charge of the Changzhou branch of Tianheng Certified Public Accountants (Special General Partnership)* (天衡會計師事務所(特殊普通合夥)常州分所) since December 2013.

Prior to joining our Group, from September 1989 to June 2002, Ms. Liu worked at Wujin Diesel Engine Factory* (武進柴油機廠). Following her departure from Wujin Diesel Engine Factory*, she subsequently worked at Jiangsu Wujin Certified Public Accountants Co., Ltd.* (江蘇武晉會計師事務所有限公司) and at Changzhou Yongheng Finance and Taxation Consulting and Planning Co., Ltd.* (常州永衡財稅諮詢策劃有限公司) (formerly known as Changzhou Yongshen Renhe Certified Public Accountants Co., Ltd.* (常州永申人合會計師事務所有限公司)). In both roles, she was primarily responsible for audit engagements.

Ms. Liu obtained a college diploma in accounting from Jiangsu Radio and Television University (江蘇廣播電視大學) (currently known as Jiangsu Open University (江蘇開放大學)) in July 1997 in the PRC, and a bachelor's degree in economic management from the Correspondence Institute of the Party School of the Central Committee of the Communist Party of China (中共中央黨校函授學院) in December 2001 in the PRC, both through part-time studies.

Ms. Yang Hongqin (楊宏芹女士), aged 49, is an independent non-executive Director of the Company, primarily responsible for providing independent advice and judgment to the Board. She joined our Group in March 2024 and has served as an independent Director since then.

Concurrently, Ms. Yang has served as (i) an associate professor at Shanghai University of International Business and Economics (上海對外經貿大學) since June 2008, (ii) the chief lawyer of Shanghai Zhongdao Law Firm (上海中島律師事務所) since December 2021, and (iii) an independent director of Shanghai Mercury Home Textile Co., Ltd. (上海水星家用紡織品股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603365) since June 2025.

Prior to joining our Group, Ms. Yang served as a part-time lawyer at Shanghai Haoxin Law Firm* (上海市浩信律師事務所).

Ms. Yang successively obtained a bachelor's degree in law, a master's degree in civil and commercial law and a doctor's degree in economic law from East China Institute of Political Science and Law (華東政法學院) (currently known as East China University of Political Science and Law (華東政法大學)) in July 1999, July 2002 and June 2007 in the PRC, respectively.

Ms. Yang obtained the Legal Professional Qualification of the PRC and has been admitted as a part-time lawyer since 2003. Ms. Yang also obtained the qualification of independent director issued by the Shanghai Stock Exchange in November 2014.

Mr. Lin Mingyao (林明耀先生), aged 66, is an independent non-executive Director of the Company, primarily responsible for providing independent advice and judgment to the Board. He joined our Group in March 2024 and has served as an independent Director since then.

Concurrently, Mr. Lin has served as (i) a professor at the School of Electrical Engineering of Southeast University (東南大學) since April 2004, (ii) an executive director and general manager of Nanjing Zhiyuan Electric Technology Co., Ltd.* (南京致源電氣科技有限公司), (iii) a director of Jiangsu Thermoacoustic Electromechanical Technology Co., Ltd.* (江蘇熱聲機電科技有限公司), (iv) an independent director of Jiangsu Daybright Intelligent Electric Co., LTD. (江蘇大燁智能電氣股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300670) since December 2020, (v) an independent director of Wetown Electric Group Co., Ltd* (威騰電氣集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688266) since February 2023, (vi) an executive director and a general manager of Ningbo Yingkai Intelligent Equipment Co., Ltd.* (寧波英凱智能裝備有限公司) since March 2023 and (vii) an independent director of Fortior Technology (Shenzhen)Co., Ltd. (峰岹科技(深圳)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688279) and the Stock Exchange (stock code: 01304) since March 2025.

Prior to joining our Group, from April 1985 to March 2004, Mr. Lin subsequently served as a lecturer and an associate professor at the School of Electrical Engineering of Southeast University (東南大學), primarily responsible for teaching, research and talent development in the field of electrical engineering.

Mr. Lin successively obtained a bachelor's degree and a master's degree in electrical engineering from Nanjing Institute of Technology (南京工學院) (currently known as Southeast University (東南大學)) in July 1982 and February 1985 in the PRC, respectively. He further obtained a doctor's degree in electrical engineering from Southeast University (東南大學) in April 1996 in the PRC.

Mr. Lam Ka Tak (林嘉德先生), aged 44, joined our Group in June 2026 and has served as an independent non-executive Director since then, primarily responsible for providing independent advice and judgment to the Board.

Concurrently, Mr. Lam has held positions in several companies. Since September 2010, he has served as the chief financial officer and company secretary of Beijing Health (Holdings) Limited (北京健康(控股)有限公司) a company listed on the Stock Exchange (stock code: 2389), primarily responsible for financial and compliance management. Since December 2015, he has served as an executive director of Beijing Sports and Entertainment Industry Group Limited (北京體育文化產業集團有限公司), a company listed on the Stock Exchange (stock code: 1803), primarily responsible for compliance management.

Prior to joining our Group, Mr. Lam served as a senior auditor at RSM Nelson Wheeler from May 2003 to March 2006, and as an audit manager at KPMG from April 2006 to September 2010, primarily responsible for audit work. From 2016 to October 2025, he served as an independent non-executive director at Net-a-Go Technology Co., Ltd. (網譽科技有限公司), a company listed on the Stock Exchange (stock code: 1483). From March 2025 to January 2026, he served as an independent non-executive director at Jiangsu Horizon Chain Supermarket Company Limited (江蘇宏信超市連鎖股份有限公司), a company listed on the Stock Exchange (stock code: 2625).

Mr. Lam obtained a bachelor's degree in accounting from The Hong Kong Polytechnic University (香港理工大學) in September 2003 and a master's degree in business administration from The University of Hong Kong (香港大學) in September 2013, both in Hong Kong.

Mr. Lam has been a member of the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") since January 2010 and a fellow of the HKICPA since September 2024.

SENIOR MANAGEMENT

The following table sets forth certain information of our senior management team:

Name	Age	Position(s)	Roles and responsibilities	Date of joining our Group	Date of appointment as a senior management	Relationship with other Directors and senior management
Ms. Fu Jie (付傑女士)	49	Chairwoman of the Board, Executive Director and general manager	Responsible for the overall operation and management of our Group	December 2008	December 2008	Sister-in-law of Mr. Zhang Chunhui; Maternal aunt of Mr. Zhang Jinbin's spouse
Mr. Wang Yong (王勇先生)	54	Vice chairman of the Board, Executive Director and deputy general manager	Responsible for marketing and business development of our Group	April 2017	April 2017	None
Mr. Zhang Chunhui (張春暉先生)	57	Executive Director and deputy general manager	Responsible for technology research and development of our Group	June 2005	June 2005	Brother-in-law of Ms. Fu Jie; Uncle-in-law of Mr. Zhang Jinbin's spouse
Mr. Wu Qinglin (吳慶林先生)	39	Deputy general manager	Responsible for production management and warehouse operation	April 2022	April 2022	None

Name	Age	Position(s)	Roles and responsibilities	Date of joining our Group	Date of appointment as a senior management	Relationship with other Directors and senior management
Mr. Zhang Jinbin (張錦鑌先生)	42	Finance director	Responsible for finance management	July 2015	June 2021	Spouse of Ms. Fu Jie's niece; Spouse of Mr. Zhang Chunhui's niece-in-law
Ms. Feng Wenwen (馮文文女士)	32	Secretary to the Board	Responsible for the secretarial matters of the Board, information disclosure and investor relations management of the Group	January 2022	September 2025	None

For details of the biographies of Ms. Fu Jie (付傑女士), Mr. Wang Yong (王勇先生) and Mr. Zhang Chunhui (張春暉先生), see "– Executive Directors" in this section.

Mr. Wu Qinglin (吳慶林先生), aged 39, joined our Group in April 2022 and has served as the deputy general manager of our Company since then, primarily responsible for production management and warehouse operation.

Prior to joining our Group, Mr. Wu worked at Chicony Electronics (Suzhou) Co., Ltd.* (群光電子(蘇州)有限公司), Belkin Electronics (Changzhou) Co., Ltd.* (貝爾金電器(常州)有限公司), Nidec Kaiyu Auto Electric (Jiangsu) Co., Ltd.* (尼得科凱宇汽車電器(江蘇)有限公司) (formerly known as Japanese Nidec Kaiyu Auto Electric (Jiangsu) Co., Ltd.*日本電產凱宇汽車電器(江蘇)有限公司) and Changzhou Yunkong Electronics Co., Ltd.* (常州市運控電子有限公司).

Mr. Wu obtained a junior college diploma in business enterprise management from the Open University of China (國家開放大學) in the PRC in January 2024 through part-time studies. Mr. Wu is currently pursuing undergraduate studies in business administration at Hohai University (河海大學) in the PRC.

Mr. Zhang Jinbin (張錦鑌先生), aged 42, joined our Group in July 2015 and has successively served as the finance manager and the finance director of our Company since then, primarily responsible for financial management of our Company, including financial planning, accounting, cash management, cost control, and financial statement preparation. Concurrently, Mr. Zhang served as the finance director of Yidu Jasung. From April 2020 to April 2025, Mr. Zhang also served as a finance director of Tianjin Jasung.

Prior to joining our Group, Mr. Zhang worked at (i) China Resources Snow Beer Changzhou Co., Ltd.* (華潤雪花啤酒(常州)有限公司) (formerly known as Changzhou China Resources Beer Co., Ltd.* (常州華潤啤酒有限公司) from March 2006 to August 2007, and (ii) Changzhou Ruigao Automotive Parts Co., Ltd.* (常州瑞高汽車配件有限公司) from October 2007 to July 2015.

Mr. Zhang obtained a college diploma in corporate finance from Changzhou Institute of Technology (常州工學院) in June 2005, and a bachelor's degree in accounting from Changzhou Institute of Technology (常州工學院) in January 2012 in the PRC through part-time studies.

Ms. Feng Wenwen (馮文文女士), aged 32, joined our Group in January 2022 and has successively served as assistant to the general manager and securities affairs representative, and as the secretary to our Board since then, primarily responsible for the secretarial matters of the Board, information disclosure and investor relations management of the Group.

Prior to joining our Group, Ms. Feng worked at the Shanghai Branch of Beijing Rongda Business Co., Ltd.* (北京榮大商務有限公司上海分公司) from May 2019 to August 2020 and at the Shanghai Pudong New Area Branch of Beijing Rongda Business Co., Ltd.* (北京榮大商務有限公司上海浦東新區分公司) from September 2020 to November 2021, with her last position being project manager.

Ms. Feng obtained a bachelor's degree in finance from Nanjing University of Finance & Economics Hongshan College (南京財經大學紅山學院) in June 2016 in the PRC.

Ms. Feng obtained the qualification certificate for board secretaries issued by the Shenzhen Stock Exchange in March 2024.

JOINT COMPANY SECRETARIES

Ms. Feng Wenwen (馮文文女士) and Ms. Ma Hoi Ki (馬海琪女士) have been appointed as our joint company secretaries. See "– Senior Management" above for Ms. Feng's biography.

Ms. Ma Hoi Ki has over ten years of experience in company secretarial services and corporate governance compliance. She is currently serving as a company secretarial services manager at Tricor Services Limited (卓佳專業商務有限公司). Ms. Ma obtained a master's degree in corporate governance from Hong Kong Polytechnic University in September 2020. She is a Chartered Secretary, Chartered Governance Professional and an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

CONFIRMATION FROM OUR DIRECTORS

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in May 2026; and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors confirms (i) his or her independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules; (ii) that he or she has no past or present financial or other interest in the business of our Company or our subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date; and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointment.

Rule 8.10(2) of the Listing Rules

As of the Latest Practicable Date, none of our Directors (other than our independent non-executive Directors) had interests in any business, which competes or is likely to compete, either directly or indirectly, with our business that would require disclosure under Rule 8.10(2) of the Listing Rules.

BOARD COMMITTEES

Our Company has established four Board committees in accordance with the relevant PRC laws and regulations, the Articles and the corporate governance practice under the Listing Rules, namely the Audit Committee, the Remuneration and Assessment Committee, the Nomination Committee and the Strategy and ESG committee.

Audit Committee

We have established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Audit Committee consists of three Directors, namely Ms. Liu Ye (chairperson), Ms. Yang Qiuju and Mr. Lam Ka Tak. Ms. Liu Ye and Mr. Lam Ka Tak are appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee are to assist the Board in independently reviewing our financial position and the implementation and effectiveness of our internal control system, to oversee compliance in relation to our operational management and investment business, to review and supervise our internal audit work, and to independently communicate with, supervise and verify relevant matters with the internal and external auditors.

Remuneration and Assessment Committee

We have established the Remuneration and Assessment Committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Remuneration and Assessment Committee consists of three Directors, namely Mr. Lin Mingyao (chairperson), Mr. Wang Yong and Ms. Yang Hongqin. The primary duties of the Remuneration and Assessment Committee are to formulate the assessment criteria for, and conduct assessments of, our Directors and senior management, as well as to formulate and review the remuneration policies and plans for our Directors and senior management.

Nomination Committee

We have established the Nomination Committee in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Nomination Committee consists of three Directors, namely Ms. Fu Jie (chairperson), Ms. Yang Hongqin and Mr. Lin Mingyao. The primary duties of the Nomination Committee are to select and recommend candidates for appointment as our Directors and senior management, and to formulate the selection criteria and procedures for such appointments.

Strategy and ESG Committee

We have established the Strategy and ESG Committee. The Strategy and ESG Committee consists of five Directors, namely Ms. Fu Jie (chairperson), Mr. Wang Yong, Mr. Zhang Chunhui, Mr. Wei Bin and Mr. Man Yeung Chi. The primary duties of the Strategy and ESG Committee are to study and make recommendations on the Company's long-term development strategies, major investment decisions and sustainable development matters.

CORPORATE GOVERNANCE CODE

Our Directors recognize the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. Save as disclosed below, our Group is expected to comply with the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

Pursuant to code provision C.2.1 of Part 2 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the roles of chairman and chief executive should be separate and should not be performed by the same individual. We do not have separate roles of chairman and chief executive, and Ms. Fu Jie currently performs both roles as the chairwoman of our Board and the general manager of our Company. Our Board believes that vesting the roles of both the chairman of our Board and general manager in the same person has the benefit of (1) ensuring consistent leadership within our Company, (2) enabling more effective and efficient overall strategic planning for our Company, and (3) facilitating the flow of information between the management and our Board. Our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of chairman of our Board and general manager of our Company at a time when it is appropriate by taking into account the circumstances of our Company as a whole.

BOARD AND WORKFORCE DIVERSITY

We have adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve diversity of our Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. Our Nomination Committee is responsible for the implementation of the Board Diversity Policy. Upon completion of the **[REDACTED]**, our Nomination Committee will review our board diversity policy from time to time to ensure its continued effectiveness and we will disclose the implementation of the Board Diversity Policy in our corporate governance report on an annual basis.

Pursuant to the Board Diversity Policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical capabilities, professional qualifications and skills, knowledge, length of service and other related factors. We will also consider our own business model and special needs. The ultimate selection of Director candidates will be based on merits of the candidates and contribution that the candidates will bring to our Board.

Our Board currently consists of five female Directors and six male Directors with a balanced mix of knowledge and skills, including but not limited to overall management and strategic development, finance, accounting and risk management. They obtained degrees in various majors including mechanical engineering, management, and business administration. We have four independent non-executive Directors with different industry backgrounds, representing over one-third of the members of our Board. Furthermore, our Board has a diverse age and gender representation. Taking into account our existing business model and specific needs as well as the different backgrounds of our Directors, the composition of our Board satisfies our Board Diversity Policy.

REMUNERATION

We offer our Directors and senior management members, who are also our Company's employees, emoluments in the form of directors' fees, salaries, allowances and benefits in kind, discretionary bonuses, retirement scheme contributions and share-based payments. Our independent non-executive Directors receive emoluments based on their responsibilities (including being members or the chairperson of our Board committees). We adopt a market and incentive-based employee emolument structure and implement a multi-layered evaluation system which focuses on performance and management goals.

For the years ended December 31, 2023, 2024, and 2025, the aggregate amount of emoluments of our Directors amounted to RMB5.3 million, RMB5.3 million, and RMB5.4 million, respectively. Under the arrangement currently in force, we estimate the total remuneration before taxation, including estimated share-based remuneration, to be accrued to our Directors for the year ending December 31, 2026 to be approximately RMB5.7 million. The actual remuneration of Directors for the year ending on December 31, 2026 may be different from the expected remuneration.

For the years ended December 31, 2023, 2024, and 2025, the total emoluments of the five highest paid individuals (including two, three, and three Directors) by us amounted to RMB6.9 million, RMB6.4 million, and RMB6.7 million, respectively.

During the Track Record Period, no remuneration was paid to our Directors or any of the five highest paid individuals as an inducement to join, or upon joining, our Group. During the Track Record Period, no compensation was paid to, or receivable by, any of our Directors, former Directors, former Supervisors or the five highest paid individuals for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the Track Record Period. Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors or the five highest paid individuals during the Track Record Period.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management and will, following the **[REDACTED]**, receive recommendations from our Remuneration and Assessment Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and senior management and the performance of our Group.

COMPLIANCE ADVISER

We have appointed Frontpage Capital Limited as our Compliance Adviser pursuant to Rule 3A.19 of the Listing Rules. The Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will advise our Company in certain circumstances including:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(iii) where we propose to use the **[REDACTED]** of the **[REDACTED]** in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate or other information in this document; and

(iv) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the **[REDACTED]** or **[REDACTED]** of its **[REDACTED]** securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of the appointment will commence on the **[REDACTED]** and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the **[REDACTED]**.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Ms. Fu Jie, Changzhou Hongbo, Changzhou Jinbo, Changzhou Tongbo, Mr. Zhang Chunhui, Mr. Wang Yong and Ms. Xu Jinxiu directly held approximately 16.98%, 8.02%, 0.62%, 0.62%, 8.37%, 2.74% and 0.96% of the Shares of our Company, respectively. By virtue of (i) Ms. Fu Jie being the executive partner of Changzhou Hongbo, Changzhou Jinbo and Changzhou Tongbo and therefore being responsible for the execution of partnership affairs and ultimately controlling the voting power of such entities, and (ii) Ms. Fu Jie, Mr. Zhang Chunhui, Mr. Wang Yong, Ms. Xu Jinxiu, Changzhou Hongbo, Changzhou Jinbo and Changzhou Tongbo being parties acting in concert pursuant to the Concert Party Agreements, details of which are set out in "History, Development and Corporate Structure – Concert Party Agreements", Ms. Fu Jie, Changzhou Hongbo, Changzhou Jinbo, Changzhou Tongbo, Mr. Zhang Chunhui, Mr. Wang Yong and Ms. Xu Jinxiu were together entitled to control the exercise of approximately 38.32% of the voting rights at the general meetings of our Company as of the Latest Practicable Date. Accordingly, they are a group of the Controlling Shareholders of our Company under the Listing Rules.

For background and biographical details of Ms. Fu Jie, Mr. Zhang Chunhui, Mr. Wang Yong and Ms. Xu Jinxiu, see "Directors and Senior Management" in this document. For details of Changzhou Hongbo, Changzhou Jinbo, Changzhou Tongbo, see "History, Development and Corporate Structure – Employees Holding Platforms" in this document.

Immediately following completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), Ms. Fu Jie, Changzhou Hongbo, Changzhou Jinbo, Changzhou Tongbo, Mr. Zhang Chunhui, Mr. Wang Yong and Ms. Xu Jinxiu will be entitled to control the exercise of approximately **[REDACTED]**% of the voting rights at the general meetings of our Company. Accordingly, upon **[REDACTED]**, they will remain as a group of the Controlling Shareholders of our Company as defined under the Listing Rules.

INTEREST IN COMPETING BUSINESS

As of the Latest Practicable Date, each of our Controlling Shareholders had confirmed that none of them had any interest in any business, other than our business, which competes or is likely to compete, either directly or indirectly, with our Group's business which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE CLOSE ASSOCIATES

We believe that we are capable of carrying on our business independently from our Controlling Shareholders and their respective close associates (other than our Group) after the **[REDACTED]** for the following reasons:

Management Independence

We are able to carry on our business independently from the Controlling Shareholders from a management perspective. Our Board comprises three executive Directors, four non-executive Directors and four independent non-executive Directors.

(i) each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he/she must act for the benefit and in the best interests of our Company and not allow any conflict between his/her duties as a Director and his/her personal interests;

(ii) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group. For details of the industry experience of our senior management team, see "Directors and Senior Management" in this document;

(iii) we have four independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review;

(iv) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) shall abstain from voting on any Board resolutions approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates has a material interest and shall not be counted in the quorum present at the relevant Board meeting; and

(v) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and the Controlling Shareholders which would support our independent management. For details, see "– Corporate Governance" below in this section.

Based on the above, our Directors are satisfied that our Board as a whole, together with our senior management team, are able to perform the managerial role in our Group independently and capable of managing our business independently from the Controlling Shareholders and their respective close associates (other than our Group) after the **[REDACTED]**.

Operational independence

Our Directors consider that our operations do not depend on our Controlling Shareholders and their respective close associates (other than our Group) for the following reasons:

(i) our Group possesses sufficient capital, property, equipment, technology and human resources to operate its business independently, and holds all the relevant material licenses, qualifications, intellectual properties and permits required that are necessary for conducting our business;

(ii) our Group has an established and complete organizational structure, comprising various separate departments each charged with specific responsibilities;

(iii) our Group also has independent access to, among others, customers, suppliers and other resources required for our Group's business, and we operate our business independently, with independent rights to make and implement our operational decisions;

(iv) we maintain a set of internal control procedures to facilitate the effective operation of our business. See "Business – Risk Management and Internal Control" for details; and

(v) we have adopted a set of corporate governance practices and manuals, such as rules with respect to the shareholders' meeting, the board meeting, the board committees' meeting and the conduct of connected transactions, pursuant to relevant laws and regulations, to facilitate the effective operation of our business.

Financial independence

We have established our own finance department with a team of independent financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control function of our Company, independent from our Controlling Shareholders. We can make financial decisions independently according to our business needs. Our Company maintains bank accounts independently and does not share any bank account with our Controlling Shareholders who do not intervene with our use of funds. We have also established an independent and sound audit system, a standardized financial and accounting system and a complete financial management system. We have sufficient capital and banking facilities to operate our business independently, and have adequate internal resources and a strong credit profile to support our daily operations.

Ms. Fu Jie, one of our Controlling Shareholders (as guarantor), has provided an irrevocable guarantee with a maximum principal amount of RMB190 million for the individual credit facilities between the Company (as debtor) and a principal bank (as creditor) for the period from October 22, 2024 to December 21, 2028. The Company intends to release such guarantee before the **[REDACTED]**. Notwithstanding the aforementioned guarantee provided by Ms. Fu Jie, we have obtained credit facilities from a number of independent financial institutions without any financial assistance provided by our Controlling Shareholders. As of December 31, 2025, the total amount of the credit facilities granted by independent financial institutions without any financial assistance provided by our Controlling Shareholders was approximately RMB1.2 billion, and the total unutilized amount of such credit facilities was approximately RMB704.1 million, which was sufficient to cover the guarantee provided by Ms. Fu Jie and demonstrated that we are capable of obtaining financing from Independent Third Parties without relying on any guarantee or security provided by our Controlling Shareholders and their respective close associates. As of the Latest Practicable Date, except for aforementioned guarantee provided by Ms. Fu Jie, there were no outstanding loans or guarantee provided by or granted to our Controlling Shareholders and their respective close associates. We expect that we will not rely on our Controlling Shareholders and their respective close associates for financing after the **[REDACTED]** and we will have sufficient working capital to operate our business independently.

Based on the above, our Directors are of the view that we are capable of carrying on our business independently from, and do not place undue reliance on, our Controlling Shareholders and their respective close associates after the **[REDACTED]**.

CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"), which sets out principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in protection of our Shareholders' interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests:

(i) where a Shareholders' meeting is to be held for considering proposed transactions in which any Shareholders or any of their respective associates has a material interest, the interested Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

(ii) as part of our preparation for the **[REDACTED]**, we have amended our Articles of Association to comply with the Listing Rules which will become effective upon **[REDACTED]**. In particular, our Articles of Association provides that, a Director shall be abstained from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her close associates has a material interest nor shall such Director be counted in the quorum present at the Board meeting;

(iii) our Company has established internal control mechanisms to identify connected transactions. Upon **[REDACTED]**, if our Company enters into connected transactions with our Controlling Shareholders and their respective close associates, our Company will comply with the applicable Listing Rules;

(iv) we are committed that our Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed four independent non-executive Directors, and we believe our independent non-executive Directors (i) possess sufficient experiences, (ii) are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment, and (iii) will be able to provide an impartial and external opinion to protect the interests of our Shareholders as a whole. For details of the independent non-executive Directors, see "Directors and Senior Management" in this document; and

(v) we have appointed Frontpage Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the **[REDACTED]** and the Conversion of Unlisted Shares into H Shares (assuming the **[REDACTED]** is not exercised), each of the following persons will have an interest and/or short position in Shares or the underlying Shares which would be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

			As of the Latest Practicable Date		Immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised)	
Name	Nature of interest	Description of Shares	Number of Shares[1]	Approximate percentage of shareholding in the issued share capital of our Company[2]	Number of Shares[1]	Approximate percentage of shareholding in the total issued share capital of our Company[3]
Ms. Fu Jie[4]	(1) Beneficial owner	Unlisted Shares	10,895,871	16.98%	[REDACTED]	[REDACTED]
		H Shares	–	–	[REDACTED]	[REDACTED]
	(2) Interest in controlled corporations	Unlisted Shares	5,946,875	9.27%	[REDACTED]	[REDACTED]
		H Shares	–	–	[REDACTED]	[REDACTED]
	(3) Interest held jointly with other persons	Unlisted Shares	7,739,260	12.07%	[REDACTED]	[REDACTED]
		H Shares	–	–	[REDACTED]	[REDACTED]
Mr. Zhang Chunhui[5]	(1) Beneficial owner	Unlisted Shares	5,367,959	8.37%	[REDACTED]	[REDACTED]
		H Shares	–	–	[REDACTED]	[REDACTED]
	(2) Interest held jointly with other persons	Unlisted Shares	19,214,047	29.95%	[REDACTED]	[REDACTED]
		H Shares	–	–	[REDACTED]	[REDACTED]
Mr. Wang Yong[6]	(1) Beneficial owner	Unlisted Shares	1,756,787	2.74%	[REDACTED]	[REDACTED]
		H Shares	–	–	[REDACTED]	[REDACTED]
	(2) Interest held jointly with other persons	Unlisted Shares	22,825,219	35.58%	[REDACTED]	[REDACTED]
		H Shares	–	–	[REDACTED]	[REDACTED]
Ms. Xu Jinxiu[7]	(1) Beneficial owner	Unlisted Shares	614,514	0.96%	[REDACTED]	[REDACTED]
		H Shares	–	–	[REDACTED]	[REDACTED]
	(2) Interest held jointly with other persons	Unlisted Shares	23,967,492	37.36%	[REDACTED]	[REDACTED]
		H Shares	–	–	[REDACTED]	[REDACTED]
Shanghai Haobo[8]	Beneficial owner	Unlisted Shares	5,686,498	8.86%	[REDACTED]	[REDACTED]
		H Shares	–	–	[REDACTED]	[REDACTED]
Mr. Sun Wei[8]	Interest in controlled corporations	Unlisted Shares	7,763,119	12.10%	[REDACTED]	[REDACTED]
		H Shares	–	–	[REDACTED]	[REDACTED]
Shanghai Guigu Investment[8]	Interest in controlled corporations	Unlisted Shares	7,763,119	12.10%	[REDACTED]	[REDACTED]
		H Shares	–	–	[REDACTED]	[REDACTED]
Suzhou Woyan[9]	Beneficial owner	Unlisted Shares	5,550,103	8.65%	[REDACTED]	[REDACTED]
		H Shares	–	–	[REDACTED]	[REDACTED]
Mr. Cheng Yong[9]	Interest in controlled corporations	Unlisted Shares	7,546,854	11.76%	[REDACTED]	[REDACTED]
		H Shares	–	–	[REDACTED]	[REDACTED]
Beijing Woyan[9]	Interest in controlled corporations	Unlisted Shares	7,546,854	11.76%	[REDACTED]	[REDACTED]
		H Shares	–	–	[REDACTED]	[REDACTED]

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 64,153,966 Unlisted Shares in issue as of the Latest Practicable Date.

(3) The calculation is based on the total number of **[REDACTED]** Shares (consisting of **[REDACTED]** Unlisted Shares, **[REDACTED]** H Shares converted from Unlisted Shares and **[REDACTED]** H Shares to be **[REDACTED]** pursuant to the **[REDACTED]**) in issue immediately after completion of the **[REDACTED]** (without taking into account the H Shares which may be **[REDACTED]** upon the exercise of the **[REDACTED]**).

(4) As of the Latest Practicable Date, (i) Ms. Fu Jie directly held 10,895,871 Unlisted Shares; (ii) Ms. Fu Jie was deemed to be interested in 5,946,875 Unlisted Shares held by Changzhou Hongbo, Changzhou Jinbo and Changzhou Tongbo, in which Ms. Fu Jie acted as the executive partner, respectively; and (iii) Ms. Fu Jie was deemed to be interested in 5,367,959 Unlisted Shares directly held by Mr. Zhang Chunhui, 1,756,787 Unlisted Shares directly held by Mr. Wang Yong and 614,514 Unlisted Shares directly held by Ms. Xu Jinxiu, respectively, pursuant to the Concert Party Agreements.

(5) As of the Latest Practicable Date, (i) Mr. Zhang Chunhui directly held 5,367,959 Unlisted Shares, and (ii) Mr. Zhang Chunhui was deemed to be interested in 16,842,746 Unlisted Shares held and/or controlled by Ms. Fu Jie (including Unlisted Shares directly held by her and through Changzhou Hongbo, Changzhou Jinbo and Changzhou Tongbo), 1,756,787 Unlisted Shares directly held by Mr. Wang Yong and 614,514 Unlisted Shares directly held by Ms. Xu Jinxiu, respectively, pursuant to the Concert Party Agreements.

(6) As of the Latest Practicable Date, (i) Mr. Wang Yong directly held 1,756,787 Unlisted Shares, and (ii) Mr. Wang Yong was deemed to be interested in 16,842,746 Unlisted Shares held and/or controlled by Ms. Fu Jie (including Unlisted Shares directly held by her and through Changzhou Hongbo, Changzhou Jinbo and Changzhou Tongbo), 5,367,959 Unlisted Shares directly held by Mr. Zhang Chunhui and 614,514 Unlisted Shares directly held by Ms. Xu Jinxiu, respectively, pursuant to the Concert Party Agreements.

(7) As of the Latest Practicable Date, (i) Ms. Xu Jinxiu directly held 614,514 Unlisted Shares and (ii) Ms. Xu Jinxiu was deemed to be interested in 16,842,746 Unlisted Shares held and/or controlled by Ms. Fu Jie (including Unlisted Shares directly held by her and through Changzhou Hongbo, Changzhou Jinbo and Changzhou Tongbo), 5,367,959 Unlisted Shares directly held by Mr. Zhang Chunhui and 1,756,787 Unlisted Shares directly held by Mr. Wang Yong, respectively, pursuant to the Concert Party Agreements.

(8) As of the Latest Practicable Date, Shanghai Haobo directly held 5,686,498 Unlisted Shares of our Company, Shanghai Guigu directly held 2,076,621 Unlisted Shares of our Company. Mr. Sun Wei ultimately controlled 100% equity interest in Shanghai Guigu Investment, which was the executive partner of Shanghai Haobo and Shanghai Guigu. Therefore, Mr. Sun Wei and Shanghai Guigu Investment were deemed to be interested in 7,763,119 Unlisted Shares held by Shanghai Haobo, and Shanghai Guigu in the aggregate.

(9) As of the Latest Practicable Date, Suzhou Woyan directly held 5,550,103 Unlisted Shares of our Company, Fuzhou Jiayan directly held 1,996,751 Unlisted Shares of our Company. Mr. Cheng Yong is the executive partner of Beijing Woyan and held approximately 58.15% interest in it. Beijing Woyan was the executive partner of Suzhou Woyan and Fuzhou Jiayan. Therefore, Mr. Cheng Yong and Beijing Woyan were deemed to be interested in 7,546,854 Unlisted Shares held by Suzhou Woyan and Fuzhou Jiayan in the aggregate.

For those who are directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of our Group, see "Appendix V – Statutory and General Information – Further Information about Our Directors and Substantial Shareholders – Disclosure of Interests – (b) Interests of the Substantial Shareholders".

Save as disclosed herein, our Directors are not aware of any other person who will, immediately following the **[REDACTED]** and the Conversion of Unlisted Shares into H Shares (and the **[REDACTED]** of any additional H Shares pursuant to the **[REDACTED]**), have an interest or short position in Shares or underlying Shares, which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of our Company. As of the Latest Practicable Date, our Company was not aware of any arrangement which may result in any change of control in our Company at any subsequent date.

OUR SHARE CAPITAL

Immediately before the [REDACTED]

As of the Latest Practicable Date, the total issued share capital of our Company was RMB64,153,966, comprising 64,153,966 Unlisted Shares with a nominal value of RMB1.00 each.

Upon Completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares

Immediately upon completion of the **[REDACTED]** and the Conversion of Unlisted Shares into H Shares (assuming the **[REDACTED]** is not exercised), the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to the total issued share capital of our Company
Unlisted Shares	**[REDACTED]**	**[REDACTED]**%
H Shares to be converted from Unlisted Shares	**[REDACTED]**	**[REDACTED]**%
H Shares to be **[REDACTED]** pursuant to the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**%
Total	**[REDACTED]**	**100%**

Immediately upon completion of the **[REDACTED]** and the Conversion of Unlisted Shares into H Shares (assuming the **[REDACTED]** is exercised in full), the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to the total issued share capital of our Company
Unlisted Shares	**[REDACTED]**	**[REDACTED]**%
H Shares to be converted from Unlisted Shares	**[REDACTED]**	**[REDACTED]**%
H Shares to be **[REDACTED]** pursuant to the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**%
Total	**[REDACTED]**	**100%**

SHARE CLASSES AND RANKING

Upon completion of the **[REDACTED]** and the Conversion of Unlisted Shares into H Shares, our Shares will consist of Unlisted Shares and H Shares. Unlisted Shares and H Shares are all ordinary Shares in the share capital of our Company and are regarded as the same class of Shares under the Articles of Association.

Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities (such as our certain existing shareholders the Unlisted Shares held by whom will be converted into H Shares according to the filing with the CSRC), H Shares generally cannot be subscribed by or **[REDACTED]** between legal or natural PRC persons.

Unlisted Shares and H Shares shall rank *pari passu* with each other in all respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividend for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollars or Renminbi, whereas all dividends or Unlisted Shares will be paid in Renminbi. Other than cash, dividends could also be paid in the form of shares or a combination of cash and shares.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Pursuant to the PRC Company Law and the Articles of Association, our Company may from time to time by special resolution of shareholders, among others, increase its capital or decrease its capital. For details of circumstances under which our Shareholders' general meetings are required, see "Appendix III – Summary of Articles of Association" in this document.

CONVERSION OF UNLISTED SHARES INTO H SHARES

Pursuant to the regulations prescribed by the securities regulatory authorities of the State Council, the Unlisted Shares may be converted into H Shares. Such converted Shares could be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted Shares, any requisite internal approval process has been duly completed and all the filing procedures with the relevant regulatory authorities, including CSRC which requires administrative filing procedures for the conversion and trading of such converted Shares, have been obtained. In addition, such conversion and trading shall comply with the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. If any of the Unlisted Shares are to be converted, **[REDACTED]** and **[REDACTED]** as H Shares on the Stock Exchange, such conversion, **[REDACTED]** and **[REDACTED]** will need to be filed with the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange.

We will perform the following procedures for the Conversion of Unlisted Shares into H Shares after receiving the approval of the Stock Exchange: (a) giving instructions to our **[REDACTED]** regarding relevant share certificates of the converted H Shares; and (b) enabling the converted H Shares to be accepted as eligible securities by **[REDACTED]** for deposit, clearance and settlement in the **[REDACTED]**.

The Conversion of Unlisted Shares into H Shares will involve an aggregate of **[REDACTED]** Unlisted Shares held by **[REDACTED]** existing Shareholders, representing approximately **[REDACTED]**% of total issued Shares of our Company as of the Latest Practicable Date and approximately **[REDACTED]**% of total issued Shares of our Company upon completion of the Conversion of Unlisted Shares into H Shares and the **[REDACTED]** (assuming the **[REDACTED]** is not exercised).

Filing with CSRC and Full Circulation Application

In accordance with the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請"全流通"業務指引》) and the Overseas Listing Trial Measures announced by the CSRC, H-share listed companies which apply for the conversion of domestic shares and unlisted foreign shares into H shares for listing and circulation on the Stock Exchange shall file the application with the CSRC according to the administrative filing procedures necessary for the Overseas Listing Trial Measures. An H-share listed company may apply for a "Full Circulation" separately or when applying for refinancing overseas. An unlisted domestic joint stock company may apply for "Full Circulation" when applying for an overseas initial public offering.

We [have filed] with the CSRC for, and received the filing notice from the CSRC dated [•] 2026 in relation to the **[REDACTED]** and the Conversion of **[REDACTED]** Unlisted Shares into H Shares on a one-for-one basis upon **[REDACTED]**.

[REDACTED] Approval by the Stock Exchange

We have applied to the Stock Exchange for the approval for the granting of **[REDACTED]** of, and permission to **[REDACTED]**, our H Shares to be **[REDACTED]** pursuant to the **[REDACTED]** (including any H Shares which may be **[REDACTED]** pursuant to the exercise of the **[REDACTED]**) and the H Shares to be converted from **[REDACTED]** Unlisted Shares on the Stock Exchange, which is subject to the approval by the Stock Exchange.

TRANSFER OF SHARES ISSUED PRIOR TO [REDACTED]

In accordance with the PRC Company Law, the shares issued prior to any **[REDACTED]** of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are **[REDACTED]** and traded on the relevant stock exchange. As such, the Shares issued by our Company prior to the **[REDACTED]** will be subject to such statutory restriction on transfer within a period of one year from the **[REDACTED]**.

REGISTRATION OF SHARES NOT LISTED ON THE OVERSEAS STOCK EXCHANGE

According to the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies, the domestic shareholders of unlisted shares shall handle share transfer registration in accordance with the relevant rules of China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司) (the "**CSDC**"), and H-share companies should submit relevant status reports to the CSRC within 15 days after the shares involved in the application completing the transfer registration in the CSDC.

SHAREHOLDERS' APPROVAL FOR THE [REDACTED]

Approval from holders of the Shares is required for our Company to **[REDACTED]** H Shares and seek the **[REDACTED]** of H Shares on the Stock Exchange. Our Company has obtained such approval at the Shareholders' general meeting held on May 28, 2026.

*You should read the following discussion and analysis with our audited consolidated financial information as of and for the Track Record Period), including the notes thereto, included in the Accountants' Report in Appendix I to this document. The consolidated financial information has been prepared in accordance with the International Financial Reporting Standards (the "**IFRS Accounting Standards**"). Potential* **[REDACTED]** *should read all the historical financial information and not rely merely on the information contained in this section. The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical events, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. Past performance is no guarantee of future results. In evaluating our business, you should carefully consider the information provided in this document, including, but not limited to, the sections headed "Risk Factors" and "Business."*

OVERVIEW

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 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 PM pulley suppliers with a market share of over 80%; and (iii) providers of PM electric-drive solutions for the mining industry.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Set forth below are certain key factors which have historically affected our results of operations and may continue to impact our results in the future:

Development of Industries Where We and Our Customers Operate

We specialize in the design, development and commercialization of PM electric-drive products across a wide range of downstream sectors. Demand for our products and solutions is closely linked to market acceptance of PM electric-drive products as replacements for traditional transmission system, as well as the continued growth of the industries in which our customers operate. We strategically align ourselves with prevailing industry trends to capture growth opportunities and deliver sustainable performance.

In recent years, the global and Chinese PM electric-drive markets have grown rapidly, benefiting from multiple drivers, including favorable policies and rising global awareness for green manufacturing with sustainable growth and the industrial needs for unmanned operations with higher precision control supported by electric-control systems. According to Frost & Sullivan, the market size of global PM electric-drive solutions in terms of revenue grew from RMB4.7 billion in 2022 to RMB8.1 billion in 2025, representing a CAGR of 19.9% from 2022 to 2025, and is expected to grow to RMB27.2 billion in 2030, representing a CAGR of 26.3% from 2026 to 2030. Within this landscape, the market in which we operate has maintained and is expected to continue to maintain steady and resilient growth. These favorable market dynamics have provided a solid foundation for our continuous business expansion.

Moreover, our sustainable business and financial growth also depend on the growing demand from the industries in which our major downstream customers operate. Our customers currently span a variety of industries, such as mining, manufacturing and renewable energy. Growth in these downstream industries creates greater demand for our products and enhances our ability to attract new customers. Going forward, we intend to both deepen our presence in existing downstream application scenarios and expand into emerging industries where we can leverage our experience to create a second growth engine.

Our Abilities to Reinforce Our Customer Relationship and Develop Our Customer Base

Our products are made to order and cater to the different needs of our customers. Therefore, our results of operations have been, and are expected to continue to be, affected by our ability to solidify our relationships with our customers. As of the Latest Practicable Date, we had established 18 regional sales offices responsible for different geographic markets to provide customized solutions addressing the various needs of our downstream customers. During the Track Record Period, our primary customer group consisted of enterprise-level customers to whom we sell directly, many of which were large-scale state-owned enterprises. We adopt an approach that spans initial product development and full-scale manufacturing, aligning with customer demands and optimizing our delivery and execution. We expect to further enhance this approach, which enables us to work closely with our customers, address their demands in a satisfactory and agile manner and ultimately anchor their collaboration with us to drive our growth.

Our relationships with customers depend on various factors, including the attractiveness of our products based on their benefits and costs to customers, the availability and relative advantages of alternative products from our competitors and the specific demands of our customers, over which we have limited control. We must continually reinforce our customer relationships in view of these factors to ensure continued procurement from us, maintain our market share and competitive advantages and price our products effectively.

In 2023, 2024 and 2025, revenue generated from our five largest customers in each year during the Track Record Period accounted for 36.3%, 23.8% and 26.1% of our total revenue, respectively. We expect to further expand our customer base alongside the growth of each business line, which will help diversify our revenue streams and improve our resilience.

Our Abilities to Continuously Upgrade Our Products to Address Diverse Customer Needs

During the Track Record Period, we were dedicated to satisfying evolving market needs, sustaining product competitiveness and ensuring solid profitability through product optimization. We have consistently invested in customized PM motors to diverse industrial application scenarios while addressing various pain points faced by our customers. These solutions deliver key benefits, including (i) optimizing energy utilization efficiency by removing intermediate transmission components and enabling direct drive operation with higher transmission efficiency; (ii) reducing installation space and system complexity compared to traditional asynchronous motor and gearbox configurations; and (iii) enhancing product quality and reducing customers' subsequent equipment maintenance and upkeep costs.

Looking forward, we are actively capturing opportunities in emerging sectors. We are strengthening our mass production capabilities in stators and rotors used in wind power generation and expanding our abilities to provide customized marine electric-drive systems to support renewable energy sectors with high demand potential for energy efficiency upgrades. Our abilities to deepen our presence in different downstream sectors while continuously launching innovative products and solutions will remain a key driver of our long-term revenue growth and profitability. According to Frost & Sullivan, various emerging sectors are expected to experience rapid growth in demand for PMDD systems. Our early entry, continuous innovation and expansion of our solution portfolio in these areas position us to capture significant opportunities as these markets scale.

Furthermore, given the sophisticated nature of our products, which involve dedicated technology, know-how and manufacturing techniques, as well as the specific business needs of our customers, our ability to consistently and efficiently deliver satisfactory products is fundamental to our operating results and market competitiveness. Specifically, the perceived benefits of our products are crucial to customers' willingness to purchase from us and to our ability to price effectively. Our efforts have laid a solid foundation for steady revenue growth and long-term profitability. Our sustained success in diversifying our PMDD solutions demonstrates the resilience of our business model and the positive impact of our transition toward more integrated and specialized solutions, which has driven steady growth in our financial performance during the Track Record Period. In 2023, 2024 and 2025, we recorded revenue of RMB761.5 million, RMB872.6 million and RMB936.0 million, with gross profit margin of 24.1%, 25.0% and 25.7%, respectively. The improvement and diversification of our products have resulted in more balanced business and revenue growth and reduced the risk of dependence on any single product type.

Effectiveness of Our R&D Efforts

We believe that R&D is pivotal to our long-term development and serves as one of the critical pillars to sustain our long-term and stable profitability. As the global PM electric-drive solution market in which we specialize rapidly evolves, we remain committed to sustained investment in R&D to maintain our technological leadership and meet the changing needs of our customers. We focus on developing a more diverse range of PM motor series tailored for a wider array of industries and specialized application scenarios and to enhance our capabilities to advance and commercialize new products. Given that a significant portion of our products must be designed and manufactured based on specific customer requirements, we have accumulated advanced product design and precision development capabilities, as well as a suite of key manufacturing technologies that enable us to produce high-precision, premium-quality products across diverse industries. These efforts have contributed to our competitive advantages and, in turn, to our historical performance.

During the Track Record Period, we have steadily invested and remained committed to investing in our R&D efforts to upgrade our products and advance our technological competitive edge. In 2023, 2024 and 2025, our research and development expenses amounted to RMB30.2 million, RMB32.3 million and RMB39.2 million, accounting for 4.0%, 3.7% and 4.2% of our total revenue, respectively. As of December 31, 2025, we had 98 R&D personnel. Going forward, we expect to continue investing in our R&D efforts in a prudent and efficient manner that closely aligns with our business objectives and enables us to capture industry trends.

Cost Control and Operation Efficiency

Our business results, profitability and future growth are closely linked to our ability to enhance operational efficiency and optimize cost management. Our cost of sales amounted to RMB578.0 million, RMB654.3 million and RMB695.6 million, accounting for 75.9%, 75.0% and 74.3% of our revenue, in 2023, 2024 and 2025, respectively. We believe that we have achieved effective cost management during the Track Record Period, as demonstrated by our steadily increasing gross profit margin of 24.1%, 25.0% and 25.7% in 2023, 2024 and 2025, respectively. To secure stable supply of rare earth and industrial-grade copper materials, which are key raw materials for our PM motors, we have formed in-depth joint venture cooperation with one of the largest rare earth materials suppliers and one of the largest copper material suppliers in China. We have also adopted a demand-driven procurement model to minimize inventory buildup and improve capital turnover. Our robust, resilient and efficient supply chain enables us to source key raw materials and components in a timely manner at feasible costs for use in products delivered to downstream customers.

During the Track Record Period, we continuously improved production efficiency through advanced manufacturing technologies, optimized raw material utilization and enhanced waste management practices. To increase automation across our production lines, we have gradually adopted automated manufacturing equipment with higher levels of precision control, as well as implemented intelligent manufacturing software, including MES across batch production lines and ERP system across procurement, warehousing, production and cost management functions. These initiatives have supported our stable gross profit margins during the Track Record Period, reflecting the effectiveness of our operational strategy in sustaining profitability while delivering high-quality and cost-effective solutions.

Our net profit margin is also affected by our operating expenses, which primarily comprised selling and marketing expenses, administrative expenses and R&D expenses during the Track Record Period. We formulate, implement and constantly monitor the execution of financial budgets that enable us to achieve effective control of our operating expenses in parallel with the growth of our business scale. As we continue to expand our business, we expect to maintain our operating expenses at reasonable levels corresponding to our growth and, in the long term, realize greater economies of scale that further optimize our cost structure and improve our profitability.

BASIS OF PREPARATION

Our historical financial information has been prepared consistently in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board. For the purpose of preparing the historical financial information, we have adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period.

MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions and complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operating results. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes

in these estimates and assumptions in the foreseeable future. When reviewing our consolidated financial statements, you should consider, amongst other things: (i) information about our material accounting policy; (ii) the judgments and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. Information about our material accounting policies, as well as significant estimates and judgments, which are important for an understanding of our financial condition and results of operations, including any changes in accounting policies and disclosures, is set forth in detail in Notes 2 and 3 to the Accountants' Report in Appendix I to this document.

Revenue and Other Income

Income is classified by us as revenue when it arises from the sale of goods.

Revenue is recognized when control over a product or service is transferred to the customer, at the amount of promised consideration to which we are expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of our revenue and other income recognition policies are as follows:

Revenue from Contracts with Customers

Sales of Products

Revenue is recognized when we transfer the control over the products to customers or satisfies the performance obligation in the contract, generally on delivery or installation and acceptance of the products.

Revenue from Other Sources and Other Income

Rental Income from Operating Leases

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognized as income in the accounting period in which they are earned.

Interest Income

Interest income is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Government Grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that we will comply with the conditions attaching to them.

Grants that compensate us for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants related to assets shall be recognized as deferred income in the balance sheet and recorded in other income in a reasonable and systematic manner within the service life of the relevant assets. Government grants related to income, those to be used as compensation for future expense or loss shall be recognized as deferred income and shall be recorded in other income in the period in which the relevant expense or loss are recognized; other government grants shall be recorded in other income directly.

DESCRIPTION OF KEY CONSOLIDATED STATEMENTS OF PROFIT OR LOSS ITEMS

The following table sets forth a summary of our consolidated statements of profit or loss for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	(RMB in thousands, except for percentages)					
Revenue	**761,501**	**100.0**	**872,634**	**100.0**	**935,966**	**100.0**
Cost of sales	(578,036)	(75.9)	(654,320)	(75.0)	(695,570)	(74.3)
Other income	8,698	1.1	20,213	2.3	13,533	1.4
Selling and marketing expenses	(61,438)	(8.1)	(69,329)	(7.9)	(73,486)	(7.9)
Administrative expenses	(64,331)	(8.4)	(72,218)	(8.3)	(69,806)	(7.5)
Research and development expenses	(30,186)	(4.0)	(32,281)	(3.7)	(39,200)	(4.2)
Impairment loss on trade receivables, other receivables and contract assets	(3,749)	(0.5)	(8,464)	(1.0)	(10,081)	(1.1)
Profit from operations	**32,459**	**4.3**	**56,235**	**6.5**	**61,356**	**6.6**
Finance costs	(10,517)	(1.4)	(11,753)	(1.3)	(15,898)	(1.7)
Share of profits/(losses) of associates	55	0.0	635	0.1	(688)	(0.1)
Profit before taxation	**21,997**	**2.9**	**45,117**	**5.2**	**44,770**	**4.8**
Income tax	(987)	(0.1)	(4,279)	(0.5)	(3,198)	(0.3)
Profit for the year	**21,010**	**2.8**	**40,838**	**4.7**	**41,572**	**4.4**

Revenue

We generate our revenue primarily from the sales of our (i) PMDD pulleys; (ii) internal-rotor PM motors; (iii) VFDs; and (iv) wind turbine generator components.

The following table sets forth a breakdown of our revenue by product line for the years indicated:

	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 our sales volume and price range by product line for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Sales Volume	Price Range[(1)]	Sales Volume	Price Range[(1)]	Sales Volume	Price Range[(1)]
	(Units)	*(RMB in thousands)*	*(Units)*	*(RMB in thousands)*	*(Units)*	*(RMB in thousands)*
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.

(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.

Our revenue increased by 14.6% from RMB761.5 million in 2023 to RMB872.6 million in 2024, and further increased by 7.3% to RMB936.0 million in 2025, primarily because (i) the sales of our PMDD pulleys increased from RMB483.8 million in 2023 to RMB568.5 million in 2024 as its market demand grew; (ii) in 2025, we transformed the composition of our product portfolio, strategically shifting our sales focus to internal-rotor PM motors, the sales of which nearly doubled from RMB72.2 million in 2024 to RMB143.7 million in 2025; (iii) the sales of our VFDs and other products steadily increased during the Track Record Period; and (iv) despite a decrease in sales from RMB41.1 million in 2023 to RMB18.3 million in 2024 due to limited production capacity, the sales of our wind turbine generator components increased from RMB18.3 million in 2024 to RMB68.1 million in 2025 as we completed the installation of a new production line that unlocked additional production capacity for wind turbine generator components.

Cost of Sales

Our cost of sales mainly comprised (i) raw material costs; and (ii) technical service, installation and commissioning fees. In 2023, 2024 and 2025, our cost of sales represented 75.9%, 75.0% and 74.3% of our total revenue, respectively.

The following table sets forth our cost of sales by nature for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	(RMB in thousands, except for percentages)					
Raw materials	449,854	77.8	507,299	77.5	625,306	89.9
Technical service, installation and commissioning fees	106,669	18.5	120,619	18.4	46,884	6.7
Others[(1)]	21,513	3.7	26,402	4.1	23,380	3.4
Total	**578,036**	**100.0**	**654,320**	**100.0**	**695,570**	**100.0**

Note:

(1) Primarily included write-down of inventories, freight costs, warranty costs, maintenance costs and contractual energy management costs.

Our technical service, installation and commissioning fees declined from RMB120.6 million in 2024 to RMB46.9 million in 2025, primarily due to (i) our existing customers' reduced demand for our complementary technical and installation support as they have grown relatively familiar with our solutions, leading to a corresponding decrease in our expenses in this regard; and (ii) a substantial growth in sales of our wind turbine generator components that do not require us to provide installation or commissioning for our customers.

The following table sets forth our cost of sales by product line for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	(RMB in thousands, except for percentages)					
PMDD pulleys	353,281	61.1	392,137	59.9	309,065	44.4
Internal-rotor PM motors	45,245	7.8	69,199	10.6	126,629	18.2
VFDs	120,972	20.9	143,039	21.9	160,931	23.1
Wind turbine generator components	34,996	6.1	17,866	2.7	69,966	10.1
Other products[(1)]	16,178	2.8	21,310	3.3	24,165	3.5
Subtotal	**570,672**	**98.7**	**643,551**	**98.4**	**690,756**	**99.3**
Write-down of inventories	7,364	1.3	10,769	1.6	4,814	0.7
Total	**578,036**	**100.0**	**654,320**	**100.0**	**695,570**	**100.0**

Note:

(1) Primarily included spare parts and auxiliary components.

Our cost of sales increased by 13.2% from RMB578.0 million in 2023 to RMB654.3 million in 2024, and further increased by 6.3% to RMB695.6 million in 2025, generally in line with our revenue growth during the Track Record Period.

Gross Profit and Gross Profit Margin

In 2023, 2024 and 2025, our gross profit margin increased steadily from 24.1% in 2023 to 25.0% in 2024, and further to 25.7% in 2025.

The following table sets forth our gross profit and gross profit margin by product line for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB in thousands, except for percentages)					
PMDD pulleys	130,565	27.0	176,380	31.0	179,321	36.7
Internal-rotor PM motors	732	1.6	3,001	4.2	17,063	11.9
VFDs	40,556	25.1	41,400	22.4	44,112	21.5
Wind turbine generator components	6,111	14.9	446	2.4	(1,817)	(2.7)
Other products[(1)]	12,865	44.3	7,856	26.9	6,531	21.3
Subtotal	**190,829**	**25.1**	**229,083**	**26.3**	**245,210**	**26.2**
Write-down of inventories	(7,364)		(10,769)		(4,814)	
Total	**183,465**	**24.1**	**218,314**	**25.0**	**240,396**	**25.7**

Note:

(1) Primarily included spare parts and auxiliary components.

Our gross profit increased by 19.0% from RMB183.5 million in 2023 to RMB218.3 million in 2024, and further increased by 10.1% to RMB240.4 million in 2025, primarily in line with our overall business growth.

Other Income

Our other income mainly comprised government grants, value-added tax deduction and bank interest income, with one-off net gains or losses arising from the disposal of investment property and property, plant and equipment and right-of-use assets. In 2023, 2024 and 2025, our other income amounted to RMB8.7 million, RMB20.2 million and RMB13.5 million, representing 1.1%, 2.3% and 1.4% of our total revenue, respectively.

The following table sets forth our other income by nature for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Government grants	3,323	8,273	6,292
Value-added tax deduction	4,068	3,919	4,750
Interest income	1,243	1,111	1,542
Net (losses)/gains on disposal of investment property and property, plant and equipment	(8)	6,568	(158)
Others	72	342	1,107
Total	**8,698**	**20,213**	**13,533**

Our other income increased substantially from RMB8.7 million in 2023 to RMB20.2 million in 2024, and subsequently decreased to RMB13.5 million in 2025, primarily attributable to (i) the relatively high government grants that we received in 2024; and (ii) our one-off net gains arising from the disposal of investment property and property, plant and equipment in 2024.

Selling and Marketing Expenses

Our selling and marketing expenses mainly comprised employee remuneration, travel expenses, business development expenses, advertising and promotion expenses and tendering service expenses. In 2023, 2024 and 2025, our selling and marketing expenses represented 8.1%, 7.9% and 7.9% of our total revenue, respectively.

The following table sets forth our selling and marketing expenses by nature for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	(RMB in thousands, except for percentages)					
Employee remuneration	17,465	28.4	21,310	30.7	21,689	29.5
Travel expenses	12,092	19.7	14,632	21.1	19,233	26.2
Business development expenses	10,882	17.7	16,394	23.6	17,708	24.1
Advertising and promotion expenses	13,085	21.3	10,746	15.5	9,142	12.4
Tendering service expenses	5,716	9.3	3,818	5.5	3,040	4.1
Others[(1)]	2,198	3.6	2,429	3.5	2,674	3.6
Total	**61,438**	**100.0**	**69,329**	**100.0**	**73,486**	**100.0**

Note:

(1) Primarily included office expenses, depreciation and amortization and share-based payment.

Our selling and marketing expenses increased from RMB61.4 million in 2023 to RMB69.3 million in 2024, primarily attributable to increases in business development expenses, employee remuneration and travel expenses in line with our business expansion. Our selling and marketing expenses further increased to RMB73.5 million in 2025, mainly due to higher travel expenses incurred in connection with our overseas business development efforts and as we participated in more international exhibitions.

Administrative Expenses

Our administrative expenses mainly comprised employee remuneration, depreciation and amortization, office expenses, professional service fees, tax and surcharges, business development expenses and travel expenses. In 2023, 2024 and 2025, our administrative expenses represented 8.4%, 8.3% and 7.5% of our total revenue, respectively.

The following table sets forth our administrative expenses by nature for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	(RMB in thousands, except for percentages)					
Employee remuneration	36,209	56.3	41,176	57.0	41,820	59.9
Depreciation and amortization	2,538	3.9	4,280	5.9	8,082	11.6
Office expenses	3,008	4.7	5,794	8.0	5,442	7.8
Professional service fees	7,296	11.3	6,630	9.2	5,596	8.0
Tax and surcharges	6,649	10.3	6,831	9.5	4,254	6.1
Business development expenses	4,056	6.3	3,450	4.8	2,223	3.2
Travel expenses	3,582	5.6	2,199	3.0	1,091	1.6
Others[(1)]	993	1.6	1,858	2.6	1,298	1.9
Total	**64,331**	**100.0**	**72,218**	**100.0**	**69,806**	**100.0**

Note:

(1) Primarily included transportation fees, handling charge and share-based payment.

Our administrative expenses increased by 12.3% from RMB64.3 million in 2023 to RMB72.2 million in 2024, primarily due to (i) increases in our employee remuneration and office expenses, mainly driven by our business expansion; and (ii) increase in depreciation and amortization as depreciation commenced upon the completion of construction of Phase I of our production facility in Changzhou. Our administrative expenses then decreased slightly from RMB72.2 million in 2024 to RMB69.8 million in 2025.

Research and Development Expenses

Our research and development expenses mainly comprised employee remuneration, material costs, trial and pilot production expenses, commissioned research and development costs as well as travel expenses. In 2023, 2024 and 2025, our research and development expenses represented 4.0%, 3.7% and 4.2% of our total revenue, respectively.

The following table sets forth our research and development expenses by nature for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	(RMB in thousands, except for percentages)					
Employee remuneration	14,616	48.4	18,297	56.7	21,275	54.3
Material costs	8,044	26.6	6,837	21.2	7,774	19.8
Trial and pilot production expenses	2,983	9.9	4,307	13.3	4,559	11.6
Commissioned research and development[(1)]	1,809	6.0	564	1.7	1,653	4.2
Travel expenses	1,439	4.8	765	2.4	851	2.2
Others[(2)]	1,295	4.3	1,511	4.7	3,088	7.9
Total	**30,186**	**100.0**	**32,281**	**100.0**	**39,200**	**100.0**

Notes:

(1) During the Track Record Period, we commissioned renowned education institutes to assist us with the development of certain ancillary hardware and software, such as photovoltaic inverters, maglev blowers and deep learning-based fault diagnosis system for PM pulleys. The payments to the education institutes were typically scheduled based on development progress, which led to the fluctuations in commissioned research and development expenses.

(2) Primarily included depreciation and amortization, share-based payment, administrative and office expenses, professional and services fees, business development and corporate activities expenses as well as property and facilities related expenses.

Our research and development expenses increased by 6.9% from RMB30.2 million in 2023 to RMB32.3 million in 2024, primarily due to increases in employee remuneration and trial and pilot production expenses. Our research and development expenses further increased by 21.4% to RMB39.2 million in 2025, primarily due to increases in (i) employee remuneration; and (ii) material costs in line with our increased R&D investments in renewable energy vessels and construction machinery.

Impairment Loss on Trade Receivables, Other Receivables and Contract Assets

Our impairment loss on trade receivables, other receivables and contract assets mainly comprised expected credit loss allowances recognized on trade receivables, other receivables and contract assets in accordance with our credit risk assessment and provisioning policies. In 2023, 2024 and 2025, our impairment loss on trade receivables, other receivables and contract assets amounted to RMB3.7 million, RMB8.5 million and RMB10.1 million, representing 0.5%, 1.0% and 1.1% of our total revenue, respectively.

Finance Costs

Our finance costs comprised interest on bank loans and other borrowings and lease liabilities. In 2023, 2024 and 2025, our finance costs represented 1.4%, 1.3% and 1.7% of our total revenue, respectively.

The following table sets forth our finance costs by nature for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Interest on:			
– bank loans and other borrowings	10,239	11,640	15,884
– lease liabilities	278	113	14
Total	**10,517**	**11,753**	**15,898**

Our finance costs increased by 11.8% from RMB10.5 million in 2023 to RMB11.8 million in 2024, and further increased by 35.3% to RMB15.9 million in 2025, primarily due to increased interest expenses on bank loans and other borrowings as a result of the additional bank loans that we borrowed.

Share of Profits/(Losses) of Associates

Our share of profits or losses of associates mainly comprised our share of results from investments in associates accounted for using the equity method. During the Track Record Period, we recorded a share of profits of associates of RMB0.1 million and RMB0.6 million in 2023 and 2024, respectively, and a share of losses of associates of RMB0.7 million in 2025.

Income Tax

Our income tax increased from RMB1.0 million in 2023 to RMB4.3 million in 2024, primarily attributable to an increase in our profit as our business expanded. Our income tax expenses subsequently decreased to RMB3.2 million in 2025, primarily attributable to the super-deduction for R&D expenses, which reduced our tax payable in 2025. In 2023, 2024 and 2025, our effective tax rates were 4.5%, 9.5% and 7.1%, respectively, which were lower than the statutory PRC enterprise income tax rate, primarily due to preferential tax treatments such as the reduced enterprise income tax rates for high and new technology enterprises, and additional super-deduction of R&D expenses.

Pursuant to the Corporate Income Tax Law of the PRC effective from January 1, 2008, companies in the Chinese Mainland are subject to income tax of 25% unless preferential rate is applicable. We are subject to a tax rate of 15% during the Track Record Period as we were eligible for the tax concession granted by the PRC government as a high-tech enterprise, subject to renewal upon expiry.

YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

2025 as Compared to 2024

Revenue

Our revenue increased by 7.3% from RMB872.6 million in 2024 to RMB936.0 million in 2025, primarily due to the significant growth in revenue from our internal-rotor PM motors and wind turbine generator components, which was offset by a decline in revenue from our PMDD pulleys. In addition, the stable growth of our VFDs and other products also contributed to the overall increase in revenue during the year.

- Revenue from our PMDD pulleys decreased by 14.1% from RMB568.5 million in 2024 to RMB488.4 million in 2025, primarily because as we expanded in the manufacturing and renewable energy sectors, the demand for our standardized, low-power PMDD pulleys that command lower selling prices on average than their high-power variants increased, resulting in a decrease in our overall revenue from this product line for the year;

- Revenue from our internal-rotor PM motors increased by 99.0% from RMB72.2 million in 2024 to RMB143.7 million in 2025, primarily due to (i) the continued high demand from the metallurgy and non-ferrous metal industry, which led to a high demand for high-voltage, low-speed, high-power motors; and (ii) a high demand for low-voltage, low-speed motors arising from manufacturing customers' energy-saving and carbon-reduction initiatives, resulting in higher sales volume of our internal-rotor PM motors;

- Revenue from our VFDs increased by 11.2% from RMB184.4 million in 2024 to RMB205.0 million in 2025, primarily because our VFDs are typically sold in bundle with our PMDD pulleys and internal-rotor PM motors, and as such, the sales of our VFDs grew in tandem with that of our internal-rotor PM motors, partially offset by the decrease in sales of our PMDD pulleys, in 2025;

- Revenue from our wind turbine generator components increased significantly from RMB18.3 million in 2024 to RMB68.1 million in 2025, primarily due to (i) the installation of a new production line that unlocked additional production capacity for wind turbine generator components in 2025; and (ii) the establishment of our renewable energy business division as well as a dedicated professional renewable energy product team in 2025, which enabled a substantial scale-up of revenue from our wind turbine generator components; and

- Revenue from other products remained relatively stable at RMB29.2 million and RMB30.7 million in 2024 and 2025, respectively.

Cost of Sales

Our cost of sales increased by 6.3% from RMB654.3 million in 2024 to RMB695.6 million in 2025, primarily due to an increase in our raw material costs, reflecting the ongoing expansion in sales volume of our internal-rotor PM motors, VFDs and wind turbine generator components.

Gross Profit and Gross Profit Margin

Our gross profits increased by 10.1% from RMB218.3 million in 2024 to RMB240.4 million in 2025, and our gross profit margin increased from 25.0% in 2024 to 25.7% in 2025.

- Although our expansion efforts in the manufacturing and renewable energy sectors where demand skewed towards standardized, low-power PMDD pulleys led to a decline in revenue from PMDD pulleys in 2025, the gross margin of this product line still improved from 31.0% in 2024 to 36.7% in 2025, primarily due to (i) our enhanced product modularization; and (ii) higher sales of low-power PMDD pulleys that command higher gross profit margins;

- The gross profit margin of our internal-rotor PM motors increased substantially from 4.2% in 2024 to 11.9% in 2025, primarily because (i) our fixed costs were diluted as we realized greater economies of scale and our production processes became more matured; and (ii) our sales of high-voltage internal-rotor PM motors, which generally command higher selling prices and gross profit margins than their low-voltage counterparts, continued to grow in 2025;

- The gross profit margin of our VFDs remained relatively stable at 22.4% in 2024 and 21.5% in 2025;

- With respect to our wind turbine generator components, we recorded a gross profit margin of 2.4% in 2024 and a gross loss margin of 2.7% in 2025, primarily because (i) the gross profit margins of the products in our newly awarded contracts were lower than those in the contracts awarded to us in 2024 and (ii) our new production line for wind turbine generator components was newly installed and commissioned in 2025, which remained in the capacity ramp-up phase throughout the year; and

- The gross profit margin of our other products decreased from 26.9% in 2024 to 21.3% in 2025, primarily due to an increased proportion of lower-margin spare parts and auxiliary components in our sales mix in 2025.

Other Income

Our other income decreased from RMB20.2 million in 2024 to RMB13.5 million in 2025, primarily attributable to (i) the one-off government subsidies for our designation as a Specialized, Refined, Differential and Innovative "Little Giant" Enterprise and government incentives for our settlement in an industrial park in Changzhou in 2024; and (ii) our one-off net gains arising from the disposal of our obsolete production facility in 2024.

Selling and Marketing Expenses

Our selling and marketing expenses increased from RMB69.3 million in 2024 to RMB73.5 million in 2025, primarily attributable to higher travel expenses, which was in line with our overseas business development efforts and as we participated in more international exhibitions.

Administrative Expenses

Our administrative expenses decreased slightly from RMB72.2 million in 2024 to RMB69.8 million in 2025, primarily due to the slightly lower tax and surcharges in 2025.

Research and Development Expenses

Our research and development expenses increased by 21.4% from RMB32.3 million in 2024 to RMB39.2 million in 2025, primarily due to increases in (i) employee remuneration; and (ii) material costs in line with our increased R&D investments in renewable energy vessels and construction machinery.

Impairment Loss on Trade Receivables, Other Receivables and Contract Assets

Our impairment loss on trade receivables, other receivables and contract assets increased by 19.1% from RMB8.5 million in 2024 to RMB10.1 million in 2025, primarily because we increased our provisions for trade receivables, other receivables and contract assets amid our business expansion and growing customer base for the sake of prudence.

Finance Costs

Our finance costs increased by 35.3% from RMB11.8 million in 2024 to RMB15.9 million in 2025, primarily due to an increase in interest expenses on bank loans and other borrowings as a result of the additional bank loans that we borrowed.

Share of Profits/(Losses) of Associates

We recorded a share of profits of associates of RMB0.6 million in 2024 and a share of losses of associates of RMB0.7 million in 2025.

Income Tax

Our income tax decreased from RMB4.3 million in 2024 to RMB3.2 million in 2025, primarily due to the super-deduction for R&D expenses, which reduced our tax payable in 2025.

Profit for the Year

As a result of the foregoing, our profit for the year increased from RMB40.8 million in 2024 to RMB41.6 million in 2025, and our net profit margin remained relatively stable at 4.7% and 4.4% in 2024 and 2025, respectively.

2024 as Compared to 2023

Revenue

Our revenue increased by 14.6% from RMB761.5 million in 2023 to RMB872.6 million in 2024, primarily due to our increased sales volume, including a higher number of PM motors and VFDs sold.

- Revenue from our PMDD pulleys increased by 17.5% from RMB483.8 million in 2023 to RMB568.5 million in 2024, primarily due to expansion of market demand and growth in orders from existing customers, which led to an increase in sales volume of our PMDD pulleys;

- Revenue from our internal-rotor PM motors increased by 57.0% from RMB46.0 million in 2023 to RMB72.2 million in 2024, primarily due to (i) the strong demand from the metallurgy and non-ferrous metal industry amid a favorable industry cycle, which increased the demand for high-voltage, low-speed, high-power motors; and (ii) a high demand for low-voltage, low-speed motors arising from manufacturing customers' energy-saving and carbon-reduction initiatives, resulting in higher sales volume of our internal-rotor PM motors;

- Revenue from our VFDs increased by 14.2%, from RMB161.5 million in 2023 to RMB184.4 million in 2024, primarily because our VFDs are typically sold in bundle with our PMDD pulleys and internal-rotor PM motors, and as such, the sales of our VFDs grew in tandem with those of our PMDD pulleys and internal-rotor PM motors in 2024;

- Revenue from our wind turbine generator components decreased by 55.5% from RMB41.1 million in 2023 to RMB18.3 million in 2024, primarily due to limited production capacity for this product line in 2024 as a result of space constraints in our production facility; and

- Revenue from other products remained relatively stable at RMB29.0 million and RMB29.2 million in 2023 and 2024, respectively.

Cost of Sales

Our cost of sales increased by 13.2% from RMB578.0 million in 2023 to RMB654.3 million in 2024, primarily due to increases in raw material costs and technical service, installation and commissioning fees in tandem with with our business expansion.

Gross Profit and Gross Profit Margin

Our gross profit increased by 19.0% from RMB183.5 million in 2023 to RMB218.3 million in 2024, and our gross profit margin increased steadily from 24.1% in 2023 to 25.0% in 2024, respectively.

- The gross profit margin of our PMDD pulleys increased from 27.0% in 2023 to 31.0% in 2024, primarily because, as we deepened our industry knowledge and enhanced our product modularization, we reduced both our unit manufacturing costs and post-sales installation and commissioning costs;

- The gross profit margin of our internal-rotor PM motors increased from 1.6% in 2023 to 4.2% in 2024, primarily due to our sales of high-voltage, low-speed, high-power internal-rotor PM motors, which command higher selling prices and gross profit margins than their low-voltage, low-speed counterparts, grew in 2024;

- The gross profit margin of our VFDs decreased from 25.1% in 2023 to 22.4% in 2024, primarily because the prices on average of our VFDs, as supporting products, decreased in tandem with those of our PMDD pulleys as we strategically charged lower prices on average to seize higher market shares in the non-ferrous metal industry;

- The gross profit margin of our wind turbine generator components decreased from 14.9% in 2023 to 2.4% in 2024, primarily because (i) our winning bid prices for wind turbine generator components decreased in 2024; and (ii) limited by our production capacity as a result of space constraints in our production facility, we reduced the production volume of our wind turbine generator components in 2024, which in turn drove up their unit production costs, further driving down our gross profit margins; and

- The gross profit margin of our other products decreased from 44.3% in 2023 to 26.9% in 2024, primarily due to an increased proportion of lower-margin spare parts and auxiliary components in our sales mix in 2024.

Other Income

Our other income increased from RMB8.7 million in 2023 to RMB20.2 million in 2024, primarily due to (i) RMB2.9 million in government subsidies for our designation as a Key Specialized, Refined, Differential and Innovative "Little Giant" Enterprise; (ii) RMB3.6 million in government incentives for our settlement in an industrial park in Changzhou; and (iii) our one-off net gains arising from the disposal of our obsolete production facility in 2024.

Selling and Marketing Expenses

Our selling and marketing expenses increased from RMB61.4 million in 2023 to RMB69.3 million in 2024, primarily attributable to (i) higher employee remuneration and business development expenses due to the expansion of our sales team to support business development; and (ii) increased travel expenses in line with the expansion of our operations.

Administrative Expenses

Our administrative expenses increased by 12.3%, from RMB64.3 million in 2023 to RMB72.2 million in 2024, primarily due to (i) increase in employee remuneration as a result of our recruitment of high-caliber talent to support our business expansion; (ii) increase in office expenses, which was primarily attributable to the commissioning of Phase I of our production facility in Changzhou in 2024, resulting in higher security, cleaning, utility and rental expenses as well as additional inspection and testing fees; and (iii) increase in depreciation and amortization expenses as Phase I of our production facility in Changzhou was capitalized in 2024 and commenced depreciation and amortization charges.

Research and Development Expenses

Our research and development expenses increased by 6.9% from RMB30.2 million in 2023 to RMB32.3 million in 2024, primarily due to increases in (i) employee remuneration as we recruited more R&D personnel; and (ii) trial and pilot production expenses, which were in line with the expansion of our R&D activities.

Impairment Loss on Trade Receivables, Other Receivables and Contract Assets

Our impairment loss on trade receivables, other receivables and contract assets increased from RMB3.7 million in 2023 to RMB8.5 million in 2024, primarily because we increased our provisions for trade receivables, other receivables and contract assets amid our business expansion and growing customer base for the sake of prudence.

Finance Costs

Our finance costs increased by 11.8% from RMB10.5 million in 2023 to RMB11.8 million in 2024, primarily due to higher interest expenses on bank loans and other borrowings as a result of additional bank loans that we borrowed.

Share of Profits of Associates

We recorded a share of profits of associates of RMB0.1 million and RMB0.6 million in 2023 and 2024, respectively.

Income Tax

Our income tax increased from RMB1.0 million in 2023 to RMB4.3 million in 2024 primarily attributable to an increase in our profit as our business expanded.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 94.4% from RMB21.0 million in 2023 to RMB40.8 million in 2024, and our net profit margin increased from 2.8% in 2023 to 4.7% in 2024.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Current Assets and Current Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	(RMB in thousands)			*(unaudited)*
Current assets				
Inventories	429,411	449,454	510,871	492,042
Contract assets	7,425	18,414	32,470	32,470
Trade and bills receivables	638,009	607,182	771,373	886,707
Prepayments and other receivables	50,696	57,180	65,547	61,988
Restricted bank deposits	67,750	122,468	112,326	81,387
Cash and cash equivalents	56,084	104,858	78,482	54,265
Total current assets	**1,249,375**	**1,359,556**	**1,571,069**	**1,608,859**
Current liabilities				
Trade and bills payables	560,489	537,408	601,387	603,604
Contract liabilities	162,519	151,179	112,913	182,500
Other payables and accruals	87,702	70,926	55,047	57,207
Bank loans and other borrowings	259,405	393,512	391,016	451,726
Lease liabilities	3,938	1,498	124	92
Provision	6,919	8,256	9,073	9,073
Total current liabilities	**1,080,972**	**1,162,779**	**1,169,560**	**1,304,202**
Net current assets	**168,403**	**196,777**	**401,509**	**304,667**

Our net current assets increased moderately from RMB168.4 million as of December 31, 2023 to RMB196.8 million as of December 31, 2024. Such improvement was mainly driven by an increase in total current assets of RMB110.2 million, which was primarily attributable to (i) an increase in restricted bank deposits of RMB54.7 million; (ii) an increase in cash and cash equivalents to RMB48.8 million; (iii) an increase in inventories of RMB20.0 million; and (iv) an increase in contract assets of RMB11.0 million, which were in line with our business expansion, partially offset by a decrease in trade and bills receivable of RMB30.8 million. At the same time, total current liabilities increased by RMB81.8 million, mainly due to an increase in bank loans and other borrowings of RMB134.1 million. Despite the higher current liabilities, the growth in liquid and near-liquid current assets contributed to a net improvement in our working capital position.

Our net current assets increased significantly from RMB196.8 million as of December 31, 2024 to RMB401.5 million as of December 31, 2025, marking a substantial strengthening of our liquidity position. This was primarily attributable to a further rise in total current assets of RMB211.5 million, driven by (i) an increase in trade and bills receivable of RMB164.2 million; and (ii) an increase in inventories of RMB61.4 million, reflecting our business growth and expanded operating scale. At the same time, total current liabilities increased slightly by RMB6.8 million, with increases in trade and bills payables, notwithstanding reductions in contract liabilities, other payables and accruals, bank loans and other borrowings and lease liabilities. The combined effect contributed to the marked improvement in our net current asset position in 2025.

Our net current assets decreased from RMB401.5 million as of December 31, 2025 to RMB304.7 million as of April 30, 2026, mainly driven by an increase in total current liabilities of RMB134.6 million, which was primarily attributable to an increase in contract liabilities of RMB69.6 million, partially offset by an increase in total current assets of RMB37.8 million, which was primarily attributable to an increase in trade and bills receivables of RMB115.3 million, notwithstanding (i) a decrease in inventory of RMB18.8 million; and (ii) a decrease in restricted bank deposits of RMB30.9 million; and (iii) a decrease in in cash and cash equivalents of RMB24.2 million.

Inventories

Our inventories comprised goods in transit, finished goods, raw materials and work in progress. The following table sets forth a summary of our inventories:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Goods in transit	227,500	277,589	263,413
Finished goods	135,773	109,021	148,605
Raw materials	44,260	41,868	50,881
Work in progress	37,069	46,936	78,746
Subtotal	**444,602**	**475,414**	**541,645**
Write-down of inventories	(15,191)	(25,960)	(30,774)
Total	**429,411**	**449,454**	**510,871**

Our inventories increased by 4.7% from RMB429.4 million as of December 31, 2023 to RMB449.5 million as of December 31, 2024, primarily because in 2024 there was an increase in goods in transit and work in progress as we strived to fulfill orders from our customers, which was in line with our business expansion. Our inventories subsequently increased by 13.7% to RMB510.9 million as of December 31, 2025, primarily because we recorded more inventory of raw materials and finished goods at the year end amid the rapid growth of our sales of internal-rotor PM motors.

Our inventory turnover days, which is calculated by dividing the arithmetic mean of to the beginning and closing balance of our inventory (net of write-down of inventories) in a given year by the cost of sales in the same year, multiplied by 365 days, was mainly affected by fluctuations in inventory levels and cost of sales. Our inventory turnover days in 2023, 2024 and 2025 was 233 days, 245 days and 252 days, respectively. The moderate rise in our inventory turnover days during the Track Record Period was primarily due to our deliberate build-up of buffer inventory to ensure high order fulfillment rates as we scaled.

As of April 30, 2026, RMB216.0 million, or 42.3%, of our inventory as of December 31, 2025, had been subsequently sold or utilized.

Trade and Bills Receivables

The following table sets forth a breakdown of trade and bills receivables as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Trade receivables	321,697	380,531	505,568
Bills receivables	316,312	226,651	265,805
Trade and bills receivables	**638,009**	**607,182**	**771,373**

Our trade and bills receivables primarily represented amounts due from customers arising from the sale of goods in the ordinary course of business. Trade receivables are generally non-interest bearing, while bills receivables mainly comprise bank-accepted bills received from customers. Both trade and bills receivables are typically settled within credit periods granted to customers, which vary depending on customer profile, transaction size and historical relationship with us.

Our trade and bills receivables decreased by 4.8% from RMB638.0 million as of December 31, 2023 to RMB607.2 million as of December 31, 2024, primarily due to our strengthened collection efforts and accelerated collection of outstanding bills receivables in 2024. Our trade and bills receivables subsequently increased by 27.0% from RMB607.2 million as of December 31, 2024 to RMB771.4 million as of December 31, 2025, primarily because (i) as we actively expanded into new industries in 2025, there was an increase in the number of new customers, resulting in a higher proportion of sales settled under credit terms; and (ii) our sales of wind turbine generator components increased as our production capacity increased with additional production line.

The aging of our trade and bills receivables as of December 31, 2023, 2024 and 2025 was influenced primarily by customer payment behavior and settlement cycles. The following table sets forth an aging analysis of our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Within 1 year	588,838	536,994	694,502
Over 1 year but less than 2 years	41,491	60,608	62,020
Over 2 years but less than 3 years	6,423	7,766	12,881
Over 3 years but less than 4 years	1,257	1,814	1,970
	638,009	**607,182**	**771,373**

Changes in trade and bills receivables turnover days, which is calculated by dividing the arithmetic mean of the opening and closing balance of our trade and bills receivables (net of allowance for credit losses) in a given year by the revenue in the same year, multiplied by 365 days, were mainly attributable to variations in sales growth, credit terms offered to customers and the timing of customer settlements relative to period end. Our trade and bills receivables turnover days in 2023, 2024 and 2025 was 298 days, 260 days and 269 days, respectively.

To better manage our outstanding trade and bills receivables, we implemented the Rules on Sales Operations Risk Control (《銷售業務風險控制規則》) (the "**Rules**") in January 2026. Pursuant to the Rules, for existing customers who fail to strictly perform their repayment obligations, our responsible sales personnel, sales director, commercial manager and legal department will convene a joint review meeting to formulate specific credit restriction or constraint plans, which include, but are not limited to, setting a cap on total accounts receivable, setting a cap on overdue accounts receivable, requiring the customer to issue a formal repayment plan and granting rolling repayment credit lines subject to performance. Additionally, we define clear criteria for identifying high-risk customers, including those who are judgment debtors, those with overdue aging exceeding two years, those whose rolling repayment amount in the past year is less than 10% of our outstanding receivables and those with ineffective sales communications. For such high-risk customers, upon joint approval by our designated senior management, our legal department may, depending on the risk level, proactively initiate reminder letters, lawyer's letters or litigation proceedings.

As of April 30, 2026, RMB168.5 million, or 31.0%, of our trade receivables as of December 31, 2025 had been subsequently settled.

Prepayments and Other Receivables

Our prepayments and other receivables primarily comprised value-added tax recoverable, prepayments for materials and expenses made in the ordinary course of business, as well as other miscellaneous receivables, the majority of which are current in nature. The following table sets forth a breakdown of our prepayments and other receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Current			
Prepayments for materials and expenses	8,713	8,413	13,849
Other receivables	6,013	10,241	9,216
Value-added tax recoverable	35,970	38,526	42,482
	50,696	**57,180**	**65,547**
Non-current			
Prepayments for property, plant and equipment	2,996	1,971	1,413
	53,692	**59,151**	**66,960**

Our current prepayments and other receivables increased by 12.8% from RMB50.7 million as of December 31, 2023 to RMB57.2 million as of December 31, 2024, primarily attributable to (i) an increase in other receivables of RMB4.2 million, primarily due to higher deposits paid to suppliers as our procurement needs increased with our business expansion; and (ii) an increase in value-added tax recoverable of RMB2.6 million. At the same time, non-current prepayments for property, plant and equipment decreased from RMB3.0 million as of December 31, 2023 to RMB2.0 million as of December 31, 2024, primarily reflecting the settlement or reclassification of certain advance payments following the commencement or completion of construction of Phase I of our production facility in Changzhou.

Our current prepayments and other receivables further increased by 14.6% from RMB57.2 million as of December 31, 2024 to RMB65.5 million as of December 31, 2025, primarily attributable to a significant rise in prepayments for materials and expenses of RMB5.4 million, mainly reflecting increased advance payments made to support continued operational growth. In addition, our non-current prepayments for property, plant and equipment decreased from RMB2.0 million as of December 31, 2024 to RMB1.4 million as of December 31, 2025, mainly due to the completion or delivery of certain assets for which advance payments had been made in prior periods.

Trade and Bills Payables

Our trade and bills payables primarily represented amounts payable to suppliers for the purchase of raw materials, components and services in our ordinary course of business. Trade payables are generally settled in accordance with credit terms agreed with suppliers, while bill payables mainly comprise bank-accepted bills issued to suppliers as an alternative settlement method.

The following table sets forth a breakdown of trade and bills payables as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Trade payables	265,709	265,730	298,437
Bills payable	294,780	271,678	302,950
Total	**560,489**	**537,408**	**601,387**

Our trade and bills payables decreased slightly from RMB560.5 million as of December 31, 2023 to RMB537.4 million as of December 31, 2024, primarily because our strengthened bargaining power with our suppliers enabled us to adjust payment terms and settlement methods, reducing our issuance of bills payable in 2024.

Our trade and bills payables increased by 11.9% from RMB537.4 million as of December 31, 2024 to RMB601.4 million as of December 31, 2025, mainly attributable to an increase in our bills payable as we built up buffer inventory in line with our business expansion and in response to rising raw material prices in 2025.

The aging of our trade and bills payables as of December 31, 2023, 2024 and 2025, was influenced primarily by our settlement cycles. The following table sets forth an aging analysis of our trade and bills payables as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Within 1 year	551,551	525,319	590,902
After 1 year but within 2 years	6,764	6,197	5,058
After 2 years but within 3 years	900	3,964	2,902
After 3 years but within 4 years	922	785	1,110
Over 4 years	352	1,143	1,415
	560,489	**537,408**	**601,387**

Our trade and bills payables turnover days, which is calculated by dividing the arithmetic mean of the opening and closing balance of our trade and bills payables in a given year by the cost of sales in the same year, multiplied by 365 days, was mainly affected by fluctuations in settlement cycles and the timing of payments to counterparties. Our trade and bills payables turnover days in 2023, 2024 and 2025 was 343 days, 306 days and 299 days, respectively.

As of April 30, 2026, RMB189.7 million, or 63.6%, of our trade payables as of December 31, 2025 had been subsequently settled.

Contract Liabilities

Our contract liabilities primarily represented advance payments received from customers in connection with the sale of goods, which were recognized as revenue upon the transfer of control of the relevant products in accordance with our revenue recognition policy. Our contract liabilities decreased slightly from RMB162.5 million as of December 31, 2023 to RMB151.2 million as of December 31, 2024, and further decreased to RMB112.9 million as of December 31, 2025, primarily due to decreases in advance payments received from customers, including the recognition of revenue upon fulfilment of performance obligations, partially offset by advance payments received from new customer orders during the year.

Other Payables and Accruals

Our other payables and accruals primarily comprised accrual payroll, income and other taxes and surcharges payables and other payables and accrued charges arising from our day-to-day business operations.

The following table sets forth a summary of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Accrual payroll	15,384	16,955	15,980
Income and other taxes and surcharges payables	14,046	13,141	4,942
Other payables and accrued charges	58,272	40,830	34,125
Total	**87,702**	**70,926**	**55,047**

Our other payables and accruals decreased by 19.1% from RMB87.7 million as of December 31, 2023 to RMB70.9 million as of December 31, 2024, primarily attributable to a decrease in other payables and accrued charges, which primarily consisted of amounts payable to contractors for the construction of our production facility in Changzhou.

Our other payables and accruals subsequently decreased by 22.4% to RMB55.0 million as of December 31, 2025, primarily due to decreases in income and other taxes and surcharges as well as other payables and accrual charges.

Non-current Assets and Non-current Liabilities

The following table sets forth our non-current assets and non-current liabilities as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Non-current assets			
Property, plant and equipment	114,043	187,467	204,905
Investment property	3,804	–	–
Right-of-use assets	47,714	43,252	40,721
Intangible assets	2,826	2,856	3,803
Interests in associates	10,054	10,689	20,000
Equity securities designated at fair value through other comprehensive income ("**FVOCI**")	–	–	4,527
Prepayments and other receivables	2,996	1,971	1,413
Deferred tax assets	10,261	15,472	17,141
Contract assets	3,528	12,400	19,377
Total non-current assets	**195,226**	**274,107**	**311,887**
Non-current liabilities			
Bank loans and other borrowings	66,030	54,101	236,664
Lease liabilities	1,590	330	78
Deferred income	16,230	33,173	27,207
Total non-current liabilities	**83,850**	**87,604**	**263,949**
Net non-current assets	**111,376**	**186,503**	**47,938**

Investment Property and Property, Plant and Equipment

Investment property and property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The estimated useful lives for the Track Record Period are 20 years for buildings, ten years for machinery and equipment and three to four years for motor vehicles, office equipment and others.

The following table sets forth the net carrying value of our investment property and property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Investment property	3,804	–	–
Buildings	934	110,268	148,192
Machinery and equipment	14,772	30,481	39,497
Motor vehicles, office equipment and others	3,501	3,778	5,117
Construction in process	94,836	42,940	12,099
Total	**117,847**	**187,467**	**204,905**

The net carrying value of our investment property and property, plant and equipment increased from RMB117.8 million as of December 31, 2023 to RMB187.5 million as of December 31, 2024, primarily attributable to the transfer of construction in process to completed assets in 2024, particularly buildings and machinery and equipment, following the completion and commissioning of previously capitalized projects. As a result, the net carrying value of buildings increased significantly. Depreciation charges recognized in 2024 partially offset the increase arising from capitalization, but overall investment property and property, plant and equipment expanded due to the scale of completed investments.

The net carrying value of our investment property and property, plant and equipment further increased from RMB187.5 million as of December 31, 2024 to RMB204.9 million as of December 31, 2025, reflecting continued capital expenditure and the commissioning of additional assets in 2025. The increase was mainly driven by further growth in buildings and machinery and equipment, indicating continued expansion of production capacity and upgrading of facilities. Construction in process decreased further as more projects were completed and transferred to fixed assets, while depreciation charges continued to be recognized on a larger asset base. Overall, the increase in investment property and property, plant and equipment during 2025 reflected our ongoing investment in production infrastructure to support business growth.

Right-of-use Assets

Right-of-use assets represented our land use rights and rights to use leased warehouses and office premises, which were recognized at the commencement date of the relevant leases during the Track Record Period. Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses and are adjusted for remeasurement of lease liabilities.

Our right-of-use assets decreased from RMB47.7 million as of December 31, 2023 to RMB43.3 million as of December 31, 2024, primarily attributable to depreciation charges recognized in 2024, which exceeded additions arising from the new leases that we entered into during the year.

Our right-of-use assets further decreased from RMB43.3 million as of December 31, 2024 to RMB40.7 million as of December 31, 2025, primarily attributable to depreciation charges recognized on our existing leases in 2025, which outweighed new lease additions, indicating a more stable leased premises footprint compared to earlier expansion phases.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, we funded our cash requirements principally from proceeds from our business operations, capital contributions from Shareholders and bank borrowings. After the **[REDACTED]**, we intend to finance our future capital requirements through cash generated from our business operations and the net **[REDACTED]** from the **[REDACTED]**. We do not anticipate any changes in the availability of financing to fund our operations in the future.

Sufficiency of Working Capital

Taking into account the financial resources available to us, including cash and cash equivalents, available banking facilities, cash flows from operating activities and estimated net **[REDACTED]** from the **[REDACTED]**, our Directors are of the view that we have sufficient working capital to meet our present requirements and for at least the next 12 months from the date of this document.

Cash Flows Analysis

The table below sets forth selected cash flow statement information from our consolidated cash flow statements for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Net cash used in operating activities	(79,632)	(23,953)	(131,388)
Net cash used in investing activities	(42,956)	(95,858)	(81,692)
Net cash generated from financing activities	86,583	168,585	186,704
Net (decrease)/increase in cash and cash equivalents	**(36,005)**	**48,774**	**(26,376)**
Cash and cash equivalents at beginning of the year	92,089	56,084	104,858
Cash and cash equivalents at end of the year	**56,084**	**104,858**	**78,482**

Net Cash Used in Operating Activities

Net cash used in operating activities primarily reflect cash flows arising from our core operations, adjusted for non-cash items such as depreciation and amortization, finance costs and other non-cash expenses, as well as changes in working capital, including inventories, trade and bills receivables, prepayments and other receivables, trade and bills payables and other payables and accruals. Net cash used in operating activities is also affected by income tax payments made in a year.

In 2023, we recorded net cash used in operating activities of RMB79.6 million, primarily due to profit before taxation of RMB22.0 million, as adjusted for (i) certain non-cash and non-operating items, primarily including finance costs of RMB10.5 million; and (ii) changes in working capital that negatively affected the operating cash flows, primarily including (a) an increase in inventories of RMB134.9 million; (b) an increase in trade and bills receivables of RMB56.6 million; and (c) a decrease in other payables and accruals of RMB42.9 million, partially offset by (iii) changes in working capital that positively affected the operating cash flows, primarily including (a) a decrease in restricted bank deposit of RMB52.7 million and (b) an increase in contract liabilities of RMB55.7 million.

In 2024, we recorded net cash used in operating activities of RMB24.0 million, primarily due to profit before taxation of RMB45.1 million, as adjusted for (i) certain non-cash and non-operating items, primarily including (a) write-down of inventories of RMB10.8 million and (b) finance costs of RMB11.8 million; and (ii) changes in working capital that negatively affected the operating cash flows, primarily including (a) an increase in inventories of RMB30.8 million; (b) an increase in restricted bank deposit of RMB54.7 million; and (c) a decrease in trade and bills payables of RMB23.1 million, partially offset by (iii) changes in working capital that positively affected the operating cash flows, primarily including (a) a decrease in trade and bills receivables of RMB30.8 million and (b) an increase in deferred income of RMB19.6 million.

In 2025, we recorded net cash used in operating activities of RMB131.4 million, primarily due to profit before taxation of RMB44.8 million, as adjusted for (i) certain non-cash and non-operating items, primarily including (a) depreciation of investment property and property, plant and equipment of RMB13.4 million; (b) impairment loss on trade receivables, other receivables and contract assets of RMB10.1 million; and (c) finance costs of RMB15.9 million; and (ii) changes in working capital that negatively affected the operating cash flows, primarily including (a) an increase in inventories of RMB66.2 million; (b) an increase in trade and bills receivables of RMB164.2 million; and (c) a decrease in contract liabilities of RMB38.3 million, partially offset by (iii) changes in working capital that positively affected the operating cash flows, primarily including an increase in trade and bills payables of RMB64.0 million.

Net Cash Used in Investing Activities

In 2023, we recorded net cash used in investing activities of RMB43.0 million, which was primarily attributable to our payment for the purchase of property, plant and equipment of RMB42.7 million in connection with the expansion of our production capacity and operations.

In 2024, we recorded net cash used in investing activities of RMB95.9 million, which was primarily attributable to our payment for the purchase of property, plant and equipment of RMB106.4 million, indicating that in 2024 we remained focused on supporting our ongoing operational needs and capacity expansion.

In 2025, we recorded net cash used in investing activities of RMB81.7 million, which was primarily attributable to our payment for the purchase of property, plant and equipment of RMB65.5 million and payment for purchase of interests in associates of RMB10.0 million.

Net Cash Generated from Financing Activities

In 2023, we recorded net cash generated from financing activities of RMB86.6 million, which was primarily attributable to proceeds from bank loans and other borrowing of RMB289.5 million, partially offset by our repayment of bank loans and other borrowings of RMB204.1 million.

In 2024, we recorded net cash generated from financing activities of RMB168.6 million, which was primarily attributable proceeds from bank loans and other borrowings of RMB392.0 million, partially offset by our repayments of bank loans and other borrowings of RMB269.9 million.

In 2025, we recorded net cash generated from financing activities of RMB186.7 million, which was primarily attributable to proceeds from bank loans and other borrowings of RMB290.7 million, partially offset by our repayments of bank loans and other borrowings of RMB110.5 million.

CAPITAL EXPENDITURE

Our capital expenditure comprised payments for purchase of property, plant and equipment and intangible assets. We may incur additional capital expenditure from time to time as we pursue opportunities to expand our business and enhance our operational capabilities. During the Track Record Period, our capital expenditure primarily reflected investments in production facility, machinery and supporting infrastructure, with a smaller portion attributable to intangible assets, which comprised software during the same year.

	Year ended December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Payment for the purchase of property, plant and equipment	42,659	106,410	65,537
Payment for the purchase of intangible assets	297	489	1,505
Total capital expenditure	**42,956**	**106,899**	**67,042**

CAPITAL COMMITMENTS

As of December 31, 2023, 2024 and 2025, we had RMB78.4 million, RMB27.8 million and RMB4.5 million of capital commitments, respectively, for the acquisition of property, plant and equipment.

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	(RMB in thousands)			*(unaudited)*
Current				
Bank loans and other borrowings	259,405	393,512	391,016	451,726
Lease liabilities	3,938	1,498	124	92
Sub-total	**263,343**	**395,010**	**391,140**	**451,818**
Non-current				
Bank loans and other borrowings	66,030	54,101	236,664	168,175
Lease liabilities	1,590	330	78	79
Sub-total	**67,620**	**54,431**	**236,742**	**168,254**
Total	**330,963**	**449,442**	**627,882**	**620,072**

Our bank loans and other borrowings during the Track Record Period mainly represented (i) bank loans from commercial banks in the Chinese Mainland; and (ii) other borrowings from the equipment sales and leaseback arrangements with finance leasing companies as well as factoring arrangements with banks. Our bank loans and other borrowings were primarily used for production facility construction, equipment purchases and working capital.

As of December 31, 2023, 2024 and 2025, we had bank loans and other borrowings of RMB325.4 million, RMB447.6 million and RMB627.7 million, respectively, which were all denominated in RMB. As of December 31, 2023, 2024 and 2025, we had (i) bank loans of RMB70.2 million, RMB120.3 million and RMB112.5 million, respectively, which were secured by our property, plant and equipment and right-of-use assets, and guaranteed by one of our Controlling Shareholders; (ii) unsecured bank loans of RMB202.5 million, RMB155.5 million and RMB0.5 million, respectively, which were guaranteed by one of our Controlling Shareholders; (iii) unsecured and unguaranteed bank loans of RMB42.6 million, RMB166.6 million and RMB513.9 million, respectively; and (iv) bank loans and other borrowings of RMB10.1 million, RMB5.2 million and RMB0.8 million, respectively, which were secured by our property, plant and equipment as well as trade receivables. Our bank loans bore interest ranging from 3.10% to 4.50% per annum, 2.70% to 4.50% per annum and 2.24% to 4.15% per annum, respectively, as of December 31, 2023, 2024 and 2025. Our equipment sales and leaseback arrangements bore an interest rate of 6.60% per annum as of December 31, 2023 and 2024 and our other borrowings from our factoring arrangements bore interest ranging from 9.31% to 12.78% per annum as of December 31, 2025. See Note 24(a) to the Accountant's Report in Appendix I to this document. As of April 30, 2026, we had unutilized banking facilities of RMB708.9 million.

Our bank loans contain standard terms, conditions and covenants that are customary for commercial bank loans. Our Directors confirm that, as of the Latest Practicable Date, there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, and there was no default in our payment of bank loans and other borrowings, or breach of covenants, during the Track Record Period and up to the Latest Practicable Date.

Contingent Liabilities

As of December 31, 2023, 2024 and 2025 and April 30, 2026, we did not have any material contingent liabilities. Our Directors confirm that there had been no material change in our contingent liabilities since April 30, 2026 and up to the Latest Practicable Date.

Indebtedness Statement

Except as disclosed in the subsection titled "– Indebtedness" in this section, as of April 30, 2026, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance (other than normal trade bills payables) or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there had been no material change in our indebtedness since April 30, 2026 and up to the Latest Practicable Date.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had transactions with certain related parties on terms of conditions similar to terms with other parties that are not related parties. See Note 33 to the Accountants' Report included in Appendix I to this document. Our Directors confirm that these transactions were conducted on arm's length basis and entered into in the ordinary course of business and would not distort our track record results or make our historical results not reflective of our future performance.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates or for the years indicated:

	As of/for the year ended December 31,		
	2023	2024	2025
Gross profit margin[(1)] *(%)*	24.1	25.0	25.7
Return on assets[(2)] *(%)*	1.5	2.5	2.2
Return on equity[(3)] *(%)*	7.5	10.7	9.2
Current ratio[(4)] *(times)*	1.2	1.2	1.3
Quick ratio[(5)] *(times)*	0.8	0.8	0.9

Notes:

(1) Gross profit margin is calculated by dividing our gross profit in a given year by our revenue in the same year and multiplied by 100%.

(2) Return on assets is calculated based on our profit for a given year divided by the closing balance of our total assets at the end of the same year and multiplied by 100%.

(3) Return on equity is calculated based on our profit for a given year divided by the closing balance of our total equity at the end of the same year and multiplied by 100%.

(4) Current ratio is calculated by dividing our total current assets by our total current liabilities.

(5) Quick ratio is calculated by dividing our total current assets less inventories by our total current liabilities.

Return on Assets

Our return on assets increased from 1.5% in 2023 to 2.5% in 2024, mainly due to a substantial increase in our profit from RMB21.0 million in 2023 to RMB40.8 million in 2024. It then slightly decreased to 2.2% in 2025, mainly due to the installation and commissioning of our new production line for wind turbine generator components in 2025, which remained in the capacity ramp-up phase throughout the year. As a result, our total assets registered a 15.3% growth from 2024 to 2025, outpacing our profit growth in the same year.

Return on Equity

Our return on equity increased from 7.5% in 2023 to 10.7% in 2024, mainly due to a substantial increase in our profit from RMB21.0 million in 2023 to RMB40.8 million in 2024. It then slightly decreased to 9.2% in 2025, mainly due to our asset expansion in 2025 alongside our retention of substantial reserves, which registered a 17.3% growth in our total equity from 2024 to 2025, outpacing our profit growth in the same year.

Current Ratio

Our current ratio remained relatively stable at 1.2 times, 1.2 times and 1.3 times, respectively, in 2023, 2024 and 2025.

Quick Ratio

Our quick ratio remained relatively stable at 0.8 times, 0.8 times and 0.9 times, respectively, in 2023, 2024 and 2025.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any outstanding off-balance sheet commitments or arrangements.

DIVIDEND

No dividend was declared or paid by our Company during the Track Record Period, nor has any dividend been proposed since the end of the Track Record Period. Our Group currently does not have a pre-determined dividend payout ratio. We may declare and pay dividends after taking into account our results of operations, financial condition, cash flow, operating and capital expenditure requirements, future business development strategies and estimates and other factors as we may deem relevant. We may distribute dividends by way of cash or stock. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant PRC laws and regulations. Any proposed distribution of dividends shall be determined by our Board and must be approved by our shareholders at a general meeting. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the discretion of our Board and subject to the approval of Shareholders' meeting.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we had no distributable reserves.

[REDACTED]

[REDACTED] represent professional fees, **[REDACTED]** and other fees incurred in connection with the **[REDACTED]**. We expect to incur **[REDACTED]** of approximately RMB**[REDACTED]** (HK$**[REDACTED]**), representing approximately **[REDACTED]**% of the gross **[REDACTED]** from the **[REDACTED]** (based on the mid-point of the indicative **[REDACTED]** and assuming the **[REDACTED]** is not exercised). The **[REDACTED]** we incurred in the Track Record Period and expect to incur would consist of approximately RMB**[REDACTED]** (HK$**[REDACTED]**) **[REDACTED]** fees and approximately RMB**[REDACTED]** (HK$**[REDACTED]**) non-**[REDACTED]** fees (including fees and expenses of legal advisors and the reporting accountant of approximately RMB**[REDACTED]** (HK$**[REDACTED]**) and other fees and expenses of approximately RMB**[REDACTED]** (HK$**[REDACTED]**). Among the total **[REDACTED]** which we expect to incur, approximately RMB**[REDACTED]** (HK$**[REDACTED]**) will be directly attributable to the **[REDACTED]** of our **[REDACTED]** and deducted from equity and the remaining RMB**[REDACTED]** (HK$**[REDACTED]**) will be expensed upon **[REDACTED]**. The **[REDACTED]** above are the best estimate as of the Latest Practicable Date and for reference only. The actual amount may differ from such estimate.

FINANCIAL RISK MANAGEMENT

We are exposed to a variety of financial risks, including market risk, credit risk and liquidity risk. These risks and the manner in which we seek to mitigate them are summarized below and described in more details in Note 31 to the Accountants' Report included in Appendix I to this document for more details. Thereto, please also see section headed "Risk Factors."

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to us. Our credit risk is primarily attributable to trade receivables and contract assets. Our exposure to credit risk arising from cash and cash equivalents, restricted bank deposits and bills receivable is limited because the counterparties are banks and financial institutions with high credit standing, for which we consider to have low credit risk. We do not provide any guarantees which would expose us to credit risk. See Note 31 of the Accountants' Report in Appendix I to this document for the tables showing our exposure to credit risk and expected credit losses for trade receivables and contract assets and analysis for movement in the loss allowance account in respect of trade receivables during the year.

Liquidity Risk

Individual operating entities within us are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. Our policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. See Note 31 of the Accountants' Report in Appendix I to this document for the tables showing the remaining contractual maturities at the end of the reporting period of our financial liabilities.

Interest Rate Risk

Interest-bearing financial instruments at variable rates and at fixed rates expose us to fair value interest rate risk and cash flow interest rate risk, respectively. We determine the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and perform regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. The fair value interest rate risk and cash flow interest rate risk that we are exposed to are not significant. See Note 31 of the Accountants' Report in Appendix I to this document, as reported to the management of us, detailing our interest rate risk profile.

NO MATERIAL ADVERSE CHANGE

After due and careful consideration, our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See Appendix II to this document.

DISCLOSURE REQUIRED UNDER THE HONG KONG LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Hong Kong Listing Rules.

FUTURE PLANS

See "Business – Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that the net **[REDACTED]** of the **[REDACTED]**, after deducting the estimated **[REDACTED]** and other fees and expenses payable by us in connection with the **[REDACTED]**, will be approximately HK$**[REDACTED]**, at the **[REDACTED]** of HK$**[REDACTED]** per H Share (being the mid-point of the indicative **[REDACTED]** and assuming that the **[REDACTED]** is not exercised). We currently intend to use the net **[REDACTED]** from the **[REDACTED]** for the purposes and in the amounts as set out below:

- **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used to expand our production capacity and enhance the automation, digitalization and operational efficiency of our production facilities. In particular:

  - **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used to expand our production capacity for PMDD pulleys and various application-specific PM motors across industrial scenarios, optimize our production system and enhance our in-house manufacturing and level of automation for key production processes to improve our production efficiency, product quality and delivery capacity. Specifically, we plan to:

    (i) Construct new production lines to ensure production line efficiency and stable product quality, and secure in-house control of our production chain to further enhance product quality stability, boost production efficiency, shorten delivery lead times and reduce overall production costs;

    (ii) Procure and deploy high-precision production and assembly equipment to further enhance the stability and reliability of product quality, build high-efficiency production lines, reduce human operational errors and material waste and boost our production efficiency;

    (iii) Build a comprehensive testing and operating condition simulation platform covering all production stages to form a complete closed loop from production to testing and verification and ensure product reliability and consistency; and

    (iv) Establish a global supply chain, smart warehousing and logistics system to ensure the stable supply of core materials throughout our production process, improve our response efficiency for global order fulfillment and strengthen our global operational capabilities;

- **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used on the digital upgrading of our existing and new production lines to build a flexible production system integrating intelligent blanking, precision machining, automatic inspection as well as digital management and control. Such upgrade is expected to drive standardized production, enable end-to-end traceability, optimize our production scheduling and improve our overall operational management efficiency;

- **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used for R&D investments and continuous technological innovation. In particular:

  - **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used for (i) continuous iteration of our five core technology pillars, as well as optimization of electromagnetic design, thermal management, insulation systems and control algorithms, to consolidate our technological leadership and drive lightweighting, cost reduction and efficiency improvement across our PM electric-drive products; and (ii) advancement of the development of platform-based design software and modular design architecture for PMDD and control technologies, with a portion of the net proceeds allocated to the procurement and upgrading of hardware and software equipment to enhance our R&D efficiency;

  - **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used for the construction of our R&D center and its dedicated laboratories. We plan to focus on building specialized labs for electromagnetic simulation, insulation performance, reliability and extreme working condition simulations. We expect these specialized labs to comprehensively improve our R&D and verification system for our low-speed and high-speed PMDD products, strengthen our testing capabilities and enhance the efficiency of our technological achievement transformation and the speed of product iteration; and

  - **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used for recruitment of domestic and international talent and training for R&D personnel. We plan to strengthen the cultivation of technical talent through platforms such as our postdoctoral research station to build an interdisciplinary talent pool with both technical depth and industry vision. We plan to focus on recruiting and cultivating internationally competitive technical talent and enhancing our R&D capabilities in cutting-edge technology and the field of renewable energy to improve overall R&D efficiency;

- **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used to establish and refine our global sales and service network to support our global expansion. In particular:

  - **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used to establish a global service network with plans to set up local sales and technical service centers in key overseas markets to enable rapid response to customer needs, and set up integrated dedicated service teams to enhance our local service capabilities; and

  - **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used for (i) pursuing international product certifications to obtain access qualifications for high-end overseas markets, break down market entry barriers and expand our high-end overseas customer base; and (ii) deepening strategic cooperation with leading global equipment manufacturers to further expand our sales network and increase the global market coverage of our products;

- **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used for industrial chain integration and creation of upstream and downstream synergy. In particular, We plan to use the net **[REDACTED]** to (i) strengthen our cooperation with core material suppliers with cost advantages or mature process capabilities to secure supply chain stability and optimize our cost structure; and (ii) continue to explore the establishment of joint ventures with downstream customers to co-develop PM electric-drive solutions and ultimately build core competitive barriers; and

- **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used for working capital and other general corporate purposes.

In the event that the **[REDACTED]** is set at the maximum **[REDACTED]**, being HK$**[REDACTED]**, or the minimum **[REDACTED]**, being HK$**[REDACTED]**, of the indicative **[REDACTED]**, the net **[REDACTED]** of the **[REDACTED]** will increase or decrease by approximately HK$**[REDACTED]**, respectively. The above allocation of the **[REDACTED]** will be adjusted on a pro rata basis if the **[REDACTED]** is fixed at a higher or lower level compared to the mid-point of the indicative **[REDACTED]**.

If the **[REDACTED]** is exercised in full, the net **[REDACTED]** that we will receive will be approximately HK$**[REDACTED]**, assuming an **[REDACTED]** of HK$**[REDACTED]** per Share (being the mid-point of the indicative **[REDACTED]**). In the event that the **[REDACTED]** is exercised in full, we intend to apply the additional net **[REDACTED]** to the above purpose in the proportions stated above.

To the extent that the net **[REDACTED]** are not immediately applied to the above purposes and to the extent permitted by the relevant law and regulations, so long as it is deemed to be in the best interests of our Group, we may hold such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions). We will issue an appropriate announcement if there is any material change to the above proposed use of **[REDACTED]**.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

The following is the text of a report set out on pages I-1 to I-61, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.



ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF JIANGSU JASUNG INTELLIGENT INDUSTRIAL TECHNOLOGY CO., LTD.* 江蘇嘉軒智能工業科技股份有限公司 AND DONGXING SECURITIES (HONG KONG) COMPANY LIMITED

Introduction

We report on the historical financial information of JIANGSU JASUNG INTELLIGENT INDUSTRIAL TECHNOLOGY CO., LTD.* 江蘇嘉軒智能工業科技股份有限公司 (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-3 to I-61, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2023, 2024 and 2025, and the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended December 31, 2023, 2024 and 2025 (the "**Track Record Period**"), and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-3 to I-61 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the "**document**") in connection with the **[REDACTED]** of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

* *For identification purpose only*

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at December 31, 2023, 2024 and 2025 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 30(c) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
[Date]

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

*(Expressed in Renminbi ("**RMB**"))*

		Year ended December 31,		
		2023	**2024**	**2025**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	4	761,501	872,634	935,966
Cost of sales		(578,036)	(654,320)	(695,570)
Gross profit		183,465	218,314	240,396
Other income	5	8,698	20,213	13,533
Selling and marketing expenses		(61,438)	(69,329)	(73,486)
Administrative expenses		(64,331)	(72,218)	(69,806)
Research and development expenses		(30,186)	(32,281)	(39,200)
Impairment loss on trade receivables, other receivables and contract assets		(3,749)	(8,464)	(10,081)
Profit from operations		32,459	56,235	61,356
Finance costs	6(a)	(10,517)	(11,753)	(15,898)
Share of profits/(losses) of associates		55	635	(688)
Profit before taxation	6	21,997	45,117	44,770
Income tax	7	(987)	(4,279)	(3,198)
Profit for the year		21,010	40,838	41,572
Attributable to:				
Equity shareholders of the Company		21,010	40,838	41,572
Profit for the year		21,010	40,838	41,572
Earnings per share				
Basic and diluted *(RMB)*	10	0.35	0.65	0.65

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in RMB)

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Profit for the year	21,010	40,838	41,572
Other comprehensive income for the year (after tax and reclassification adjustments)			
Item that will not be reclassified to profit or loss:			
Equity investments at FVOCI – net movement in fair value reserves (non-recycling)	–	–	(273)
Other comprehensive income for the year	–	–	(273)
Total comprehensive income for the year	21,010	40,838	41,299
Attributable to:			
Equity shareholders of the Company	21,010	40,838	41,299
Total comprehensive income for the year	21,010	40,838	41,299

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

		As at December 31,		
		2023	**2024**	**2025**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	11	114,043	187,467	204,905
Investment property	11	3,804	–	–
Right-of-use assets	12	47,714	43,252	40,721
Intangible assets	13	2,826	2,856	3,803
Interests in associates	15	10,054	10,689	20,000
Equity securities designated at fair value through other comprehensive income ("**FVOCI**")	16	–	–	4,527
Prepayments and other receivables	19	2,996	1,971	1,413
Deferred tax assets	28(b)	10,261	15,472	17,141
Contract assets	22(a)	3,528	12,400	19,377
		195,226	274,107	311,887
Current assets				
Inventories	17	429,411	449,454	510,871
Contract assets	22(a)	7,425	18,414	32,470
Trade and bills receivables	18	638,009	607,182	771,373
Prepayments and other receivables	19	50,696	57,180	65,547
Restricted bank deposits	20(a)	67,750	122,468	112,326
Cash and cash equivalents	20(a)	56,084	104,858	78,482
		1,249,375	1,359,556	1,571,069
Current liabilities				
Trade and bills payables	21	560,489	537,408	601,387
Contract liabilities	22(b)	162,519	151,179	112,913
Other payables and accruals	23	87,702	70,926	55,047
Bank loans and other borrowings	24	259,405	393,512	391,016
Lease liabilities	25	3,938	1,498	124
Provision	29	6,919	8,256	9,073
		1,080,972	1,162,779	1,169,560
Net current assets		168,403	196,777	401,509
Total assets less current liabilities		363,629	470,884	713,396

		As at December 31,		
		2023	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities				
Bank loans and other borrowings	24	66,030	54,101	236,664
Lease liabilities	25	1,590	330	78
Deferred income	26	16,230	33,173	27,207
		83,850	87,604	263,949
NET ASSETS		279,779	383,280	449,447
CAPITAL AND RESERVES				
Share capital	30	61,501	63,408	64,154
Reserves	30	218,278	319,872	385,293
TOTAL EQUITY		279,779	383,280	449,447

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

		As at December 31,		
		2023	**2024**	**2025**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	11	114,043	187,467	204,905
Investment property	11	3,804	–	–
Right-of-use assets	12	47,714	43,252	40,721
Intangible assets	13	2,826	2,856	3,803
Investments in subsidiaries	14	–	–	3,583
Interests in associates	15	10,054	10,689	20,000
Equity securities designated at fair value through other comprehensive income ("**FVOCI**")	16	–	–	4,527
Prepayments and other receivables	19	2,996	1,971	1,413
Deferred tax assets	28(b)	10,261	15,472	17,141
Contract assets	22(a)	3,528	12,400	19,377
		195,226	274,107	315,470
Current assets				
Inventories	17	429,411	449,454	510,871
Contract assets	22(a)	7,425	18,414	32,470
Trade and bills receivables	18	638,009	607,182	771,373
Prepayments and other receivables	19	50,696	57,200	65,312
Restricted bank deposits	20(a)	67,750	122,468	112,326
Cash and cash equivalents	20(a)	56,084	104,781	75,631
		1,249,375	1,359,499	1,567,983
Current liabilities				
Trade and bills payables	21	560,489	537,408	601,536
Contract liabilities	22(b)	162,519	151,179	112,319
Other payables and accruals	23	87,642	70,773	54,791
Bank loans and other borrowings	24	259,405	393,512	391,016
Lease liabilities	25	3,938	1,498	124
Provision	29	6,919	8,256	9,073
		1,080,912	1,162,626	1,168,859
Net current assets		168,463	196,873	399,124
Total assets less current liabilities		363,689	470,980	714,594

		As at December 31,		
		2023	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities				
Bank loans and other borrowings	24	66,030	54,101	236,664
Lease liabilities	25	1,590	330	78
Deferred income	26	16,230	33,173	27,207
		83,850	87,604	263,949
NET ASSETS		279,839	383,376	450,645
CAPITAL AND RESERVES				
Share capital	30	61,501	63,408	64,154
Reserves	30	218,338	319,968	386,491
TOTAL EQUITY		279,839	383,376	450,645

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

		Attributable to equity shareholders of the Company			
		Share capital	**Capital reserve**	**Accumulated losses**	**Total**
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023		60,701	375,362	(193,574)	242,489
Changes in equity for 2023:					
Total comprehensive income		–	–	21,010	21,010
Issuance of ordinary shares	30(b)	800	15,200	–	16,000
Equity-settled share-based transactions	27	–	280	–	280
Balance at December 31, 2023		61,501	390,842	(172,564)	279,779

		Attributable to equity shareholders of the Company			
		Share capital	**Capital reserve**	**Accumulated losses**	**Total**
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2024		61,501	390,842	(172,564)	279,779
Changes in equity for 2024:					
Total comprehensive income		–	–	40,838	40,838
Issuance of ordinary shares	30(b)	1,907	60,093	–	62,000
Equity-settled share-based transactions	27	–	663	–	663
Balance at December 31, 2024		63,408	451,598	(131,726)	383,280

		Attributable to equity shareholders of the Company				
		Share capital	**Capital reserve**	**Other reserve**	**Accumulated losses**	**Total**
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2025		63,408	451,598	–	(131,726)	383,280
Changes in equity for 2025:						
Profit for the year		–	–	–	41,572	41,572
Other comprehensive income		–	–	(273)	–	(273)
Total comprehensive income		–	–	(273)	41,572	41,299
Issuance of ordinary shares	30(b)	746	23,520	–	–	24,266
Equity-settled share-based transactions	27	–	602	–	–	602
Balance at December 31, 2025		64,154	475,720	(273)	(90,154)	449,447

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in RMB)

		Year ended December 31,		
		2023	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Operating activities				
Cash used in operations	20(b)	(64,533)	(12,386)	(120,030)
Income tax paid	28(a)	(15,099)	(11,567)	(11,358)
Net cash used in operating activities		(79,632)	(23,953)	(131,388)
Investing activities				
Payment for the purchase of property, plant and equipment		(42,659)	(106,410)	(65,537)
Payment for the purchase of intangible assets		(297)	(489)	(1,505)
Payment for purchase of an unlisted equity security		–	–	(4,800)
Payment for purchase of interests in associates		–	–	(10,000)
Proceeds from disposal of investment property and property, plant and equipment		–	11,041	150
Net cash used in investing activities		(42,956)	(95,858)	(81,692)
Financing activities				
Capital element of lease rental paid	20(c)	(4,474)	(3,840)	(1,731)
Interest element of lease rental paid	20(c)	(278)	(113)	(14)
Proceeds from bank loans and other borrowings	20(c)	289,544	392,021	290,722
Repayment of bank loans and other borrowings	20(c)	(204,061)	(269,917)	(110,530)
Interest paid	20(c)	(10,148)	(11,566)	(16,009)
Proceeds from issuance of ordinary shares		16,000	62,000	24,266
Net cash generated from financing activities		86,583	168,585	186,704
Net (decrease)/increase in cash and cash equivalents		(36,005)	48,774	(26,376)
Cash and cash equivalents at January 1,		92,089	56,084	104,858
Cash and cash equivalents at December 31,	20(a)	56,084	104,858	78,482

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

Jiangsu Jasung Intelligent Industrial Technology Co., Ltd. *江蘇嘉軒智能工業科技股份有限公司 (formerly known as Changzhou Jasung CNC Equipment Co., Ltd.*常州嘉軒數控設備有限公司, the "**Company**") was incorporated in Changzhou, Jiangsu Province, the People's Republic of China (the "**PRC**") on June 20, 2005, as a limited liability company. On June 7, 2017, the Company was converted from a limited liability company into a joint stock limited liability company under the PRC Company Law.

During the Track Record Period, the Company and its subsidiaries (together, "**the Group**") are principally engaged in design, research and development (the "**R&D**") of various types of permanent magnet motor products.

The statutory financial statements of the Company for the years ended December 31, 2023 and 2024 were prepared in accordance with the Accounting Standard for Business Enterprises issued by the Ministry of Finance of the PRC and audited by Changzhou Xinhetai Certified Public Accountants (General Partnership)*(常州鑫禾泰會計師事務所(普通合夥)), Huayun (Jiangsu) Certified Public Accountants Co., Ltd.*(華雲(江蘇)會計師事務所有限公司), respectively. The statutory financial statements of the Company for the year ended 31 December 2025 has not been issued as at the date of this report.

The Historical Financial Information have been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**"). Further details of the material accounting policy information adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The Group has not applied any new standard or interpretation that is not yet effective during the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective are set out in Note 35.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Historical Financial Information is presented in RMB and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2 MATERIAL ACCOUNTING POLICIES INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except the following assets are stated at their fair value as explained in the accounting policies set out below:

– financial assets measured at FVOCI; and

– bills receivables measured at FVOCI.

(b) Use of estimates and judgements

The preparation of Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

* *For identification purpose only.*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gain or loss) arising from intra-group transactions, are eliminated. Unrealized loss resulting from intra-group transactions are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("**NCI**") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statements of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss (see Note 2(i)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(d) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies.

An investment in an associate is accounted for under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 2(e)(ii)). Any acquisition date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate.

Unrealized profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In all other cases, when the Group ceases to have significant influence over an, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(e)(ii)).

(e) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates, are set out below:

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 31(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

– amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit loss, interest income calculated using the effective interest method (see Note 2(s)(ii)), foreign exchange gains and loss are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

– fair value through other comprehensive income ("**FVOCI**") – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit loss, interest income (calculated using the effective interest method) and foreign exchange gain and loss are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortized cost. The difference between the fair value and the amortized cost is recognised in other comprehensive income ("**OCI**"). When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

– fair value through profit or loss ("**FVPL**") if the investment does not meet the criteria for being measured at amortized cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other net income.

(f) Investment property and property, plant and equipment

Investment property is initially measured at cost.

Any gain or loss on disposal of investment property is recognised in profit or loss. Rental income from investment properties is recognised in accordance with Note 2(s)(ii).

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment loss (see Note 2(i)(ii)). The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition and location for its intended use. Subsequent expenditure relating to an item of property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the original assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in profit or loss in the period in which it is incurred.

Construction in progress represents buildings and various machinery, plant and equipment under construction and pending installation, and is stated at cost less impairment loss (see Note 2(i)(ii)). Cost comprises direct costs of construction as well as interest charges during the periods of construction.

Construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use. No depreciation is provided in respect of construction in progress.

Gain or loss arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write-off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the Track Record Period are as follows:

– Buildings	20 years
– Machinery and equipment	10 years
– Motor vehicles, office equipment and others	3 to 4 years
– Investment property	25 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(g) Intangible assets

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each periods.

Intangible assets with definite useful lives are amortized on the straight-line basis over the following useful economic lives:

– Software	3 to 10 years

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalize the lease on a lease-by-lease basis. If not capitalized, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment loss (see Notes 2(h) and 2(i)(ii)). Depreciation is calculated using the straight-line method over unexpired term of lease.

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortized cost (see Notes 2(e)(i) and 2(i)(ii)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statements of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(i) Credit loss and impairment of assets

(i) Credit loss from financial instruments and contract assets

The Group recognises a loss allowance for expected credit loss (ECLs) on financial assets measured at amortized cost (including cash and cash equivalents, restricted bank deposits, contract assets, trade receivables, bills receivable measured at amortised cost and other receivables).

Financial assets measured at fair value, including bills receivables measured at FVOCI (non-recycling) and equity securities measured at FVPL, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit loss. Generally, credit loss are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

– fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

– lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instrument for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held).

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognized in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or being more than 90 days past due;

– the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

– it is probable that the debtor will enter bankruptcy or other financial reorganization; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("**CGU**"s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment loss is recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then, to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

(j) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in process of production for such sale or in the form of material or supplies to be consumed in the production process or in the provision of services.

Inventories are measured at the lower of cost and net realizable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(k) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(s)(i)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs (see Note 2(i)(i)) and are reclassified to receivables when the right to the consideration becomes unconditional (see Note 2(l)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(s)(i)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 2(l)).

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. All receivables are subsequently stated at amortized cost (see Note 2(i)(i)).

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see Note 2(i)(i)).

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(o) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs.

Subsequently, these borrowings are stated at amortized cost using the effective interest method. Interest expense is recognised in accordance with Note 2(u).

(p) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Share-based payments

The Company grant the restricted share units ("**RSUs**") as incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of such share-based payments, whereby employees render services in exchange for equity instruments ("**equity- settled transactions**").

The cost of equity-settled transactions with employees is measured by reference to the fair value of the RSUs at the grant date. The fair value of RSUs granted is recognised as expenses with a corresponding increase in capital reserve within equity. The fair value is measured at grant date using the RSUs model, taking into account the terms and conditions upon which the RSUs were granted. Service and non-market performance conditions are not taken into account when determining the grant date fair value of RSUs, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of RSUs that will ultimately vest.

Where the grantees have to meet vesting conditions before becoming unconditionally entitled to the RSUs, the total estimated fair value of the RSUs is expensed over the vesting period, taking into account the probability that the RSUs will vest. During the vesting period, the number of RSUs that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve.

On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of equity-settled share-based payments award that vest with a corresponding adjustment to the capital reserve.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified and if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and it is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(q) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

– temporary differences related to investment in subsidiaries, associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax loss, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

(r) Provisions

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

Sales of products

Revenue is recognised when the Group transfers the control over the products to customers or satisfies the performance obligation in the contract, generally on delivery or installation and acceptance of the products.

(ii) Revenue from other sources and other income

(a) Rental income from operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(b) Interest income

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(c) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants related to assets shall be recognised as deferred income in the balance sheet and recorded in other income in a reasonable and systematic manner within the service life of the relevant assets. Government grants related to income, those to be used as compensation for future expense or loss shall be recognised as deferred income and shall be recorded in other income in the period in which the relevant expense or loss are recognised; other government grants shall be recorded in other income directly.

(t) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(v) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Notes 27 and 31(e) contain information about the assumptions and risk factors relating to fair value of the financial assets. Other key sources of estimation uncertainty are as follows:

(i) Net realisable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Special consideration is given to estimate the selling price of those technically obsolete and/or slow-moving inventory items.

Management reassesses these estimations at the end of reporting period to ensure inventory is shown at the lower of cost and net realizable value.

(ii) Provision of ECLs for trade and bills receivables and contract assets

The Group uses provision matrix to calculate ECL for accounts receivable and contract assets. The provision rates are based on the aging of trade receivable as groupings of receivables that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, accounts and bills receivables with significant balances and credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivable and contract assets are disclosed in Note 31(a), respectively.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products is as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15			
Disaggregated by major products lines			
– Sale of products	761,501	872,634	935,966
	761,501	872,634	935,966

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Disaggregated by timing of revenue recognition			
Point in time	761,501	872,634	935,966

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at December 31, 2023, 2024 and 2025, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB81,669,000, RMB124,818,000 and RMB158,264,000, respectively. These amounts represent revenue expected to be recognised in the future from the contracts for sales of products entered into by the customers with the Group. The Group will recognise the expected revenue in future when the relevant performance obligation is fulfilled, which is expected to occur over the next 12 to 36 months.

The Group has also applied the practical expedient in paragraph 121(a) of IFRS 15 to its contracts for sales of products such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of products that had an original expected duration of one year or less.

(b) Segment reporting

IFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment which is the sales of permanent magnet motor products.

(i) Geographic information

IFRS 8, Operating Segments, requires identification and disclosure of information about an entity's geographical areas, regardless of the entity's organization (i.e. even if the entity has a single reportable segment). The Group operates within one geographical location because primarily all of its revenue was generated in the Chinese Mainland and primarily all of its non-current operating assets were located in the Chinese Mainland. Accordingly, no geographical information is presented.

(ii) Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue is set out below:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Customer A	89,525	N/A*	N/A*

* Less than 10% of the Group's revenue in the respective year.

Details of concentrations of credit risk arising from the customers are set out in Note 31(a).

5 OTHER INCOME

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Government grants *(Note)*	3,323	8,273	6,292
Value-added tax deduction	4,068	3,919	4,750
Interest income	1,243	1,111	1,542
Net (losses)/gains on disposal of investment property and property, plant and equipment	(8)	6,568	(158)
Others	72	342	1,107
	8,698	20,213	13,533

Note: The Group received unconditional government grants from various local government authorities, as rewards of the Group's contribution to technology innovation and regional economic development.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
(a) Finance costs			
Interest on			
– bank loans and other borrowings *(Note 20(c))*	10,239	11,640	15,884
– lease liabilities *(Note 20(c))*	278	113	14
	10,517	11,753	15,898
(b) Staff costs			
Salaries, wages and other benefits	84,932	95,017	100,782
Contributions to defined contribution retirement plan *(Note)*	10,130	12,581	13,796
Equity-settled share-based transactions	280	663	602
	95,342	108,261	115,180

Note: Employees of the Company and its subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Company and its subsidiaries contributes funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
(c) Other items			
Depreciation charge			
– owned property, plant and equipment *(Note 11)*	4,387	6,762	13,370
– *investment property (Note 11)*	205	51	–
– right-of-use assets *(Note 12)*	5,101	4,601	2,635
	9,693	11,414	16,005
Impairment loss on trade and bills receivables, other receivables and contract assets	3,749	8,464	10,081
Research and development expense *(Note)*	30,186	32,281	39,200
Cost of inventories sold *(Note)*	578,036	654,320	695,570

Note: During the Track Record Period, research and development expense include staff cost, depreciation and amortization, which amounts are also included in the respective total amounts disclosed separately above.

During the Track Record Period, cost of inventories sold include staff cost, depreciation and amortization expenses, which amounts are also included in the respective total amounts disclosed separately above.

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current tax			
Provision for the year	4,625	9,490	4,867
Deferred tax			
Origination and reversal of temporary differences *(Note 28(b))*	(3,638)	(5,211)	(1,669)
	987	4,279	3,198

Note:

(i) According to the Corporate Income Tax Law of China (the "**Tax Law**"), the Group's subsidiaries in the PRC are subject to statutory income tax rate of 25%, except for those which are entitled to a preferential tax rate applicable to high and new technology enterprises of 15%. The Company obtained the certificate of high-technology enterprise in 2021 and renewed in 2024 and was entitled to a preferential income tax rate of 15% till 2027.

(b) Reconciliation between tax expenses and accounting profit at applicable tax rates

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Profit before taxation	21,997	45,117	44,770
Income tax expenses calculated at statutory tax rate	5,499	11,279	11,193
Effect of tax preferential rate	(2,200)	(4,512)	(4,477)
Effect of non-deductible costs, expenses and loss	2,110	2,278	2,362
Effect of additional deduction on the R&D expenses	(4,422)	(4,766)	(5,880)
Actual tax expenses	987	4,279	3,198

8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Year ended December 31, 2023

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments *(Note iii)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
Fu Jie	–	379	140	11	530	98	628
Wang Yong	–	510	2,018	14	2,542	–	2,542
Zhang Chunhui	–	551	1,140	10	1,701	–	1,701
Non-executive Directors							
Wei Bin	–	–	–	–	–	–	–
Xu Jinxiu	–	210	–	–	210	–	210
Yang Qiuju	–	216	15	10	241	–	241
Supervisors							
Xu Jian	–	144	138	9	291	–	291
Hu Bin	–	173	–	9	182	–	182
Zheng Yaojun	–	156	27	9	192	–	192
	–	2,339	3,478	72	5,889	98	5,987

Year ended December 31, 2024

	Notes	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments *(Note iii)*	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors								
Fu Jie		–	416	593	11	1,020	239	1,259
Wang Yong		–	416	1,518	14	1,948	–	1,948
Zhang Chunhui		–	430	1,025	11	1,466	–	1,466
Non-executive Directors								
Wei Bin		–	–	–	–	–	–	–
Xu Jinxiu		–	214	12	–	226	–	226
Yang Qiuju		–	229	32	10	271	–	271
Independent non executive directors								
Liu Ye	(i)	45	–	–	–	45	–	45
Yang Hongqin	(i)	45	–	–	–	45	–	45
Lin Mingyao	(i)	45	–	–	–	45	–	45
Supervisors								
Xu Jian		–	162	138	9	309	–	309
Hu Bin		–	174	–	9	183	–	183
Zheng Yaojun		–	158	27	9	194	–	194
		135	2,199	3,345	73	5,752	239	5,991

Year ended December 31, 2025

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments *(Note iii)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
Fu Jie	–	450	300	10	760	266	1,026
Wang Yong	–	448	1,573	14	2,035	–	2,035
Zhang Chunhui	–	524	1,102	11	1,637	–	1,637
Non-executive Directors							
Wei Bin	–	–	–	–	–	–	–
Xu Jinxiu	–	216	24	–	240	–	240
Yang Qiuju	–	225	32	10	267	–	267
Independent non executive directors							
Liu Ye	60	–	–	–	60	–	60
Yang Hongqin	60	–	–	–	60	–	60
Lin Mingyao	60	–	–	–	60	–	60
Supervisors							
Xu Jian	–	162	24	9	195	–	195
Hu Bin	–	77	–	9	86	–	86
Zheng Yaojun	–	156	–	9	165	–	165
	180	2,258	3,055	72	5,565	266	5,831

Notes:

(i) Mr. Liu Ye, Ms. Yang Hongqin and Mr. Lin Mingyao was appointed as independent non-executive directors in March 2024.

(ii) In May 2026, Mr. Man Yeung Chi and Mr. Lam Ka Tak were appointed as the non-executive director and independent non-executive director of the Company, respectively.

(iii) These represent the estimated value of share-based payment granted to the directors under the Group's share-based payment scheme as set out in Note 27. The value of these share-based payment is measured according to the Group's accounting policies for share-based payments transactions as set out in Note 2(p)(ii). The details of these benefits in kind, including the principal terms and number of restricted shares granted, are disclosed in Note 27.

(iv) The Company abolished the supervisor committee in August 2025.

During the Track Record Period, no director or supervisor has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors and the supervisors as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two, three and three are directors whose emoluments are disclosed in Note 8 during the years ended December 31, 2023 and 2024 and 2025, respectively. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	1,263	1,107	1,250
Discretionary bonuses	1,387	576	748
Retirement scheme contributions	27	18	19
Equity-settled share-based transactions	26	–	–
	2,703	1,701	2,017

The emoluments of the three, two, two individuals with the highest emoluments are within the following bands:

	Year ended December 31,		
	2023	**2024**	**2025**
	Number of individuals	*Number of individuals*	*Number of individuals*
Hong Kong Dollar ("**HKD**")			
Nil – HKD1,000,000	2	1	–
HKD1,000,001 – HKD1,500,000	1	1	2

During the Track Record Period, no amounts were paid or payable by the Group to the above non-director and non-supervisor highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

10 EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share for the Track Record Period is calculated by dividing the profit attributable to the equity shareholders of the Company by the weighted average number of ordinary shares in issue for the Track Record Period as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Profit for the year attributable to equity shareholders of the Company	21,010	40,838	41,572

Weighted average number of ordinary shares

	Year ended December 31,		
	2023	**2024**	**2025**
	'000	*'000*	*'000*
Issued ordinary shares the beginning of the year	60,701	61,501	63,408
Effect of ordinary shares issued	48	1,022	515
Weighted average number of ordinary shares at the end of the year	60,749	62,523	63,923

(b) Diluted earnings per share

There were no dilutive potential ordinary shares in existence during the Track Record Period, therefore the diluted earnings per share were the same as the basic earnings per share.

11 INVESTMENT PROPERTY AND PROPERTY, PLANT AND EQUIPMENT

The Group and the Company

	Buildings	**Machinery and equipment**	**Motor vehicles, office equipment and others**	**Construction in process**	**Sub-total**	**Investment property**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:							
At January 1, 2023	1,422	18,461	7,037	12,236	39,156	5,564	44,720
Additions	167	406	1,293	86,004	87,870	–	87,870
Transfer from construction in progress	–	3,404	–	(3,404)	–	–	–
Disposals	–	–	(59)	–	(59)	–	(59)
At December 31, 2023 and January 1, 2024	1,589	22,271	8,271	94,836	126,967	5,564	132,531
Additions	226	–	1,744	78,412	80,382	–	80,382
Transfer from construction in progress	111,537	18,378	393	(130,308)	–	–	–
Disposals	–	(2,947)	(121)	–	(3,068)	(5,564)	(8,632)
At December 31, 2024 and January 1, 2025	113,352	37,702	10,287	42,940	204,281	–	204,281
Additions	2,663	3,294	3,307	21,834	31,098	–	31,098
Transfer from construction in progress	42,758	9,565	352	(52,675)	–	–	–
Disposals	–	(1,334)	(640)	–	(1,974)	–	(1,974)
At December 31, 2025	158,773	49,227	13,306	12,099	233,405	–	233,405

	Buildings	Machinery and equipment	Motor vehicles, office equipment and others	Construction in process	Sub-total	Investment property	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation:							
At January 1, 2023	–	(5,555)	(3,033)	–	(8,588)	(1,555)	(10,143)
Charge for the year	(655)	(1,944)	(1,788)	–	(4,387)	(205)	(4,592)
Written back on disposals	–	–	51	–	51	–	51
At December 31, 2023 and January 1, 2024	(655)	(7,499)	(4,770)	–	(12,924)	(1,760)	(14,684)
Charge for the year	(2,429)	(2,483)	(1,850)	–	(6,762)	(51)	(6,813)
Written back on disposals	–	2,761	111	–	2,872	1,811	4,683
At December 31, 2024 and January 1, 2025	(3,084)	(7,221)	(6,509)	–	(16,814)	–	(16,814)
Charge for the year	(7,497)	(3,689)	(2,184)	–	(13,370)	–	(13,370)
Written back on disposals	–	1,180	504	–	1,684	–	1,684
At December 31, 2025	(10,581)	(9,730)	(8,189)	–	(28,500)	–	(28,500)
Net book value:							
At December 31, 2025	148,192	39,497	5,117	12,099	204,905	–	204,905
At December 31, 2024	110,268	30,481	3,778	42,940	187,467	–	187,467
At December 31, 2023	934	14,772	3,501	94,836	114,043	3,804	117,847

Property, plant and equipment with net book value of RMB105,460,000, RMB161,579,000 and RMB150,417,000 were secured for bank loans and other borrowings as at December 31, 2023 and 2024 and 2025, respectively.

As at December 31, 2023, the fair value of the investment properties as determined by the Directors of the Company by reference to recent sales price of comparable properties on a price per square foot basis using market data which is publicly available, amounted to RMB10,476,000.

12 RIGHT-OF-USE ASSETS

The Group and the Company

	Buildings	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At January 1, 2023	12,211	43,519	55,730
Additions	1,162	–	1,162
Disposals	(335)	–	(335)
At December 31, 2023 and January 1, 2024	13,038	43,519	56,557
Additions	536	–	536
Disposals	(4,521)	–	(4,521)
At December 31, 2024 and January 1, 2025	9,053	43,519	52,572
Additions	333	–	333
Disposals	(8,849)	–	(8,849)
At December 31, 2025	537	43,519	44,056
Accumulated depreciation:			
At January 1, 2023	(3,615)	(462)	(4,077)
Charge for the year	(4,231)	(870)	(5,101)
Written back on disposals	335	–	335
At December 31, 2023 and January 1, 2024	(7,511)	(1,332)	(8,843)
Charge for the year	(3,731)	(870)	(4,601)
Written back on disposals	4,124	–	4,124
At December 31, 2024 and January 1, 2025	(7,118)	(2,202)	(9,320)
Charge for the year	(1,765)	(870)	(2,635)
Written back on disposals	8,620	–	8,620
At December 31, 2025	(263)	(3,072)	(3,335)
Net book value:			
At December 31, 2025	274	40,447	40,721
At December 31, 2024	1,935	41,317	43,252
At December 31, 2023	5,527	42,187	47,714

Leasehold land with net book value of RMB42,187,000, RMB41,317,000 and RMB40,447,000 were secured for bank loans and other borrowings as at December 31, 2023 and 2024 and 2025, respectively.

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets by class of underlying asset:			
Buildings (i)	4,231	3,731	1,765
Leasehold land	870	870	870
Total	5,101	4,601	2,635
Interest on lease liabilities	278	113	14
Expense relating to short-term leases	1,870	2,174	1,460

Note:

(i) The Group has obtained the right to use properties and land through tenancy agreements. The leases typically run for an initial period of 2 to 4 years.

13 INTANGIBLE ASSETS

The Group and the Company

	Software
	RMB'000
Cost:	
At January 1, 2023	3,942
Additions	296
At December 31, 2023 and January 1, 2024	4,238
Additions	489
At December 31, 2024 and January 1, 2025	4,727
Additions	1,506
At December 31, 2025	6,233
Accumulated depreciation:	
At January 1, 2023	(959)
Charge for the year	(453)
At December 31, 2023 and January 1, 2024	(1,412)

	Software
	RMB'000
Charge for the year	(459)
At December 31, 2024 and January 1, 2025	(1,871)
Charge for the year	(559)
At December 31, 2025	(2,430)
Net book value:	
At December 31, 2025	3,803
At December 31, 2024	2,856
At December 31, 2023	2,826

14 INVESTMENTS IN SUBSIDIARIES

As at the end of each reporting period, the Company has direct or indirect interests in the following principal subsidiaries:

Name of company	Place and date of incorporation/ establishment and operation	Particulars of Registered capital	Particulars of paid-up capital	Effective interest held by the Group As at December 31, 2023	2024	2025	Principal business activities
Yidu Jasung Intelligent Industry Co., Ltd. 宜都嘉軒智能工業有限公司*(Notes (i) (ii))*	PRC September 05, 2024	RMB5,000,000	–	100%	100%	100%	Sales of products
Tianjin Jasung Hengsheng Intelligent Industrial Technology Co., Ltd. 天津嘉軒恆晟智能工業科技有限公司*(Notes (i) (ii))*	PRC April 26, 2020	RMB4,900,000	RMB3,430,000	100%	100%	100%	R&D, manufacturing and sales of products

Notes:

(i) These entities are limited liability companies established in the PRC. The official names of these entities are in Chinese. The English translation of the Company names is for identification purpose only.

(ii) No audited statutory financial statements have been prepared for these entities for the Track Record Period.

All companies now comprising the Group have adopted December 31 as their financial year end date.

15 INTERESTS IN ASSOCIATES

The Group and the Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Investments in unlisted equity securities	10,054	10,689	20,000

The following list contains all of associates, all of which are unlisted corporate entities whose quoted market price is not available:

Name	Form of business structure	Place of incorporation and business	Particulars of Registered capital	Particulars of paid-up capital	Effective interest / Group's effective interest / As at December 31, 2023	2024	2025	Principal activity
Inner Mongolia North Jasung Technology Co., Ltd. *(Notes (i)(iv))* 內蒙古北方嘉軒科技有限公司	Incorporated	PRC	RMB25,000,000	RMB25,000,000	40%	40%	40%	Manufacturing and sales of products
Jiangxi Jiangtong Jiaci Power Technology Co., Ltd. *(Notes (ii)(iv))* 江西江銅嘉磁動力科技有限公司	Incorporated	PRC	RMB15,000,000	RMB15,000,000	–	–	40%	Manufacturing and sales of products
Shandong Quanxing Jasung Intelligent Industrial Technology Co., Ltd. *(Notes (iii)(iv))* 山東泉興嘉軒智能工業科技有限公司	Incorporated	PRC	RMB20,000,000	RMB10,000,000	–	–	40%	Manufacturing and sales of products

Notes:

(i) In December 2022, the Group invested 40% of the equity interest in Inner Mongolia North Jasung Technology Co., Ltd. through capital injection of RMB10,000,000.

(ii) In April 2025, the Group invested 40% of the equity interest in Jiangxi Jiangtong Jiaci Power Technology Co., Ltd. through capital injection of RMB6,000,000.

(iii) In April 2025, the Group invested 40% of the equity interest in Shandong Quanxing Jasung Intelligent Industrial Technology Co., Ltd. through capital injection of RMB4,000,000.

(iv) These entities are limited liability companies established in the PRC. The official names of these entities are in Chinese. The English translation of the Company names is for identification purpose only.

All of the above associates are accounted for using the equity method in the consolidated financial statements.

16 EQUITY SECURITY DESIGNATED AT FVOCI

The Group and the Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Investment in an unlisted equity security	–	–	4,527

In 2025, the Group made an investment in a private company incorporated in PRC. The Group designated its investment in the unlisted company at FVOCI (non-recycling), as the investment is held for strategic purposes. No dividends were received on this investment during the Track Record Period.

The analysis on the fair value measurement of the above financial assets is disclosed in Note 31(e).

17 INVENTORIES

(a) Inventories in the consolidated statements of financial position comprise:

The Group and the Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
– Goods in transit	227,500	277,589	263,413
– Finished goods	135,773	109,021	148,605
– Raw materials	44,260	41,868	50,881
– Work in progress	37,069	46,936	78,746
	444,602	475,414	541,645
Write-down of inventories	(15,191)	(25,960)	(30,774)
	429,411	449,454	510,871

(b) The analysis of the amount of inventories and recognised as an expense and included in profit or loss is as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of inventories sold	570,672	643,551	690,756
Write-down of inventories	7,364	10,769	4,814
	578,036	654,320	695,570

18 TRADE AND BILLS RECEIVABLES

The Group and the Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	321,697	380,531	505,568
– Related parties *(Note 33(d))*	–	22,183	12,264
– Third parties	321,697	358,348	493,304
Bills receivables measured at amortized cost	119,134	108,680	109,561
Bills receivables measured at FVOCI	197,178	117,971	156,244
Trade and bills receivables	638,009	607,182	771,373

All of trade and bills receivables are expected to be recovered within one year.

As at December 31, 2023, 2024 and 2025, the Group endorsed undue bills receivables of nil, nil and RMB177,000 respectively to its suppliers to settle trade payables of the same amount and derecognised these bills receivables and payables to suppliers in their entirely from balance sheet as the Group's management considered that the risk and rewards of ownership of these undue bills have been substantially transferred. As at December 31, 2023, 2024 and 2025, the maximum exposure to loss from its continuous involvement represents the amount of bills receivables of nil, nil and RMB177,000, which the Group endorsed to its suppliers. These undue bills receivables were due within 6 months from date of issuance.

As at December 31, 2023, 2024 and 2025, undue bills receivables of RMB4,650,000, RMB3,000,000 and RMB988,000 respectively endorsed to its suppliers to settle the trade payables were not derecognised because management believed that the credit risks of ownership had not substantially transferred. All these undue bank acceptance notes receivable were due within 1 year.

As at December 31, 2023, 2024 and 2025, the Group discounted undue bills receivables of RMB3,145,000, RMB31,553,000 and RMB5,000,000 respectively to banks to discount at a discount rate negotiated with the banks and derecognised these bills receivables in their entirely from balance sheet as the Group's management considered that the risk and rewards of ownership of these undue bills have been substantially transferred. The Group's continuous involvement in these derecognised undue bills receivables is limited to when the issuance banks of these undue bills are unable to settle the amounts to the holders of these bills.

Due to the requirement of cash management, the Group endorsed or discounted part of the bank acceptance notes receivable to the suppliers or from bank. The business model of bank acceptance notes management is for the purpose of collecting cash flow of contracts and sales. Therefore, as at December 31, 2023, 2024 and 2025, the Group classified bank acceptance notes receivable of RMB197,178,000, RMB117,971,000 and RMB156,244,000 as bank acceptance notes receivable carried at fair value and whose changes are included in other comprehensive income.

As at December 31, 2023, 2024, and 2025, bills receivables amounting to RMB238,717,000, RMB153,684,000 and RMB151,507,000, respectively, were pledged to banks to secure the issuance of bills payables.

In 2025, the Group entered into certain factoring arrangements with banks on a with-recourse basis, under which the Group obtained prepayment in respect of the invoice amounts owed from certain customers. Under these arrangements, the banks pay the Group agreed portion of the amounts owed from the customers on the original due dates, and then the Group settles the prepayment within the debt grace period. As at 31 December 2025, the amount of trade receivables under factoring arrangements was RMB800,000.

Aging analysis

An ageing analysis of the Group's trade and bills receivables, based on the date that the Group has an unconditional right to receive consideration from the customers and net of loss allowance, as at the end of each of the Relevant Periods is as follows:

The Group and the Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	588,838	536,994	694,502
Over 1 year but less than 2 years	41,491	60,608	62,020
Over 2 years but less than 3 years	6,423	7,766	12,881
Over 3 years but less than 4 years	1,257	1,814	1,970
	638,009	607,182	771,373

Further details on the Group's credit policy and credit risk arising from trade debtors and bills receivable are set out in Note 31(a).

19 PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Prepayments for materials and expenses	8,713	8,413	13,849
Other receivables	6,013	10,241	9,216
Value-added tax recoverable	35,970	38,526	42,482
	50,696	57,180	65,547
Non-current			
Prepayments for property, plant and equipment	2,996	1,971	1,413
	53,692	59,151	66,960

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Prepayments for materials and expenses	8,713	8,561	13,706
Other receivables	6,013	10,113	9,124
Value-added tax recoverable	35,970	38,526	42,482
	50,696	57,200	65,312
Non-current			
Prepayments for property, plant and equipment	2,996	1,971	1,413
	53,692	59,171	66,725

20 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank and on hand	123,834	227,326	190,808
Less: restricted bank deposits *(Note)*	(67,750)	(122,468)	(112,326)
Cash and cash equivalents in the consolidated statements of financial position and the consolidated statements of cash flows	56,084	104,858	78,482

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank and on hand	123,834	227,249	187,957
Less: restricted bank deposits *(Note)*	(67,750)	(122,468)	(112,326)
	56,084	104,781	75,631

Note: Restricted bank deposits of RMB67,750,000, RMB122,468,000 and RMB112,326,000 as at December 31, 2023, 2024 and 2025 referred to the security deposits made at banks for the issuance of bills payables.

(b) Reconciliation of profit before taxation to cash used in operations:

		Year ended December 31,		
		2023	**2024**	**2025**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Profit before taxation		21,997	45,117	44,770
Adjustments for:				
Depreciation of investment property and property, plant and equipment	6(c)	4,592	6,813	13,370
Depreciation of right-of-use assets	6(c)	5,101	4,601	2,635
Amortisation of deferred income		(470)	(2,647)	(5,966)
Impairment loss on trade receivables, other receivables and contract assets	6(c)	3,749	8,464	10,081
Write-down of inventories	17(b)	7,364	10,769	4,814
Finance costs	6(a)	10,517	11,753	15,898
Net losses/(profits) on disposal of investment property and property, plant and equipment	5	8	(6,568)	158
Share of (profits)/losses of associates		(55)	(635)	688
Equity settled share-based payment expenses	27	280	663	602
Changes in working capital:				
Increase in inventories		(134,884)	(30,812)	(66,231)
(Increase)/decrease in trade and bills receivables		(56,610)	30,827	(164,191)
Increase in contract assets		(7,816)	(11,567)	(14,795)
Increase in other non-current assets		(3,714)	(9,339)	(7,345)
(Increase)/decrease in prepayments and other receivables		(23,625)	(11,780)	2,876
Decrease/(increase) in restricted bank deposit		52,680	(54,718)	10,142
Increase/(decrease) in trade and bills payables		33,843	(23,081)	63,979
Increase/(decrease) in contract liabilities		55,749	(11,341)	(38,266)
Increase in provisions		3,992	1,337	817
Decrease/(increase) in other payables and accruals		(42,931)	10,168	5,934
Increase in deferred income		5,700	19,590	–
Cash used in operations		(64,533)	(12,386)	(120,030)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Bank loans and other borrowings	Lease liabilities	Total
	RMB'000 (Note 24)	*RMB'000 (Note 25)*	*RMB'000*
At January 1, 2023	239,861	8,841	248,702
Changes from financing cash flows:			
Proceeds from bank loans and other borrowings	289,544	–	289,544
Repayment of bank loans and other borrowings	(204,061)	–	(204,061)
Capital element of lease rentals paid	–	(4,474)	(4,474)
Interest element of lease rentals paid	–	(278)	(278)
Interest paid	(10,148)	–	(10,148)
Total changes from financing cash flows	75,335	(4,752)	70,583
Other changes:			
Increase in lease liabilities from entering into new leases during the period	–	1,161	1,161
Interest expenses *(Note 6(a))*	10,239	278	10,517
Total other changes	10,239	1,439	11,678
At December 31, 2023 and January 1, 2024	325,435	5,528	330,963

	Bank loans and other borrowings	Lease liabilities	Total
	RMB'000 (Note 24)	*RMB'000 (Note 25)*	*RMB'000*
At January 1, 2024	325,435	5,528	330,963
Changes from financing cash flows:			
Proceeds from bank loans and other borrowings	392,021	–	392,021
Repayment of bank loans and other borrowings	(269,917)	–	(269,917)
Capital element of lease rentals paid	–	(3,840)	(3,840)
Interest element of lease rentals paid	–	(113)	(113)
Interest paid	(11,566)	–	(11,566)
Total changes from financing cash flows	110,538	(3,953)	106,585

	Bank loans and other borrowings	Lease liabilities	Total
	RMB'000 (Note 24)	*RMB'000 (Note 25)*	*RMB'000*
Exchange adjustments			
Other changes:			
Increase in lease liabilities from entering into new leases during the period	–	140	140
Interest expenses *(Note 6(a))*	11,640	113	11,753
Total other changes	11,640	253	11,893
At December 31, 2024 and January 1, 2025	447,613	1,828	449,441
Changes from financing cash flows:			
Proceeds from bank loans and other borrowings	290,722	–	290,722
Repayment of bank loans and other borrowings	(110,530)	–	(110,530)
Capital element of lease rentals paid	–	(1,731)	(1,731)
Interest element of lease rentals paid	–	(14)	(14)
Interest paid	(16,009)	–	(16,009)
Total changes from financing cash flows	164,183	(1,745)	162,438
Other changes:			
Increase in lease liabilities from entering into new leases during the period	–	105	105
Interest expenses *(Note 6(a))*	15,884	14	15,898
Total other changes	15,884	119	16,003
At December 31, 2025	627,680	202	627,882

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within operating cash flows	1,870	2,174	1,460
Within financing cash flows	4,752	3,953	1,745
	6,622	6,127	3,205

21 TRADE AND BILLS PAYABLES

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	265,709	265,730	298,437
Bills payables	294,780	271,678	302,950
	560,489	537,408	601,387

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	265,709	265,730	298,586
Bills payables	294,780	271,678	302,950
	560,489	537,408	601,536

All trade and bills payables are expected to be settled within one year or are repayable on demand. As of December 31, 2023, 2024 and 2025, the restricted bank deposits secured for the issuance of bills payable were RMB67,750,000, RMB122,468,000 and RMB112,326,000 respectively.

As of the end of the reporting period, the aging analysis of trade and bills payables are as follows:

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	551,551	525,319	590,902
After 1 year but within 2 years	6,764	6,197	5,058
After 2 years but within 3 years	900	3,964	2,902
After 3 years but within 4 years	922	785	1,110
Over 4 years	352	1,143	1,415
	560,489	537,408	601,387

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	551,551	525,319	591,051
After 1 year but within 2 years	6,764	6,197	5,058
After 2 years but within 3 years	900	3,964	2,902
After 3 years but within 4 years	922	785	1,110
Over 4 years	352	1,143	1,415
	560,489	537,408	601,536

22 CONTRACT ASSETS AND CONTRACTS LIABILITIES

(a) Contract assets

The Group and the Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current assets			
Quality guarantee deposit	7,816	19,383	34,179
Less: provision allowance	(391)	(969)	(1,709)
	7,425	18,414	32,470
Non-Current assets			
Quality guarantee deposit	3,713	13,052	20,397
Less: provision allowance	(185)	(652)	(1,020)
	3,528	12,400	19,377

The Group typically agrees to retain 2% to 10% of the contract value as quality guarantee deposit. The quality guarantee period normally ranges from one to five years upon the completion of work. These amounts are included in contract assets until the end of the quality guarantee period as the Group's entitlement to these final payments are conditional on the Group's projects keep properly functioning during the quality guarantee period.

(b) Contract liabilities

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Advance received from customers	162,519	151,179	112,913

Movements in contract liabilities

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	106,770	162,519	151,179
Net increase in contract liabilities during the year	123,730	109,124	61,363
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	(67,981)	(120,464)	(99,629)
Balance at the end of the year	162,519	151,179	112,913

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Advance received from customers	162,519	151,179	112,319

Movements in contract liabilities

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	106,770	162,519	151,179
Net increase in contract liabilities during the year	123,730	109,124	60,769
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	(67,981)	(120,464)	(99,629)
Balance at the end of the year	162,519	151,179	112,319

23 OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Accrual payroll	15,384	16,955	15,980
Income and other taxes and surcharges payables	14,046	13,141	4,942
Other payables and accrued charges	58,272	40,830	34,125
	87,702	70,926	55,047

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Accrual payroll	15,384	16,955	15,897
Income and other taxes and surcharges payables	14,046	13,122	4,937
Other payables and accrued charges	58,212	40,696	33,957
	87,642	70,773	54,791

All other payables and accruals are expected to be settled within one year or are repayable on demand.

24 BANK LOANS AND OTHER BORROWINGS

(a) The analysis of the carrying amount of bank loans and other borrowings is as follows:

The Group and the Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current liabilities			
– Short-term bank loans	202,668	318,796	329,659
– Other borrowings	4,901	5,206	800
– Current portion of long-term bank loans	51,836	69,510	60,557
	259,405	393,512	391,016
Non-current liabilities			
– Non-current portion of long-term bank loans	60,824	54,101	236,664
– Other borrowings	5,206	–	–
	66,030	54,101	236,664

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Bank loans and other borrowings			
– Secured and guaranteed *(i) (ii)*	70,220	120,334	112,531
– Unsecured and guaranteed *(ii)*	202,464	155,523	479
– Unsecured and unguaranteed	42,644	166,550	513,870
– Secured and unguaranteed *(i) (iii)*	10,107	5,206	800
	325,435	447,613	627,680

Bank loans bear interest ranging from 3.10% to 4.50% per annum, 2.70% to 4.50% per annum and 2.24% to 4.15% per annum as at December 31, 2023, 2024 and 2025, respectively.

Other borrowings represented the borrowings arising from the equipment sales and leaseback arrangements with finance leasing companies, bearing an interest rate of 6.60% as at December 31, 2023 and 2024 and the borrowings arising from factoring arrangements (Note 18), bearing an interest rate of 9.31% to 12.78% as at December 31, 2025.

Notes:

(i) As at December 31, 2023 and 2024 and 2025, the Group's property, plant and equipment with aggregate carrying amounts of RMB94,264,000, RMB152,168,000 and RMB150,417,000 respectively, were secured for bank loans granted to the Group (Note 11).

As at December 31, 2023 and 2024 and 2025, the Group's right-of-use assets with aggregate carrying amounts of RMB42,187,000, RMB41,317,000 and RMB40,447,000 respectively, were secured for bank loans granted to the Group (Note 12).

(ii) As at December 31, 2023 and 2024 and 2025, the Group's bank loans with aggregate carrying amounts of RMB272,684,000 RMB275,857,000 and RMB113,010,000 respectively, were guaranteed by certain related parties (Note 33(e)).

(iii) As at December 31, 2023 and 2024 and 2025, the Group's property, plant and equipment with carrying amount of RMB11,196,000, RMB9,411,000 and nil, respectively, were secured for other borrowings from sales and leaseback arrangements (Note 11).

As at December 31, 2023 and 2024 and 2025, the Group's trade receivables with carrying amounts of nil, nil and RMB800,000, respectively, were secured for other borrowings from factoring arrangements (Note 18).

(b) The analysis of the repayment schedule of bank loans and other borrowings is as follows:

The Group and the Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year or on demand	259,405	393,512	391,016
After 1 year but within 2 years	52,292	14,331	165,927
After 2 years but within 5 years	13,738	39,770	70,737
	325,435	447,613	627,680

25 LEASE LIABILITIES

At December 31, 2023, 2024 and 2025, the lease liabilities were repayable as follows:

The Group and the Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	3,938	1,498	124
After 1 year but within 2 years	1,590	330	78
	5,528	1,828	202

26 DEFERRED INCOME

The Group and the Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Government grants	16,230	33,173	27,207

As at December 31, 2023, 2024 and 2025, deferred income represented unamortized conditional government grants amounting to RMB16,230,000, RMB33,173,000 and RMB27,207,000 for plant relocation and construction and technology research and development.

Deferred income relating to technology research and development is recognized as income upon the satisfaction of acceptance standards. Deferred income relating to plant relocation and construction is amortized over the useful life of the related property, plant and equipment upon the completion of the construction.

27 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

Employee Stock Ownership Plan

On August 31, 2023, the Company launched the Employee Stock Ownership Plan (hereinafter referred to as "**ESOP**") by establishing two employee shareholding platforms, Changzhou Tongbo Enterprise Management Consulting Partnership (Limited Partnership) 常州彤帛企業管理諮詢合夥企業(有限合夥) ("**Changzhou Tongbo**") and Changzhou Jinbo Enterprise Management Consulting Partnership (Limited Partnership) 常州錦帛企業管理諮詢合夥企業(有限合夥) ("**Changzhou Jinbo**"), and the director, senior management and key technical employees of the Company were granted the right to indirectly hold the share of the Company at a price of RMB20 per share through the two shareholding platforms. The total number of shares granted is 800,000. The vesting period for those shares granted is from the grant date to a qualified **[REDACTED]** ("**Qualified [REDACTED]**") and share sale has been consummated.

Movements in the number of restricted shares to the Group's incentive employees are as follows:

	As at December 31,		
	2023	**2024**	**2025**
	'000	*'000*	*'000*
Outstanding as at the beginning of the year	–	800	800
Granted	800	25	85
Forfeited	–	(25)	(85)
Outstanding as at the end of the year	800	800	800

The grant-date fair value of the restricted shares granted is measured at the difference between the fair value of the underlying ordinary shares and the subscription price at the respective grant dates. The fair value of the underlying ordinary shares was determined based on the Company's recent financing price from investors.

	Year ended December 31,		
	2023	**2024**	**2025**
Fair value of restricted shares			
Fair value at grant date	RMB5.04	RMB12.52	RMB12.52
Subscription price	RMB20	RMB20	RMB20
Expected dividend yield	0%	0%	0%

During each of the reporting period, the expenses recognized for the equity-settled share-based payments were as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales	10	16	19
Selling and marketing expenses	73	188	217
Administrative expenses	186	432	336
Research and development expenses	11	27	30
	280	663	602

28 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statements of financial position represents:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Balance at the beginning of the year	22,728	12,254	10,177
Provision for income tax for the year	4,625	9,490	4,867
Income tax paid during the year	(15,099)	(11,567)	(11,358)
Balance at the end of the year	12,254	10,177	3,686

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets/(liabilities)

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the movements are as follows:

The Group and the Company

Deferred tax arising from:	Credit loss allowance	Write-down of inventories	Lease liabilities	Provisions	Deferred income	Equity-settled share-base transactions	Right-of-use assets	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	3,629	1,174	1,326	439	1,650	–	(1,289)	(306)	6,623
Credited/(Charged) to profit or loss	562	1,105	(497)	599	785	42	460	582	3,638
At December 31, 2023 and January 1, 2024	4,191	2,279	829	1,038	2,435	42	(829)	276	10,261
Credited/(Charged) to profit or loss	1,270	1,615	(555)	201	2,541	100	539	(500)	5,211
At December 31, 2024 and January 1, 2025	5,461	3,894	274	1,239	4,976	142	(290)	(224)	15,472
Credited/(Charged) to profit or loss	1,512	722	(244)	123	(895)	90	249	112	1,669
At December 31, 2025	6,973	4,616	30	1,362	4,081	232	(41)	(112)	17,141

(ii) Reconciliation to the consolidated statements of financial position

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax asset in the consolidated statements of financial position	10,261	15,472	17,141

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(q), as at December 31, 2023, 2024 and 2025, the subsidiaries of the Company have not recognised deferred tax assets in respect of cumulative tax losses of nil, nil and RMB1,060,000 respectively as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

The tax losses arising from operations in Chinese Mainland can be carried forward to offset against taxable profits of subsequent years for up to five years for general enterprise and ten years for high-technology enterprise, from the year in which they arose.

29 PROVISION

The Group and the Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Warranty provision			
As at January 1	2,927	6,919	8,256
Provision in the year	6,919	8,251	8,299
Utilization of provision	(2,927)	(6,914)	(7,482)
As at December 31	6,919	8,256	9,073

30 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Note	Share capital	Capital reserve	Accumulated losses	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023		60,701	375,362	(193,574)	242,489
Changes in equity for 2023:					
Total comprehensive income		–	–	21,070	21,070
Issuance of ordinary shares	30(b)	800	15,200	–	16,000
Equity-settled share-based transactions	27	–	280	–	280
Balance at December 31, 2023		61,501	390,842	(172,504)	279,839

	Notes	Share capital	Capital reserve	Other reserve	Accumulated losses	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2024		61,501	390,842	–	(172,504)	279,839
Changes in equity for 2024:						
Total comprehensive income		–	–	–	40,874	40,874
Issuance of ordinary shares	30(b)	1,907	60,093	–	–	62,000
Equity-settled share-based transactions	27	–	663	–	–	663
Balance at December 31, 2024 and 1 January 2025		63,408	451,598	–	(131,630)	383,376
Changes in equity for 2025:						
Profit for the year		–	–	–	42,674	42,674
Other comprehensive income		–	–	(273)	–	(273)
Total comprehensive income		–	–	(273)	42,674	42,401
Issuance of ordinary shares	30(b)	746	23,520	–	–	24,266
Equity-settled share-based transactions	27	–	602	–	–	602
Balance at December 31, 2025		64,154	475,720	(273)	(88,956)	450,645

(b) Share capital

	2023		2024		2025	
	No. of shares	share capital	No. of shares	share capital	No. of shares	share capital
	'000	*RMB'000*	*'000*	*RMB'000*	*'000*	*RMB'000*
Ordinary shares, issued and fully paid:						
At January 1	60,701	60,701	61,501	61,501	63,408	63,408
Issue of ordinary shares	800	800	1,907	1,907	746	746
At December 31	61,501	61,501	63,408	63,408	64,154	64,154

In August 2023, the Company entered into an investment agreement with two employee shareholding platforms, Changzhou Tongbo and Changzhou Jinbo, pursuant to which, the investors agreed to subscribe for 800,000 shares, representing 1.3008% of the Company's equity interest for RMB16,000,000. The excess of the consideration of RMB16,000,000, over the increase in the share capital of RMB800,000 was credited to the Company's capital reserve, amounting to RMB15,200,000.

In April 2024, the Company entered into an investment agreement with several investors, pursuant to which, the investors agreed to subscribe for 1,907,000 shares, representing 3.0068% of the Company's equity interest for RMB62,000,000. The excess of the consideration of RMB62,000,000, over the increase in the share capital of RMB1,907,000 was credited to the Company's capital reserve, amounting to RMB60,093,000.

In January and September 2025, the Company entered into an investment agreement with several investors, pursuant to which, the investors agreed to subscribe for 746,000 shares, representing 1.1628% of the Company's equity interest for RMB24,266,000. The excess of the consideration of RMB24,266,000, over the increase in the share capital of RMB746,000 was credited to the Company's capital reserve, amounting to RMB23,520,000.

In connection with the pre-**[REDACTED]** investments, certain investors had been granted certain special rights against Ms. Fu Jie, Mr. Zhang Chunhui and Mr. Wang Yong (the "**Shareholders in Concert**"), including among others, share repurchase rights. Pursuant to a supplementary agreement dated June 16, 2026, the special rights shall be terminated effect from the day immediately preceding the date on which the Company submitted the **[REDACTED]** application to the Stock Exchange and shall be reinstated under certain circumstances.

The directors of the Company have confirmed that (i) the Company does not have any obligation to fulfil the abovementioned special rights granted against the Shareholders in Concert, including the share repurchase rights; and (ii) the Company has not provided any guarantee for the abovementioned special rights granted against the Shareholders in Concert in the event of a default by them. Accordingly, no financial liability has been recorded in the Historical Financial Information with respect to these special rights granted against the Shareholders in Concert.

(c) Dividends

During the year ended December 31, 2023, 2024 and 2025, the Company did not declare any dividends to its shareholders.

(d) Nature and purpose of reserves

(i) Capital reserve

The capital reserve comprises: (i) the differences between the net considerations received and the nominal amount of share capital issued by the Company; and (ii) the differences between the fair value of shares granted and the consideration paid by the directors and employees of the Group that has been recognized in accordance with the accounting policy adopted for equity settled share-based payments in Note 2(p)(ii).

(ii) Other reserve

Other reserve comprises the cumulative net change in the fair value of equity investments designated at FVOCI under IFRS 9 that are held at the end of the reporting period (see Note 16).

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and contract assets. The Group's exposure to credit risk arising from cash and cash equivalents, restricted bank deposits and bills receivable is limited because the counterparties are banks and financial institutions with high credit standing, for which the Group considers to have low credit risk.

The Group does not provide any guarantees which would expose the Group to credit risk.

Trade receivables and contract assets

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at December 31, 2023, 2024 and 2025, 18%, 7% and 10% of the total trade and bills receivables and contract assets was due from the Group's largest customer respectively.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets:

	As at December 31, 2023		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Within 1 year	5%	298,399	14,920
Over 1 years but less than 2 years	10%	46,101	4,610
Over 2 years but less than 3 years	20%	8,029	1,606
Over 3 years but less than 4 years	50%	2,514	1,257
Over 4 years	100%	1,235	1,235
		356,278	23,628

	As at December 31, 2024		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Within 1 years	5%	357,546	17,878
Over 1 years but less than 2 years	10%	68,910	6,812
Over 2 years but less than 3 years	20%	9,707	1,941
Over 3 years but less than 4 years	50%	3,627	1,814
Over 4 years	100%	2,219	2,219
		442,009	30,664

	As at December 31, 2025		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
Within 1 years	5%	493,586	24,679
Over 1 years but less than 2 years	10%	81,160	7,503
Over 2 years but less than 3 years	20%	16,101	3,220
Over 3 years but less than 4 years	50%	3,940	1,970
Over 4 years	100%	2,751	2,751
		597,538	40,123

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables and contract assets during the year is as follows:

	RMB'000
Balance at January 1, 2023	21,154
Impairment losses recognised	2,474
Balance at December 31, 2023 and January 1, 2024	23,628
Impairment losses recognised	7,036
Balance at December 31, 2024 and January 1, 2025	30,664
Impairment loss recognised	9,459
Balance at December 31, 2025	40,123

Other receivables

Credit risk in respect of other receivables is limited since the balance mainly includes employee reserve fund and security deposit.

The Group has assessed that other receivables have not had a significant increase in credit risk since initial recognition.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group and can be required to pay:

	As at December 31, 2023				
	Undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans and other borrowings	266,224	53,809	14,733	334,766	325,435
Lease liabilities	3,956	1,698	–	5,654	5,528
Trade and bills payables	560,489	–	–	560,489	560,489
Other payables and accruals	87,702	–	–	87,702	87,702
	918,371	55,507	14,733	988,611	979,154

	As at December 31, 2024				
	Undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans and other borrowings	401,107	16,066	41,818	458,991	447,613
Lease liabilities	1,670	385	–	2,055	1,828
Trade and bills payables	537,408	–	–	537,408	537,408
Other payables and accruals	70,926	–	–	70,926	70,926
	1,011,111	16,451	41,818	1,069,380	1,057,775

	As at December 31, 2025				
	Undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans and other borrowings	403,045	170,538	71,825	645,408	627,680
Lease liabilities	157	121	–	278	202
Trade and bills payables	601,387	–	–	601,387	601,387
Other payables and accruals	55,047	–	–	55,047	55,047
	1,059,636	170,659	71,825	1,302,120	1,284,316

(c) Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to fair value interest rate risk and cash flow interest rate risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. The fair value interest rate risk and cash flow interest rate risk that the Group exposed to are not significant.

(i) Interest rate risk profile

The following table, as reported to the management of the Group, details the interest rate risk profile of the Group's borrowings, lease liabilities, cash and cash equivalents and restricted bank deposits as at the end of the reporting period:

	As at December 31,					
	2023		2024		2025	
	Interest rate%	*RMB'000*	*Interest rate%*	*RMB'000*	*Interest rate%*	*RMB'000*
Fixed rate:						
Lease liabilities	5.00%	5,528	5.00%	1,828	5.00%	202
Bank loans and other borrowings	3.10%-6.60%	245,189	2.65%-6.60%	353,279	2.24%-12.78%	456,149
		250,717		355,107		456,351
Variable rate:						
Cash and cash equivalents	0.10%-1.70%	56,084	0.08%-0.10%	104,858	0.03%-0.10%	78,482
Restricted bank deposits	0.16%-2.10%	67,750	0.08%-2.10%	122,468	0.05%-1.28%	112,326
Bank loans and other borrowings	3.20%-4.15%	80,246	2.85%-4.05%	94,334	2.50%-3.45%	171,531
		204,080		321,660		362,339
Net exposure		204,080		321,660		362,339

(ii) Sensitivity analysis

As at December 31, 2023, 2024 and 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variable held constant, would have increased/decreased the Group's profit after tax and decreased/increased the Group's accumulated loss by approximately RMB1,053,000, RMB1,932,000 and RMB1,622,000 in response to the general increase/decrease in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax and retained profits that would arise assuming that the change in interest rates had occurred at the end of each reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of each reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of each reporting period, the impact on the Group's profit after tax and retained profits is estimated as an annualized impact on interest expense or income of such a change in interest rates.

(d) Currency risk

As at December 31, 2023, 2024 and 2025, the Group is not exposed to significant foreign currency risk since financial assets and liabilities denominated in currencies other than the functional currencies of the Company and its subsidiaries are not significant.

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	As at December 31, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fair value measured on a recurring basis				
Financial assets measured at FVOCI				
– Bills receivables measured at FVOCI *(Note 18)*	–	197,178	–	197,178

	As at December 31, 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fair value measured on a recurring basis				
Financial assets measured at FVOCI				
– Bills receivables measured at FVOCI *(Note 18)*	–	117,971	–	117,971

	As at December 31, 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fair value measured on a recurring basis				
Financial assets measured at FVOCI				
– Unlisted equity security *(Note 16)*	–	4,527	–	4,527
– Bills receivables measured at FVOCI *(Note 18)*	–	156,244	–	156,244
	–	160,771	–	160,771

During the years ended December 31, 2023, 2024 and 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of the unlisted equity securities in Level 2 is determined by recent comparable transaction price on the market.

The fair value of bills receivables measured at FVOCI in Level 2 is estimated as the present value of the future cash flows, discounted at the market interest rates at the end of the reporting period.

32 COMMITMENTS

Capital commitments outstanding at December 31, 2023, 2024 and 2025 not provided for in the financial statements were as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Contracted for acquisition of property, plant and equipment	78,412	27,791	4,524

33 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Short-term employee benefits	8,488	7,931	7,563
Equity settled share-based transactions	158	383	257
	8,646	8,314	7,820

Total remuneration is included in "staff costs" (see Note 6(b)).

(b) Names and relationships of the related parties that had material transactions with Group

Name of related parties	Relationships
Beijing Xianjian Zhikong Technology Co., Ltd. 北京先見智控科技有限公司	Entity of which the director of the Company is a member of its key management personnel
Xianjian Zhikong Technology (Changzhou) Co., Ltd. 先見智控科技(常州)有限公司	Entity of which the director of the Company is a member of its key management personnel
Inner Mongolia North Jasung Technology Co., Ltd. 內蒙古北方嘉軒科技有限公司	Associate of the Group
Shandong Quanxing Jasung Intelligent Industrial Technology Co., Ltd. 山東泉興嘉軒智能工業科技有限公司	Associate of the Group
Ms. Fu Jie	Director of the Company

These entities are limited liability companies established in the PRC. The official names of these entities are in Chinese. The English translation of the Company names is for identification purpose only.

(c) Material related parties transactions

The Group entered into the following material related party transactions for the years 2023, 2024 and 2025:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Sales of goods			
– Inner Mongolia North Jasung Technology Co., Ltd.	20,352	29,576	30,595
Purchase of goods			
– Xianjian Zhikong Technology (Changzhou) Co., Ltd.	1,527	1,514	1,234

(d) Balance with related parties

As at December 31, 2023, 2024 and 2025, the Group had the following balances with related parties:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade related			
Trade receivables			
– Inner Mongolia North Jasung Technology Co., Ltd.	–	22,183	12,264
Contract assets			
– Inner Mongolia North Jasung Technology Co., Ltd.	–	1,182	1,343
Prepayments and other receivables			
– Beijing Xianjian Zhikong Technology Co., Ltd.	223	223	223
Trade payables			
– Xianjian Zhikong Technology (Changzhou) Co., Ltd.	242	471	302
Contract liabilities			
– Inner Mongolia North Jasung Technology Co., Ltd.	6,167	–	–
– Shandong Quanxing Jasung Intelligent In-dustrial Technology Co., Ltd.	–	–	2,490

(e) Guarantees issued by related parties

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Guarantees issued by Ms. Fu Jie in respect of bank loans and other borrowings	272,684	275,857	113,010

34 SUBSEQUENT EVENTS

There is no significant non-adjusting event after the Track Record Period.

35 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE TRACK RECORD PERIOD

Up to the date of issue of this report, the IASB has issued a number of new or amended standards, which are not yet effective for the Track Record Period and which have not been adopted in preparing the Historical Financial Information. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 9 and IFRS 7, Contracts referencing nature-dependent electricity	January 1, 2026
Amendments to IFRS 9, *Financial instruments* and IFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*	January 1, 2026
Annual improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
IFRS 18, *Presentation and disclosure in financial statements*	January 1, 2027
IFRS 19, *Subsidiaries without public accountability: disclosures*	January 1, 2027
Amendments to IAS 21, Translation to a hyperinflationary presentation currency	January 1, 2027
Amendments to IFRS 10 and IAS 28, Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is in the process of making an assessment of what the impact of these developments are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group, except for the following:

IFRS 18, PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS

IFRS 18 will replace IAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management defined performance measures in a single note in the financial statements. Minor amendments to IAS 7 Statement of cash flows are also made.

The Group does not plan to early adopt IFRS 18. IFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to December 31, 2025.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

This appendix mainly provides **[REDACTED]** with an overview of the Articles of Association. As the following information is in summary form, it does not contain all the information that may be important to **[REDACTED]**.

SHARES

Shares of the Company are issued on an open, fair and impartial basis and shares of same class shall have equal rights. For the same class of shares of the same issuance, each share shall be issued at the same conditions and price. The same price shall be paid for each share subscribed by subscribers. The domestic unlisted shares issued by the Company shall rank pari passu with the H shares in respect of any distribution by way of dividend (including distributions in currency and in non-currency) or otherwise.

INCREASE, DECREASE, REPURCHASE AND TRANSFER OF SHARES

Increase/Reduction of Shares

The Company may, based on its operational and developmental needs, increase its capital by any of the following methods in accordance with the requirements of laws, regulations and the securities regulatory rules of the place where the Company's shares are listed, and subject to a resolution of the shareholders' meeting:

(i) issuance of shares to unspecified parties;

(ii) issuance of shares to specified parties;

(iii) distribution of bonus shares to existing shareholders;

(iv) converting the reserve funds into share capital;

(v) other means as prescribed by laws and administrative regulations and approved by the relevant regulatory authorities, including the CSRC and the securities regulatory authorities of the place where the shares of the Company are listed, and other relevant regulatory authorities.

The Company may decrease its registered capital, and shall comply with the procedures stipulated in the Company Law of the People's Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, other securities regulatory rules of the place where the shares of the Company are listed and other relevant regulations, as well as the procedures stipulated in the Articles of Association.

Share Repurchase

The Company shall not repurchase its own shares, except in any of the following circumstances:

(i) reduction of the Company's registered capital;

(ii) merging with any other company holding shares in the Company;

(iii) using the shares for employee stock ownership plan or equity incentives;

(iv) requesting by any shareholder to repurchase his/her shares for objecting to any resolution of merger or division made by the Company at shareholders' meetings;

(v) using shares for conversion of corporate bonds convertible to shares issued by the Company;

(vi) necessary for the Company to maintain its corporate value and protect its shareholders' interest;

(vii) other circumstances as permitted by laws, administrative regulations, departmental rules, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and other securities regulatory rules of the place where the shares of the Company are listed.

Any repurchase of the Company's shares for the reasons stated in items (iii), (v) and (vi) referred to above shall adopt the method of open and centralized trading, provided that the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other securities regulatory rules of the place where the Company's shares are listed are complied with, and the information disclosure obligations shall be performed in accordance with the relevant provisions.

Where the Company acquires shares in the Company as provided for in subparagraphs (i) and (ii) above, it shall be determined by the shareholders' meeting. Where the Company repurchases its own shares for the reasons set out in items (iii), (v) and (vi) above, such repurchase shall, subject to compliance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Trial Administrative Measures for the Overseas Issuance and Listing of Securities by Domestic Enterprises, the Guidelines for the Articles of Association of Listed Companies and the securities regulatory rules of the place where the Company's shares are listed, be approved by a resolution at a Board meeting attended by more than two-thirds of the Directors.

After the Company repurchases its own shares in accordance with the above provisions, if it falls under the circumstance specified in Item (i) above, the shares shall be canceled within ten days from the date of repurchase; if it falls under the circumstances specified in Items (ii) and (iv) above, the shares shall be transferred or canceled within six months from the date of repurchase; if it falls under the circumstances specified in Items (iii), (v) and (vi) above, the total number of the Company's own shares as held shall not exceed 10% of the total number of issued shares of the Company, and such shares shall be transferred or canceled within three years from the date of repurchase. Where the shares of the Company are cancelled pursuant to the aforesaid provisions, such cancellation shall be in respect of shares repurchased by the Company. The number of shares held by the original holders of the repurchased shares shall be reduced accordingly, and the registered capital of the Company shall be reduced accordingly, instead of reducing the number of shares held by each shareholder of the Company on a pro rata basis according to their respective shareholding percentages.

Transfer of Shares

The shares of the Company may be transferred in accordance with the law. The transfer of H shares as **[REDACTED]** in Hong Kong shall be registered with the stock registration agency in Hong Kong as entrusted by the Company. All transfers of H shares shall be effected by instruments of transfer in writing in the usual or common form or any other form acceptable to the Board (including the standard transfer

form or transfer form prescribed by the Hong Kong Stock Exchange from time to time). Such instrument of transfer may be executed by handwritten signature or by affixing the Company's valid seal (if the transferor or transferee is a company). If the transferor or transferee is a recognized clearing house as defined in the relevant ordinances in force from time to time under the laws of Hong Kong or its agent, the written instrument of transfer may be executed by handwritten signature or by machine-imprinted signature. All instruments of transfer shall be deposited at the Company's registered office, at the address of the share registrar or at such other place as the Board may from time to time specify.

Directors and senior management of the Company shall report to the Company their shareholdings in the Company and changes therein. During their term of office determined upon them taking office, the shares they transfer each year shall not exceed 25% of the total shares of the same class they hold in the Company. No shares of the Company held by such individual shall be transferred within one year upon the **[REDACTED]** of and dealings in the shares of the Company. No shares held by such individual shall be transferred within half year upon the termination of his or her service with the Company. If it is otherwise provided in the securities regulatory requirements of the stock exchange where the Company's shares are listed regarding the limitation of the transfer of the overseas listed shares, such rules shall prevail.

If a shareholder of the Company who holds more than 5% of the shares of the Company (excluding a recognized clearing house as defined under the relevant provisions that come into effect from time to time according to the laws of Hong Kong or its nominee), director or senior manager sell his/her shares in the Company or other securities with an equity nature within six months of the repurchase, or repurchase the shares within six months after the sale, the profit thus made shall be attributable to the Company and the Board shall collect all such profits. However, securities companies holding 5% or more of the shares after purchasing the remaining shares upon **[REDACTED]** due to **[REDACTED]**, recognized clearing house and its nominees (including **[REDACTED]** or its nominees) holding 5% or more of the shares and other circumstances stipulated by the CSRC and the securities regulatory rules of the place where the Company's shares are listed are exempt from such requirement.

The shares or other equity securities mentioned in the preceding paragraph held by directors, senior management and natural person shareholders include those held by their spouses, parents, children, and held by them by using other people's accounts.

Where the Board fails to implement the above provisions, shareholders have the right to require the Board to implement them within 30 days. Where the Board fails to implement them within the aforementioned period, shareholders have the right to directly initiate litigation with the people's court in their own name for the Company's benefit. Where the Board fails to implement the above provisions, responsible directors shall bear joint and several liability in accordance with law.

Shareholders and Shareholders' Meetings

Shareholders

The Company shall establish a register of members based on certificates provided by securities registration and settlement institutions. The register of members is sufficient evidence proving shareholders' shareholdings in the Company. The Company shall keep in Hong Kong the original of the register of holders of shares **[REDACTED]** on the Stock Exchange of Hong Kong Limited and at its domicile a copy of such register. The appointed overseas agent shall ensure the consistency between the

original and the duplicate of the register of holders of overseas listed foreign shares at all times. If there is any inconsistency between the original and the duplicate copy of the register of holders of overseas listed foreign shares, the original version shall prevail. The register of members kept in Hong Kong shall be open for inspection by shareholders, but the Company may close the register of members in accordance with applicable laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are **[REDACTED]**. If the applicable laws, administrative regulations, departmental rules, normative documents and securities regulatory rules of the place where the shares of the Company are **[REDACTED]** have special provisions on the suspension of the registration of changes in the **[REDACTED]**, such provisions shall apply.

Shareholders shall enjoy rights and bear obligations according to the class of shares they hold; shareholders holding shares of the same class shall enjoy equal rights and bear the same obligations. Any variation to the rights attached to a class of shares must be approved by more than two-thirds of the voting rights held by the shareholders of that class present at the meeting.

Shareholders of the Company shall enjoy the following rights:

(i) to receive dividends and other forms of profit distribution on the basis of the number of shares held by them;

(ii) to request the holding of, convene, preside, attend or to appoint proxy to attend the shareholders' meeting in accordance with the laws, to speak at the shareholders' meeting and to exercise the corresponding voting rights, unless individual shareholders are required to abstain from voting on specific matters under the securities regulatory rules of the place where the Company's shares are **[REDACTED]** or applicable laws and regulations;

(iii) the right to supervise, present proposals or raise enquiries in respect of the Company's operations;

(iv) to transfer, grant or pledge shares in the Company in accordance with laws, administrative regulations and the Articles of Association;

(v) to inspect and copy the Articles of Association, the register of shareholders, minutes of shareholders' meetings, resolutions of Board meetings, financial and accounting reports, and qualified shareholders may inspect the Company's accounting books and vouchers. If the Company has reasonable grounds to believe that the shareholder's request serves an improper purpose and may harm the Company's legitimate interests, it may refuse the inspection, and must respond to the shareholder in writing within 15 days from the date of receiving the written request and providing reasons for the refusal;

(vi) to participate in the distribution of the residual property of the Company on the basis of the number of shares held by them when the Company is terminated or liquidated;

(vii) request the Company to repurchase his/her shares for objecting to any resolution of merger or division made by the Company at shareholders' meetings;

(viii) other rights provided by the laws, administrative regulations, departmental rules, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, other securities regulatory rules of the place where the Company's shares are **[REDACTED]** or the Articles of Association.

Where the content of resolutions of the Company's shareholders' meeting or the Board violates laws or administrative regulations, shareholders have the right to request the people's court to render them invalid. In the event that the convening procedure or voting method of the Company's shareholders' meeting or the Board meeting violates any of the laws, administrative regulations or the Articles of Association, or the content of any resolution violates the Articles of Association, the shareholders shall be entitled to request the People's Court to overturn the resolution within 60 days upon the resolution was adopted, except where there are only minor defects in the convening procedure or voting method of the shareholders' meeting or the Board meeting, which do not materially affect the resolutions.

The shareholders of the Company shall assume the following obligations:

(i) to comply with the laws, administrative regulations and the Articles of Association;

(ii) to pay share payments as per the shares subscribed for and the method of subscription;

(iii) not to withdraw its share capital, except for circumstances stipulated by laws and regulations;

(iv) not to abuse the shareholders' rights to damage the Company's or other shareholders' interests; not to abuse the independent legal personality of the Company and the limited liabilities of the shareholders to damage the interests of the creditors of the Company;

(v) other obligations imposed by laws, administrative regulations, departmental rules, normative documents, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association.

Shareholders of the Company shall be liable for making compensation in accordance with law for any loss suffered by the Company or other shareholders arising from their abuse of shareholders' rights. Shareholders of the Company who abuse the independent legal person status of the Company and the limited liability of shareholders to evade debts and seriously impair the interest of creditors of the Company shall be jointly and severally liable for the debts of the Company.

Controlling Shareholders and Actual Controllers

The Company's controlling shareholders and actual controllers shall exercise their rights and fulfill their obligations in accordance with the requirements of laws, administrative regulations, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the CSRC and the securities regulatory authorities of the place where the shares of the Company are **[REDACTED]**, and shall safeguard the interests of the Company.

The controlling shareholder and actual controllers of the Company have the obligation of integrity towards the Company and social public share shareholders of the Company, and shall comply with the following provisions:

(i) to exercise shareholder rights according to law and not abuse their control rights or use their connected relationship to prejudice the legitimate interests of the Company or other shareholders;

(ii) to strictly perform any public statements and various commitments made by them without changing or waiving any of them without authorization;

(iii) to strictly fulfil information disclosure obligations in accordance with relevant regulations, actively cooperate with the Company in information disclosure work, and promptly inform the Company of significant events that have occurred or are planned to occur;

(iv) not to misappropriate the Company's funds in any way;

(v) not to coerce, instruct or require the Company and related personnel to illegally provide guarantees;

(vi) not to seek benefits by using the Company's undisclosed significant information, not to disclose any undisclosed significant information about the Company in any way, and not to engage in insider trading, short term trading, market manipulation, or other illegal activities;

(vii) not to prejudice the legitimate rights and interests of the Company and other shareholders through unfair connected transactions, profit distribution, asset restructuring, external investment, appropriation of funds, loan guarantees or any other means;

(viii) to ensure the integrity of the Company's assets, personnel independence, financial independence, institutional independence and business independence, and not to affect the Company's independence in any way;

(ix) other provisions of laws, administrative regulations, requirements of the CSRC, securities regulatory rules of the place where the shares of the Company are **[REDACTED]** and the Articles of Association.

If the Company's controlling shareholders and actual controllers do not serve as directors of the Company but actually execute the Company's affairs, the provisions of the Articles of Association on directors' duties of loyalty and diligence shall apply.

Where any controlling shareholder or actual controllers of the Company instructs a director or senior management officer to engage in conduct that harms the interests of the Company or shareholders, such controlling shareholder or actual controllers shall bear joint and several liabilities with that director or senior management officer.

General Provisions for Shareholders' Meetings

The shareholders' meeting shall be composed of all shareholders. The shareholders' meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with the laws:

(i) to elect and replace the directors who are not representatives of the employees, and to decide on matters relating to the remuneration of the directors;

(ii) to consider and approve the report of the board of directors;

(iii) to consider and approve the Company's profit distribution plans and loss recovery plans;

(iv) to resolve on any increase or reduction of the Company's registered capital;

(v) to resolve on the issue of bonds by the Company;

(vi) to resolve on the merger, division, dissolution, liquidation or change of corporate form of the Company;

(vii) to amend the Articles of Association;

(viii) to resolve on the engagement or removal of accounting firms undertaking the Company's audit work by the Company;

(ix) to consider and approve the transactions that shall be decided by the shareholders' meeting as prescribed in the Articles of Association and the rules of procedure for the shareholders' meeting, and to consider and approve the guarantees as stipulated by Article 50 of the Article of Association;

(x) to consider and approve purchases and sales of significant assets within a year exceeding 30% of the latest audited total assets of the Company;

(xi) to consider and approve the change of use of proceeds;

(xii) to consider share incentive plans and employee stock ownership plans;

(xiii) to consider and approve connected transactions between the Company and its related persons which shall be approved by the Shareholders' meeting as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

(xiv) to consider other matters that shall be decided by the shareholders' meeting as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, or the Articles of Association;

The shareholders' meeting may authorise the board of directors to resolve on the issue of corporate bonds.

The following external guarantees of the Company shall be deliberated and approved by the shareholders' meeting:

(i) any guarantee provided after the total amount of external guarantees by the Company and its holding subsidiaries exceeds 50% of the Company's latest audited net assets;

(ii) any guarantee provided after the total amount of external guarantees by the Company exceeds 30% of the Company's latest audited total assets;

(iii) any guarantee provided for a target party whose debt-to-asset ratio exceeds 70%;

(iv) any guarantee with a single guaranteed amount exceeding 10% of the latest audited net assets;

(v) any guarantee provided to shareholders, actual controllers and their connected parties;

(vi) any guarantee provided in 12 consecutive months with an amount exceeding 30% of the Company's latest audited total assets;

(vii) other circumstances as prescribed by the law, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are **[REDACTED]** or the Articles of Association.

When the shareholders' meeting considers the guarantee mentioned in the item (vi) above, it shall be approved by more than two-thirds of the voting rights held by the shareholders attending the meeting.

When the shareholders' meeting is considering a proposal to provide guarantee for any shareholder, actual controllers or their related parties, the said shareholder or the shareholders controlled by the said actual controllers shall be abstained from voting on the proposal, and the proposal shall be subject to approval by half or more of the voting rights of the other shareholders attending the shareholders' meeting.

In the event that the Company suffers losses as a result of an external guarantee passed in violation of the approval authority and consideration procedures, the relevant directors, senior management and other responsible parties shall be liable for compensation in accordance with the law.

Shareholders' meetings include annual shareholders' meetings and extraordinary shareholders' meetings. Annual shareholders' meetings are held once every year within six months from the end of the preceding financial year.

The Company shall convene an extraordinary shareholders' meeting within two months from the date of occurrence of any of the following circumstances:

(i) when the number of directors is less than the number provided for in the Company Law of the People's Republic of China or less than two-thirds of the number specified in the Articles of Association;

(ii) when the uncovered loss of the Company reaches one-third of its total share capital;

(iii) when such meeting is requested by shareholders individually or jointly holding more than 10% of the shares of the Company;

(iv) when the board of directors deems it necessary;

(v) when the Audit Committee proposes to hold such a meeting;

(vi) other circumstances as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, or the Articles of Association.

Convening of Shareholders' Meetings

The board of directors shall convene the shareholders' meeting on time within the stipulated period.

Subject to the consent of more than half of all independent directors (the term "independent director" has the same meaning as "independent non-executive director" under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and the same shall apply hereinafter), the independent directors shall have the right to propose to the board of directors to convene an extraordinary shareholders' meeting. For a proposal by the independent directors to convene an extraordinary shareholders' meeting, the board of directors shall give a written response indicating whether it agrees or disagrees to convene an extraordinary shareholders' meeting within 10 days upon receipt of the proposal in accordance with laws, administrative regulations and the Articles of Association. Where the board of directors agrees to convene an extraordinary shareholders' meeting, a notice of convening such meeting shall be given within 5 days after the resolution of the board of directors is made. Where the board of directors does not agree to convene such a meeting, it shall provide reasons and make an announcement.

The Audit Committee shall propose to the board of directors in writing to convene an extraordinary shareholders' meeting. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, provide a written response indicating whether it agrees or disagrees to convene an extraordinary shareholders' meeting within 10 days upon receipt of the proposal. If the board of directors agrees to convene the extraordinary shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days upon making the decision. Any changes to the original proposal in the notice shall be subject to the consent of the Audit Committee. If the board of directors disagrees to convene the extraordinary shareholders' meeting, or fails to provide feedback within 10 days upon receipt of the proposal, it shall be deemed as failing or not discharging its duties to convene the shareholders' meeting. In such cases, the Audit Committee may convene and preside over the meeting on its own.

Shareholder(s) who individually or collectively hold more than 10% of the shares of the Company are entitled to request the board of directors to convene an extraordinary shareholders' meeting, and such requisition shall be made in writing to the board of directors. The board of directors shall, in accordance with the laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association, furnish a written reply on whether it agrees or disagrees to convene the extraordinary shareholders' meeting within ten days upon receipt of such requisition. If the board of directors agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of the shareholders' meeting within five days after making such a resolution. Any changes to the original requisition in the notice shall be approved by the relevant shareholders. If the board of directors disagrees with convening an extraordinary shareholders' meeting or fails to provide feedback within ten days of receiving such a requisition, shareholders who individually or collectively hold more than 10% of the Company's shares shall propose the Audit Committee in writing to convene an extraordinary shareholders' meeting. If the Audit Committee agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of the shareholders' meeting within five days of receiving such a requisition. Any changes to the original proposal in the notice shall be approved by the relevant shareholders. If the Audit Committee fails to issue a notice of the shareholders' meeting within the specified time limit, it shall be deemed that the Audit Committee does not convene and preside over the shareholders' meeting, and shareholders who individually or collectively hold more than 10% of the Company's shares for more than ninety consecutive days may convene and preside over the meeting on their own.

If the Audit Committee or shareholder(s) decide(s) to convene the shareholders' meeting by itself/themselves, it/they shall issue a written notice to the board of directors, and file a record with the stock exchange (if required) in the place where the Company's shares are **[REDACTED]**. The Audit Committee or the shareholders who convene the meeting shall submit the corresponding supporting materials to the stock exchange in the place where the Company's shares are **[REDACTED]** when issuing the notice of convening a shareholders' meeting and the announcement of the resolution of shareholders' meeting. Before the announcement of the resolution of the shareholders' meeting, the shareholding of the shareholders convening such meeting shall not be less than 10%.

For shareholders' meetings convened by the Audit Committee or shareholders on their own, the board of directors and the board secretary shall cooperate in this regard. The board of directors shall provide the register of shareholders as of the record date. The register of shareholders obtained by the convener shall not be used for purposes other than convening a shareholders' meeting. Expenses necessary for convening of the shareholders' meeting by the Audit Committee or shareholders on its/their own shall be borne by the Company.

Proposals and Notices of Shareholders' Meetings

The content of proposals shall fall within the scope of authority of the shareholders' meeting, have clear topics and specific matters to be resolved, as well as comply with relevant requirements of laws, administrative regulations, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, other regulatory requirements of the place where the Company's shares are **[REDACTED]** and the Articles of Association.

When a shareholders' meeting is held by the Company, the board of directors, Audit Committee or shareholders individually or collectively holding 1% or more of the Company's shares shall have the right to put forward proposals to the Company.

Shareholders individually or collectively holding more than 1% of the shares of the Company may submit provisional proposals in writing to the convener ten days prior to the date of the shareholders' meeting. The convener shall issue a supplemental notice of shareholders' meeting within two days upon the receipt of the proposals, announcing the content of the provisional proposals, and shall submit the provisional proposals to the shareholders' meeting for consideration, however, except for the provisional proposal that violates laws, administrative regulations, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, other regulatory requirements of the place where the Company's shares are **[REDACTED]**, or the Articles of Association, or the provisional proposal falls outside the scope of the terms of reference of the shareholders' meeting. The Company shall not increase the shareholding ratio of shareholders who propose provisional proposals.

Except for the circumstances described above, the convener shall not modify the proposals already specified in the notice of the shareholders' meeting or add new proposals subsequent to the issue of the notice of the shareholders' meeting.

Where the convener is required to supplement or correct the content disclosed in a proposal as required, no substantial changes to the proposal shall be made, and the relevant announcement of such supplementation or correction shall be notified to all shareholders before voting at the shareholders' meeting. Where substantial changes are made to a proposal, such changes shall be deemed as a new proposal which may not be voted at such shareholders' meeting.

Proposals not listed in the notice of shareholders' meeting or not in compliance with the provisions of the Articles of Association shall not be put to a vote or result in resolutions at the shareholders' meeting.

The convener shall notify shareholders by announcement (including publication on the websites of the Hong Kong Stock Exchange and the Company) 21 days prior to the date of the annual shareholders' meeting; the convener shall notify shareholders by announcement (including publication on the websites of the Hong Kong Stock Exchange and the Company) 15 days prior to the date of the extraordinary shareholders' meeting. The date of the meeting shall not be included in the calculation of the commencement period. Where laws, regulations and the securities regulatory authorities of the place where the Company's shares are **[REDACTED]** provide otherwise, such provisions shall prevail.

The notice of shareholders' meeting shall include the following:

(i) the time, venue and duration of the meeting;

(ii) the matters and proposals submitted for consideration at the meeting;

(iii) a prominent statement that all ordinary shareholders, shareholders holding special voting rights and other shareholders are entitled to attend at the shareholders' meeting, and a shareholder may appoint a proxy in writing to attend the meeting and vote on his/her behalf and such proxy is not necessarily a shareholder of the Company, and if a shareholder has appointed a proxy to attend any meeting, such shareholder shall be deemed to have attended in person;

(iv) the record date of shareholders entitled to attend the shareholders' meeting;

(v) the name and telephone number of the regular contact person for meeting;

(vi) the time and procedure for voting online or through other means;

(vii) other requirements as stipulated by laws, administrative regulations, departmental rules, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the securities regulatory rules of the place where the Company's shares are **[REDACTED]** and the Articles of Association.

The notice of the shareholders' meeting and its supplementary notice shall include the contents required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association, fully and completely explaining all the specific contents of all proposals. If a matter to be discussed requires opinions of the independent directors, the opinions of the independent directors and reasons therefor shall also be disclosed at the same time when the notice of the shareholders' meeting or its supplementary notice is issued.

After the notice of the shareholders' meeting has been issued, the shareholders' meeting shall not be postponed or cancelled without justifiable reasons, and the proposals specified in the notice of the shareholders' meeting shall not be cancelled. In case of postponement or cancellation, the convener shall make announcement and explanation in accordance with laws, regulations and the securities regulatory rules of the place where the Company's shares are **[REDACTED]**. If the shareholders' meeting is postponed, the postponed date shall be announced in the notice.

Convening of the shareholders' meeting

All the ordinary shareholders, shareholders holding special voting rights and other shareholders in the register of shareholders and their proxies on the record date are entitled to attend the shareholders' meeting, and shall exercise their voting rights pursuant to the relevant laws, regulations, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association.

A shareholder may attend the shareholders' meeting in person, or may appoint one or more persons (who need not to be shareholders) as his/her proxy to attend and vote on his/her behalf.

If the shareholder is a Recognized Clearing House (or its agent) as defined under the Securities and Futures Ordinance of Hong Kong or relevant ordinances in force from time to time under the laws of Hong Kong, such shareholder may authorize one or more persons as he/she deems fit to act as his/her proxy at any shareholders' meetings or meetings of creditors; however, if more than one proxies are authorized, the proxy form shall specify the number and class of shares represented by each of such proxies under the authorization, and the proxy form shall be signed by the personnel authorized by the Recognized Clearing House. Persons so authorized may attend the meeting on behalf of the Recognized Clearing House (or its agent) without presenting shareholding certificates, notarized authorizations and/or further evidence to prove their formal authorization, speak at the meeting and exercise rights, as if such persons were individual shareholders of the Company. Such authorized persons shall be entitled to the same statutory rights as other shareholders, including the right to speak and vote.

Individual shareholders attending the shareholders' meeting in person shall present their identity cards or other valid identity documents or proof; if a proxy is appointed to attend the meeting, the proxy shall present his/her own valid identification documents and the power of attorney for the shareholder.

A corporate shareholder shall appoint a legal representative or a proxy entrusted by the legal representative to attend the meeting. If a legal representative attends the meeting, he/she shall present his/her identity card and a valid certificate proving his/her qualification to be a legal representative; in the event that proxies are in attendance, such proxies shall present their personal identity cards and the written power of attorney legally issued by the legal representative of the corporate shareholder.

A shareholder of a partnership shall attend the meeting by its executive partner (including the authorized representative of the executive partner) or its proxy. Executive partners attending the meeting shall present their identity cards and valid documents that can prove his/her qualification as the executive partner. If the proxies attend the meeting, such proxies shall present their identity cards and the written power of attorney legally issued by the executive partner of the shareholder of the partnership.

A power of attorney issued by a shareholder to appoint another person as his/her proxy to attend the shareholders' meeting shall contain the following information:

(i) the name or title of the principal and the class and quantity of shares held thereby;

(ii) the name or title of the proxy;

(iii) the specific instructions of the shareholder, including instructions to vote for, against, or abstain from voting on each matter included in the agenda of the shareholders' meeting;

(iv) the date of issuance and validity period of the power of attorney;

(v) the signature (or seal) of the principal. If the principal is a corporate shareholder, the corporate seal shall be affixed.

Such power of attorney shall contain a statement that in the absence of instructions by the shareholder, whether the proxy of such shareholder may vote at his/her own will.

Where the power of attorney authorizing a voting proxy is signed by another person authorised by the principal, the power of attorney or other authorization document shall be notarised. Both the notarized authorization letter or other authorization documents and the power of attorney for proxy voting shall be kept at the Company's domicile or at other places specified in the notice on convening the meeting, 24 hours before the relevant meeting is held, or 24 hours before the designated voting time.

If the shareholders' meeting requires directors and the senior management to be present at the meeting, the directors and the senior management shall be present and accept enquiries from shareholders.

A shareholders' meeting shall be presided over by the chairman of the board of directors. If the chairman is unable or fails to perform his/her duties, the vice chairman shall preside. If the vice chairman is unable or fails to perform his/her duties, a director nominated by a majority of the directors shall preside.

A shareholders' meeting convened by the Audit Committee on its own shall be presided over by the convener (chairman) of the Audit Committee. If the convener (chairman) of the Audit Committee is unable or fails to perform his/her duties, a member of the Audit Committee nominated by a majority of the members of the Audit Committee shall preside.

A shareholders' meeting convened by the shareholders on their own initiative shall be presided over by the convener or a representative nominated by the convener.

Voting at and Resolutions of Shareholders' Meetings

Resolutions of a shareholders' meeting include ordinary resolutions and special resolutions. Ordinary resolutions put forward at the shareholders' meeting shall be adopted by more than half of shareholders (including their proxies) with voting rights attending the shareholders' meeting. Special resolutions put forward at the shareholders' meeting shall be adopted by more than two-thirds of the shareholders (including their proxies) with voting rights attending the meeting.

The following matters shall be resolved by way of ordinary resolutions at a shareholders' meeting:

(i) work reports of the board of directors;

(ii) profit distribution plans and loss recovery plans prepared by the board of directors;

(iii) appointment and dismissal of directors, their remuneration and payment terms;

(iv) annual reports of the Company;

(v) other matters other than those required to be passed by special resolutions as stipulated by laws, administrative regulations, departmental rules, the Articles of Association, the Hong Kong Listing Rules or securities regulatory rules of the place where the Company's shares are **[REDACTED]**.

The following matters shall be resolved by way of special resolutions at a shareholders' meeting:

(i) increase or reduction in the registered capital;

(ii) division, spin-off, merger, dissolution and liquidation (including voluntary winding-up) of the Company;

(iii) amendments to the Articles of Association;

(iv) equity incentive plans;

(v) the purchases and disposals of material assets or provision of guarantees within one year, which exceed 30% of the latest audited total assets of the Company;

(vi) other matters stipulated by laws, administrative regulations, departmental rules, the Articles of Association, the Hong Kong Listing Rules or securities regulatory rules of the place where the Company's shares are **[REDACTED]**, and other matters considered by the shareholders' meeting, by way of ordinary resolution, to have a material impact on the Company and need to be approved by special resolution.

Shareholders (including proxies thereof) shall exercise their voting rights as per the voting shares they represent. Each share carries the right to one vote.

The shares held by the Company have no voting rights, and such shares shall not be counted as the total number of shares with voting rights held by shareholders attending the meeting and shall not be deposited in the Central Clearing and Settlement System.

Where a shareholder purchasing the shares with voting rights of the Company violates paragraph 1 or 2 of Article 63 of the Securities Law of the PRC, the voting rights of the shares that exceed the prescribed proportion shall not be exercised within 36 months after purchasing, and such shares shall not be counted in the total number of shares with voting rights present at the shareholders' meeting.

The board of directors, independent directors, shareholders holding more than 1% of the Company's total shares with voting rights or the investor protection corporation established in accordance with laws, administrative regulations and the provisions of the CSRC may publicly collect voting rights from shareholders. Information including the specific voting intention shall be fully disclosed to shareholders from whom voting rights are being solicited. It is prohibited to solicit voting rights from shareholders by offering consideration or consideration in disguised form. The Company shall not impose any limit on the minimum shareholding in respect of the soliciting voting rights except for the statutory conditions.

Pursuant to the applicable laws, regulations, normative documents and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, in the event that any shareholders are required to abstain from voting on any particular resolution, or are restricted to voting only for (or against) any particular resolution, any votes cast by or on behalf of such shareholders in contravention of any such requirement or restriction shall not be counted.

DIRECTORS AND BOARD OF DIRECTORS

Directors

Directors shall be qualified for their positions as provided in the Articles of Association.

Directors shall be elected or replaced by the shareholders' meeting and may be removed from office by the shareholders' meeting before the expiration of their term of office. However, such removal shall not affect any claim for damages that such directors may bring under any contract. Directors shall be appointed for a term of three years and may be re-elected upon the expiry of their term of office, unless otherwise provided in relevant laws, regulations and securities regulatory rules of the place where the Company's shares are **[REDACTED]**.

The tenure of a director shall start from the date on which the director assumes office until the expiration of the term of the incumbent board of directors. In the event that the terms of directors fall upon maturity whereas new members of the board of directors are not re-elected in time, the existing directors shall continue to perform their duties in accordance with the laws, administrative regulations, departmental rules, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association until the elected directors assume their office.

A general manager or any other senior management may concurrently serve as a director, provided that the total number of the directors concurrently serving as managers or other senior management and the directors who are employee representatives does not exceed half of the total number of the Company's directors.

Subject to the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, if the board of directors appoints any person to fill a casual vacancy or as an addition to the board of directors, such appointed director shall hold office only until the first annual shareholders' meeting of the Company after his/her appointment and shall be eligible for re-election at the meeting.

Board of Directors

The board of directors shall be composed of nine to eleven directors, including one chairman and one vice chairman. The chairman and vice chairman shall be elected by a majority vote of all directors. The directors of the Company are divided into executive directors, non-executive directors and independent non-executive directors, among which non-executive directors refer to the directors who do not hold management positions in the Company, and one employee representative director shall be included among the executive directors or non-executive directors. At least one of the independent non-executive Directors shall be a financial or accounting professional with appropriate accounting or relevant financial management expertise, or appropriate professional qualifications as referred to in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and at least one independent non-executive Director shall be ordinarily resident in Hong Kong.

The board of directors shall exercise the following functions and powers:

(i) to convene the shareholders' meeting and to report on its work to the shareholders at the shareholders' meeting;

(ii) to implement the resolutions adopted by the shareholders at the shareholders' meeting;

(iii) to decide on the Company's business plans and investment proposals;

(iv) to formulate the Company's profit distribution proposals and loss recovery proposals;

(v) to formulate proposals for the increase or reduction of the Company's registered capital and for the issuance of the Company's debentures or other securities and **[REDACTED]**;

(vi) to formulate plans for major acquisition, repurchase of shares of the Company or merger, division, dissolution and changing the form of the Company;

(vii) within the scope authorized by the shareholders' meeting, to decide on matters such as the Company's external investment, external financing, acquisition and sale of assets, asset pledges, external guarantees, entrusted financial management, transactions and connected transactions (other than transactions or connected transactions that are required to be submitted to the shareholders' meeting for consideration), external donations and other matters;

(viii) to decide on the Company's internal management structure;

(ix) to appoint or dismiss the general manager and secretary to the board of directors of the Company and decide on their remuneration as well as reward and punishment issues; pursuant to the nominations of the general manager, to determine the appointment or dismissal of other senior management, such as the deputy general manager and chief financial officer, of the Company and decide on their remuneration as well as reward and punishment;

(x) to formulate the basic management system of the Company;

(xi) to formulate the proposal for the amendments to the Articles of Association;

(xii) to manage the Company's information disclosure matters;

(xiii) to propose to the shareholders' meeting for employment or replacement of the accountancy firm that conducts audits for the Company;

(xiv) to hear reports from the Company's general manager and inspect the performance of the general manager;

(xv) to consider and approve external guarantee matters other than those that require consideration at the shareholders' meeting;

(xvi) other powers conferred by the laws, administrative regulations, departmental rules, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the securities regulatory rules of the place where the Company's shares are **[REDACTED]** or the Articles of Association;

Matters concerning the provision of guarantees that require approval by the board of directors must be approved by more than two-thirds of the directors present at the meeting of the board of directors and not less than one-half of all directors.

The meeting of the board of directors shall be held only when more than half of the directors are present. Unless otherwise provided in the Articles of Association, resolutions of the board of directors shall be passed by more than half of all directors.

Resolutions of the board of directors are voted by way of poll with each director having one vote.

Independent Directors

The Company shall establish a dedicated working mechanism for independent directors. Where the board of directors deliberates connected transactions and other matters, prior consent shall be obtained through such special meetings of independent directors.

The Company shall convene special meetings of independent directors on a regular or ad hoc basis. The matters listed in the second paragraph of Article 136 and items (1) to (3) under the first paragraph of Article 137 of the Articles of Association shall be reviewed at such special meetings of independent directors.

A special meeting of independent directors shall be convened and presided over by an independent director jointly elected by more than half of the independent directors. If the convenor fails to perform or is unable to perform his or her duties, two or more independent directors may convene the meeting themselves and elect a representative to preside over it.

Special Committees of the Board of Directors

The board of directors shall establish an Audit Committee to exercise the functions and powers of the supervisory committee as stipulated in the Company Law of the PRC.

The board of directors of the Company shall establish other special committees, including the Strategy Committee, the Nomination Committee, and the Remuneration and Assessment Committee, which shall perform their duties in accordance with the Articles of Association and the authorization of the board of directors. Proposals of the special committees shall be submitted to the board of directors for consideration and approval. The board of directors shall be responsible for formulating working rules for the special committees, and specifying matters such as composition, member terms, scope of responsibilities, rules of procedure and record keeping of the special committees.

Senior Management

The Company shall have one general manager, who shall be nominated by the chairman of the board of directors and appointed or dismissed by the board of directors. The Company shall have certain deputy general managers, who shall be appointed or dismissed by the board of directors. The general manager, deputy general managers, chief financial officer and secretary to the board of directors shall be senior management of the Company.

The provisions in the Articles of Association in relation to the circumstances under which a person may not serve as a director and the resignation management system shall apply to the senior management.

The general manager shall be responsible to the board of directors and exercise the following functions and powers:

(i) to be in charge of the Company's production, operation and management, and to organize and implement the resolutions of the board of directors and report on works to the board of directors;

(ii) to organize the implementation of the Company's annual business plan and investment proposals;

(iii) to draft plans for the establishment of the Company's internal management structure;

(iv) to draft the Company's basic management system;

(v) to formulate specific rules and regulations for the Company;

(vi) to advise to the board of directors on the appointment or dismissal of the deputy general managers, the chief financial officer and other senior management;

(vii) to decide on the appointment or dismissal of the responsible management personnel other than those required to be appointed or dismissed by the board of directors;

(viii) such other functions and powers as authorized by the Articles of Association or the board of directors.

The general manager shall attend meetings of the board of directors.

FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDITING

Financial and Accounting System

The Company shall formulate its financial accounting system in accordance with laws, administrative regulations and provisions of relevant state departments. The Company shall prepare a financial and accounting report at the end of each financial year, which shall be audited by an accounting firm as required by law.

The Company shall not keep accounting books other than those provided by law. It is not allowed to open an account to deposit the Company's funds in the name of any individual.

The Company is required to allocate 10% of its profits into its statutory reserve fund when distributing each year's after-tax profits. If the accumulated amount of the Company's statutory reserve fund reaches 50% or more of the Company's registered capital, no further allocation may be made.

Where the statutory reserve fund of the Company is insufficient to make up the losses of the Company for the preceding year, profits of the current year shall be applied to make up the losses before any allocation to the statutory reserve fund in accordance with the provisions in the preceding paragraph.

If the Company distributes profit to shareholders in violation of the Company Law of the PRC, the shareholders shall return such distributed profits to the Company; if losses are caused to the Company, the shareholders and the directors and senior management who are responsible shall bear liability for compensation.

The shares held by the Company shall not be involved in the profit distribution.

The reserve funds of the Company may be used to make up the losses of the Company, expand its production and operation, or be converted to registered capital of the Company. When making up the Company's losses, the discretionary reserve fund and the statutory reserve fund shall be used first; if the losses still cannot be fully covered, the capital reserve may be used to make up for the losses according to provisions. When the statutory reserve fund is converted into the registered capital, the balance of such reserve fund shall not be less than 25% of the registered capital of the Company before the conversion.

Internal Audit

The Company shall implement its internal audit system, clarifying the leadership system, responsibilities and authorities, staffing, funding guarantee, application of audit results and accountability of internal audit work. The internal audit system of the Company shall be implemented upon approval by the board of directors.

Appointment of Accounting Firm

The Company shall appoint an accounting firm which is qualified under the Securities Law of the PRC and the securities regulatory rules of the place where the Company's shares are **[REDACTED]** to audit the financial statements, verify the net assets and provide other related consulting services for a term of one year. The accounting firm is eligible to be re-appointed. The engagement or dismissal of accounting firms by the Company shall be decided by the shareholders' meeting. The board of directors shall not appoint an accounting firm before a decision is made at the shareholders' meeting.

The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information, and that it engages without any refusal, withholding, and misrepresentation.

The auditing fee of an accounting firm shall be determined at the shareholders' meeting.

If the Company dismisses or no longer re-appoints the accounting firm, it shall notify such accounting firm 30 days in advance. When the dismissal of the accounting firm is voted for at the shareholders' meeting, such accounting firm shall be entitled to state its opinions. If the accounting firm offers to terminate the engagement contract, it shall explain to the shareholders' meeting whether the Company has engaged in any misconduct.

MERGER, DIVISION, CAPITAL INCREASE AND REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Reduction

Corporate merger may take the form of merger by absorption or by establishment. Merger by absorption refers to a company absorbing another company, in which the company being absorbed shall be dissolved. Merger by establishment refers to the establishment of a new company by merging two or more companies, whereby the merging parties shall be dissolved.

In the event of any merger involving the Company, the Company shall enter into a merger agreement with other parties involved and prepare a balance sheet and a list of assets. The Company shall notify its creditors within 10 days from the date of the Company's resolution on merger and shall publish an announcement in a newspaper or on the National Enterprise Credit Information Publicity System within 30 days. The creditors may request the Company to discharge its obligations or offer appropriate security within 30 days after receiving such notice, or if they fail to receive such notice, within 45 days after the publication of such announcement.

In the event of any merger involving the Company, the surviving company or the newly established company shall assume all claims and debts of the parties involved in such merger.

In the event of any division of the Company, its assets shall be divided accordingly, and the Company shall prepare a balance sheet and a list of assets. The Company shall notify its creditors within 10 days from the date of the Company's resolution on division and shall publish an announcement in a newspaper or on the National Enterprise Credit Information Publicity System within 30 days. Unless otherwise agreed by the Company and its creditors in writing prior to such division with respect to the discharge of obligations, the company divided from the Company shall be jointly and severally liable for the obligations of the Company prior to such division.

The Company shall prepare a balance sheet and a list of assets in the event it is required to reduce its registered capital. The Company shall notify its creditors within 10 days from the date of the Company's resolution on the reduction of the registered capital and shall publish an announcement in a newspaper or on the National Enterprise Credit Information Publicity System within 30 days. The creditors are entitled to request the Company to discharge its obligations or offer appropriate security within 30 days after receiving such notice, or if they fail to receive such notice, within 45 days after the publication of such announcement.

After reducing its registered capital according to the two preceding paragraphs, the Company may not distribute its profits until and unless the accumulated amount of statutory reserve and discretionary reserve reaches 50% of the Company's registered capital.

Where the merger or division of the Company results in a change in its registered particulars, such change shall be registered with the Company registry according to law. Where the Company is dissolved, it shall cancel its registration according to law. Where a new company is established, its establishment shall be registered according to law. Any increase or reduction of the registered capital of the Company shall be registered with the company registry according to law.

Dissolution and Liquidation

The Company shall be dissolved for the following reasons:

(i) the business term specified in the Articles of Association expires or other dissolution reasons specified in the Articles of Association occur;

(ii) a resolution for dissolution is passed by shareholders present at the shareholders' meeting representing more than two-thirds of voting rights;

(iii) dissolution is necessary as a result of a merger or division of the Company;

(iv) the Company's business license is revoked, or the Company is ordered to close or be revoked according to law;

(v) where the Company encounters significant difficulties in its operation and management, continuous survival may be significantly detrimental to the interests of the shareholders, and the difficulties cannot be resolved through other means, shareholders who hold more than 10% of voting rights of the Company's shareholders may request the people's court to dissolve the Company.

If the Company has any reasons for dissolution specified in the aforesaid provisions, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within 10 days.

Where the Company falls under circumstances set out in paragraphs (i) and (ii) above and has not yet distributed any assets to its shareholders, it may continue to exist by amending the Articles of Association or by resolution of the shareholders' meeting. Amendments to the Articles of Association pursuant to the aforesaid provisions or resolution of the shareholders' meeting shall be passed by two-thirds or more of the voting rights held by the shareholders present at a shareholders' meeting.

Where the Company is dissolved under the circumstances set out in paragraphs (i), (ii), (iv) and (v) above, it shall be liquidated. The directors shall be the liquidation obligors of the Company, and the liquidation committee shall be established within 15 days from the date on which the reason for dissolution occurs. The liquidation committee shall consist of directors, except where otherwise provided in the Articles of Association or otherwise selected by the resolution at the shareholders' meeting. If a liquidation obligor fails to promptly perform his/her liquidation obligations, causing losses to the Company or creditors, such obligor shall be liable for compensation.

The liquidation committee shall notify the creditors within 10 days from the date of its establishment and shall publish an announcement in a newspaper or on the National Enterprise Credit Information Publicity System and in such manner as required by the stock exchange where the Company's shares are **[REDACTED]** within 60 days. The creditors shall declare their claims to the liquidation committee within 30 days of the date on which the notice is received or 45 days of the date of such announcement if the notice is not received. Creditors who declare their claims shall state relevant issues related to the claims and provide proof. The liquidation committee shall carry out registration of the claims.

During the period for declaration of claims, the liquidation committee shall not make any payment to the creditors.

During the liquidation period, the Company continues to exist, but it may not commence operational activities not related to the liquidation. The assets of the Company shall not be distributed to its shareholders until the debts have been paid in accordance with the provisions of the preceding paragraph.

Where liquidation committee, after taking stock of the Company's assets and preparing a balance sheet and a list of assets, finds that the Company's assets are insufficient to pay the debts, it shall apply to the people's court for bankruptcy liquidation according to law. After the people's court accepts the application for bankruptcy liquidation, the liquidation committee shall transfer the liquidation matters to the bankrupt administrator designated by the people's court.

Following the completion of liquidation, the liquidation committee shall prepare a report on liquidation and submit it to the shareholders' meeting or the people's court for confirmation, and file it with the company registration authority to apply for the deregistration of the Company.

Where the Company is declared bankrupt according to law, bankruptcy liquidation shall be carried out in accordance with the relevant laws on enterprise bankruptcy.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Under any of the following circumstances, the Company shall amend the Articles of Association:

(i) after the Company Law of the PRC or relevant laws, administrative regulations, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other regulatory requirements of the place where the Company's shares are **[REDACTED]** are amended, the matters specified in the Articles of Association conflict with the provisions of the amended laws, administrative regulations, etc.;

(ii) where the Company's circumstances change to such an extent that they are inconsistent with what is recorded in the Articles of Association;

(iii) the shareholders' meeting has decided on amending the Articles of Association.

If the amendment to the Articles of Association adopted by resolution of the shareholders' meeting is subject to the approval of the competent authority, it shall be reported to the competent authority for approval; if it involves matters of company registration, the registration of the changes shall be made in accordance with the law. When matters relating to amendments to the Articles of Association are reviewed at the shareholders' meeting, it shall be passed by more than two-thirds of the voting rights held by the shareholders present at the shareholders' meeting.

The board of directors shall amend the Articles of Association according to the resolution of the shareholders' meeting on the amendment of the Articles of Association and the review and approval opinions (if any) of the competent authority.

Any amendment to the Articles of Association shall be subject to announcement if so required by the laws and regulations.

TAXATION OF SECURITY HOLDERS

Income tax and capital gains tax of holders of H Shares are subject to the laws and practices of the PRC and of the jurisdictions in which holders of H Shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, has not taken into account the possible change or amendment to the relevant laws or policies, and does not constitute any opinion or advice. The discussion does not deal with all possible tax consequences relating to an **[REDACTED]** in H Shares, nor does it take into account the specific circumstances of any particular **[REDACTED]**, some of which may be subject to special regulation. Accordingly, you should consult your own tax adviser regarding the tax consequences of an **[REDACTED]** in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change or adjustment and may have retrospective effect.

No issues on PRC taxation other than income tax, capital appreciation and profit tax, value-added tax, stamp duty and estate duty were referred to in the discussion. Prospective **[REDACTED]** are urged to consult their financial advisors regarding the PRC and other tax consequences of owning and disposing of H Shares.

TAXATION IN CHINESE MAINLAND

Tax on Dividends

Individual investors

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) (the "**IIT Law**"), which was promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on September 10, 1980, last amended on August 31, 2018 and came into effect on January 1, 2019, and the Implementation Rules for the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法實施條例》), which was promulgated by the State Council on January 28, 1994, last amended on December 18, 2018 and came into effect on January 1, 2019, dividends distributed by PRC enterprises to individual investors are subject to tax at a rate of 20%, and for a foreign individual who is not a resident of the PRC, dividends derived from an enterprise established within the PRC are generally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced pursuant to the relevant tax treaties. Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差別化個人所得税政策有關問題的通知》) issued by the Ministry of Finance ("**MOF**"), the State Administration of Taxation ("**SAT**") and the China Securities Regulatory Commission (the "**CSRC**") on September 7, 2015 and came into effect on September 8, 2015, where an individual acquires the stocks of a listed company from public offering of the company or from the stock market and holds the stocks for more than one year, the income from dividends and bonuses shall be temporarily exempt from individual income tax. Where an individual acquires the stocks of a listed company from public offering of the company or from the stock market and holds the stocks for not more than one month, the income from dividends and bonuses shall be included in the taxable income in full amount; if the individual holds the stocks for more than one month but not more than one year, the income from dividends and bonuses shall be temporarily included in the taxable income at the reduced rate of 50%. Individual income tax on the aforesaid income shall be calculated and collected at the uniform rate of 20%.

Pursuant to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) (the "**Arrangement**"), signed on August 21, 2006 and came into effect on December 8, 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《<內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排>第五議定書》) ("**the Fifth Protocol**"), signed on July 19, 2019 and came into effect on December 6, 2019, adds new criteria for determining the eligibility for the preferential treatment of the Arrangement. Notwithstanding the provisions of other terms of this Arrangement, if, after taking into account all relevant facts and circumstances, it can be reasonably determined that one of the main purposes of any arrangement or transaction that directly or indirectly brings about the benefits of this Arrangement is to obtain the benefits, the benefits shall not be granted in connection with the relevant income, unless it can be confirmed that the benefits under such circumstances is consistent with the purposes and objectives of the relevant provisions of this Arrangement. In addition, the application of the dividend clause of tax agreements shall be subject to the PRC tax laws and regulations, such as the Notice of the SAT on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家税務總局關於執行税收協定股息條款有關問題的通知》), promulgated by the SAT on February 20, 2009 and came into effect on the same day.

Enterprise investors

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) (the "**EIT Law**"), promulgated by the SCNPC on March 16, 2007, last amended on December 29, 2018 and came into effect on the same date, and the Implementation Rules of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》), promulgated by the State Council on December 6, 2007, last amended on December 6, 2024 and came into effect on January 20, 2025, a non-resident enterprise is subject to a reduced 10% enterprise income tax on PRC-sourced income, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong, if a non-resident enterprise either does not have an establishment or place of business in the PRC, or has an establishment or place of business in the PRC but its PRC-sourced income is not effectively connected with that establishment or place of business. This income tax payable by non-PRC resident enterprises is subject to withholding at source, with the payer acting as the withholding agent, and the withholding agent must deduct the tax from each payment or amount due at the time of payment or when it becomes due. This tax may be reduced or exempted in accordance with an applicable treaty for the avoidance of double taxation.

Pursuant to the Notice of the SAT on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders which are Overseas Non-resident Enterprises (《國家税務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) issued by the SAT and came into effect on November 6, 2008, a PRC resident enterprise paying dividends for the year of 2008 or any year thereafter to its H-share holders which are overseas non-resident enterprises shall withhold the enterprise income tax thereon at the uniform rate of 10%. Non-resident enterprise shareholders shall follow the relevant provisions executed by tax treaty where they need to enjoy the treatment of the tax treaty.

Pursuant to the Arrangement, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural persons and legal entities), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol adds new criteria for determining eligibility for the preferential treatment of the Arrangement. Notwithstanding the provisions of other terms of this Arrangement, if, after taking into account all relevant facts and circumstances, it can be reasonably determined that one of the main purposes of any arrangement or transaction that directly or indirectly brings about the benefits of this Arrangement is to obtain the benefits, the benefits shall not be granted in connection with the relevant income, unless it can be confirmed that the benefits under such circumstances is consistent with the purposes and objectives of the relevant provisions of this Arrangement. In addition, the application of the dividend clause of tax agreements shall be subject to the PRC tax laws and regulations, such as the Notice of the SAT on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家税務總局關於執行税收協定股息條款有關問題的通知》), promulgated by the SAT on February 20, 2009 and effective on the same date.

In accordance with applicable regulations, the Company intends to withhold tax at a rate of 10% on dividends paid to non-PRC resident enterprise holders of our H Shares. Non-PRC resident enterprises eligible for a preferential tax rate under an applicable income tax treaty must apply to the PRC tax authorities for a refund of any excess withholding beyond the treaty rate. The grant of such refunds is subject to verification by the PRC tax authorities.

Taxes on Gains from Share Transfers

Individual investors

Under the IIT Law and its implementation rules, individuals are subject to individual income tax at a rate of 20% on gains from the transfer of equity interests in PRC resident enterprises. Pursuant to the Circular of the MOF and the SAT on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals (《財政部、國家税務總局關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》), which was issued on March 30, 1998 and came into effect on the same day, from January 1, 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. The SAT does not specify whether the income from the transfer of shares in listed companies by individuals will continue to be exempted from personal income tax under the newly revised IIT Law and its implementation rules.

The MOF, SAT and CSRC on Issues Relating to Levying of Individual Income Tax on Income Derived by Individuals from Transfer of Moratorium Shares of Listed Companies (《財政部、國家税務總局、證監會關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的通知》) issued by the MOF, SAT and CSRC on December 31, 2009 and came into effect on the same date, states that individuals' income from transfer of listed shares obtained from the public offering of listed companies and the transfer market on the Shanghai Stock Exchange and Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction as defined in the Supplementary Notice of MOF, SAT and CSRC on Issues Relating to Levying of Individual Income Tax on Income from Transfer of Moratorium Shares of Listed Companies by Individuals (《財政部、國家税務總局、證監會關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的補充通知》), which

was issued by the above-mentioned departments and came into effect on November 10, 2010. As of the Latest Practicable Date, no aforesaid provisions have expressly provided whether individual income tax shall be collected from non-PRC resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

Enterprise investors

Under the EIT Law and its implementation rules, a non-PRC resident enterprise is subject to enterprise income tax at a rate of 10% on PRC-sourced income, including gains from the disposal of shares in a PRC resident enterprise, if it does not have an establishment or premises in the PRC or if it has an establishment or premises in the PRC but the PRC-sourced income is not effectively connected to them. This income tax payable by non-PRC resident enterprises is subject to withholding at source, with the payer acting as the withholding agent. The withholding agent must deduct the tax from each payment or amount due at the time of payment or when it becomes due. Such tax may be reduced or exempted under applicable tax treaties or agreements.

Shenzhen-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Market Connect Mechanism (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) promulgated by the MOF, the SAT and the CSRC on November 5, 2016 and came into effect on December 5, 2016, income from transfer spreads and income from dividends and bonuses obtained by mainland enterprise investors from investments in stocks listed on the Hong Kong Stock Exchange through the Shenzhen-Hong Kong Stock Connect will be included in their total income and subject to corporate income tax according to law. The dividends received by resident enterprises in the Chinese Mainland that hold H Shares for at least 12 consecutive months shall be exempted from enterprise income tax according to laws. The company of such H Shares will not withhold and pay the income tax of dividends for domestic enterprise investors and the enterprise shall report and pay the relevant tax by itself. For income from dividends and bonuses obtained by mainland individual investors from investments in H Shares listed on the Hong Kong Stock Exchange through the Shenzhen-Hong Kong Stock Connect, H share companies shall submit applications to China Securities Depository and Clearing Corporation Limited ("**CSDC**"), which will provide H share companies with the register of individual mainland investors, and the H share companies shall withhold the individual income tax at the tax rate of 20%.

Pursuant to the Announcement on Continuing the Implementation of the Relevant Individual Income Tax Policies concerning the Shanghai-Hong Kong Stock Market Connect and the Shenzhen-Hong Kong Stock Connect and the Mutual Recognition of Funds between Mainland China and Hong Kong (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》), promulgated by the MOF, the STA and the CSRC on August 21, 2023 and came into effect on the same date, the transfer spread income derived by individual investors in Chinese mainland from investing in shares listed on the HKSE through Shenzhen-Hong Kong Stock Connect shall continue to be exempted from individual income tax from December 5, 2019 to December 31, 2027.

Stamp Duty

According to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), which was promulgated by SCNPC on June 10, 2021 and came into effect on July 1, 2022, the disposal of H Shares by non-mainland investors outside of Chinese mainland is not subject to the requirements of the Stamp Duty Law of the PRC.

Estate Duty

According to the PRC laws, no estate duty is currently levied in Chinese mainland.

MAJOR TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law and its implementation regulations, both resident enterprises and non-resident enterprises are subject to taxation in China. Resident enterprises are subject to enterprise income tax at a uniform rate of 25%, while the enterprise income tax rate for High and New Technology Enterprises is 15%.

Value-Added Tax

Pursuant to the Provisional Regulations on Value-Added Tax of the PRC (《中華人民共和國增值税暫行條例》) promulgated by the State Council on December 13, 1993, last amended on November 19, 2017 and effective on the same date, and the Implementation Rules for the Provisional Regulations on Value-Added Tax of the PRC (《中華人民共和國增值税暫行條例實施細則》) promulgated by the Ministry of Finance on December 25, 1993, last amended on October 28, 2011 and effective on November 1, 2011, entities and individuals that sell goods or perform processing, repair, or maintenance services, sell services, intangible assets, or real estate, or import goods within China are VAT taxpayers and are required to pay VAT. Except as otherwise provided in the above regulations, the sales or import of goods by taxpayers are generally subject to VAT at a rate of 17%.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Adjusting Value-added Tax Rates (《財政部、税務總局關於調整增值税税率的通知》), which was promulgated by the Ministry of Finance and the STA on April 4, 2018 and came into effect on May 1, 2018, the original tax rates of 17% and 11% applicable to taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the Announcement of the Ministry of Finance, the State Administration of Taxation and General Administration of Customs on Relevant Policies for Deepening Value-Added Tax Reform (《財政部、税務總局、海關總署關於深化增值税改革有關政策的公告》), promulgated by the Ministry of Finance, the STA and General Administration of Customs on March 20, 2019 and effective on April 1, 2019, the VAT rates of 16% and 10% applicable to the general taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

The SCNPC promulgated the Value-Added Tax Law on December 25, 2024, which took effect on January 1, 2026. Upon the implementation of this law, the Provisional Regulations on Value-Added Tax of the PRC shall be repealed simultaneously. Under the Value-Added Tax Law, entities and individuals (including individual industrial and commercial households) that sell goods, services, intangible assets, and real estate within China, as well as import goods, are VAT taxpayers and shall pay value-added tax. Except as otherwise provided in the Value-Added Tax Law, taxpayers engaging in taxable transactions shall calculate and pay value-added tax using the general taxation method by offsetting output tax against input tax. The applicable VAT rates for general taxpayers are 13%, 9%, 6% and 0%, while the collection rate for entities that calculate and pay value-added tax using the simplified taxation method is 3%.

PRC FOREIGN EXCHANGE CONTROL

The lawful currency of the PRC is Renminbi. The State Administration of Foreign Exchange, authorized by the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

Pursuant to the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, last amended on August 5, 2008 and effective on the same date, all international payments and transfers are classified into current account items and capital account items. Chinese mainland does not impose restrictions on international payments and transfers under current account items. Foreign exchange income from the current account of enterprises in Chinese mainland may be retained or sold to financial institutions engaging in the settlement and sale of foreign exchange in accordance with relevant provisions of the State. The retention or sale of foreign exchange income from the capital account to financial institutions engaging in the settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administrative authorities, except where no approval is required by the State.

Pursuant to the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the PBOC on June 20, 1996 and implemented on July 1, 1996, the remaining restrictions on convertibility of foreign exchange in respect of current account items are abolished while the existing restrictions on foreign exchange transactions in respect of capital account items are retained.

According to relevant laws and regulations in Chinese mainland, PRC enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items may, without the approval of the State Administration of Foreign Exchange, effect payment from their foreign exchange accounts at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprises that need to distribute profits to their shareholders in foreign exchange and Chinese enterprises that need to pay fixed dividends in foreign exchange in accordance with the requirements shall pay from their foreign exchange accounts or pay at the designated foreign exchange banks by a resolution of the board of directors on the distribution of profits in accordance with the law.

According to the Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) promulgated by the State Council October 23, 2014 and effective on the same date, the administrative approval of the State Administration of Foreign Exchange and its branches on matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing of foreign shares has been canceled.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) issued by the State Administration of Foreign Exchange on February 13, 2015, revised on December 30, 2019 and implemented on the same date, the State Administration of Foreign Exchange has cancelled the confirmation of foreign exchange registration of domestic or overseas direct investment. Instead, banks shall directly examine and handle foreign exchange registration of domestic and overseas direct investment, and the State Administration of Foreign Exchange and its branches shall indirectly supervise the foreign exchange registration of direct investments through banks.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating Management Policies of Settlement under Capital Account Items (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) issued by the State Administration of Foreign Exchange on June 9, 2016, revised on December 4, 2023 and effective on the same date, foreign exchange income from the capital account for which voluntary exchange settlement policies have been clearly implemented under relevant policies (including the funds repatriated from overseas listings) may be settled at banks according to actual business needs of domestic entities. The voluntary settlement ratio of foreign exchange income of domestic institutions under the capital account is tentatively set at 100%, subject to adjustment by the State Administration of Foreign Exchange in due time in accordance with international revenue and expenditure situations.

According to the Circular of the State Administration of Foreign Exchange on Optimizing Foreign Exchange Management Service in Support of Foreign Business Development (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) promulgated by the State Administration of Foreign Exchange on April 10, 2020 and effective on the same date, on the premise of ensuring the authentic and compliant use of funds and complying with the existing regulations on the use of capital income, eligible enterprises are allowed to use capital income such as funds, foreign debts and proceeds from overseas listing for domestic payments without providing materials to the banks in advance for authenticity verification on a case-by-case basis.

According to the Notice of the State Administration of Foreign Exchange on Further Deepening Reforms to Promote Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》), promulgated by the State Administration of Foreign Exchange on December 4, 2023 and effective on the same date, foreign exchange funds raised by domestic enterprises through overseas listings may be directly remitted into the settlement account of capital accounts, and funds within the settlement account of capital accounts may be freely converted and utilized.

The PBOC, the State Administration of Foreign Exchange and their branches shall supervise, administer and inspect the business registration, opening and use of accounts, cross-border income and expenditures, and fund exchange involved in the overseas listing of domestic enterprises under the Notice of the People's Bank of China and the State Administration of Foreign Exchange on Issues Concerning the Administration of Funds in connection with Overseas Listing of Domestic Enterprises (《中國人民銀行國家外匯管理局關於境內企業境外上市資金管理有關問題的通知》), which was promulgated by the PBOC and the State Administration of Foreign Exchange on December 24, 2025 and came into effect on April 1, 2026. A domestic enterprise shall, within 30 business days from the first trading day of its overseas listing or the completion of the **[REDACTED]**, complete the overseas listing registration with the local bank at its place of registration. Funds raised by domestic enterprises through overseas listings shall, in principle, be repatriated to China in a timely manner. Where such funds are retained outside the PRC for the purpose of conducting overseas direct investment, overseas securities investment, overseas lending, or other business activities, the domestic enterprise shall obtain approval or filing documentation from the competent business authority prior to the date of completion of the overseas issuance or the **[REDACTED]**, and shall comply with the relevant cross-border fund administration regulations.

FURTHER INFORMATION ABOUT OUR GROUP

Establishment of Our Company

Our Company was established as a limited liability company in the PRC on June 20, 2005 and was converted into a joint stock limited company on June 7, 2017 under the laws of the PRC. As of the Latest Practicable Date, the share capital of our Company was RMB64,153,966, divided into 64,153,966 Shares with a nominal value of RMB1.00 each.

Our Company has established a principal place of business in Hong Kong at Room 1918, 19th Floor, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on June 17, 2026. Ms. Ma Hoi Ki (馬海琪女士), one of our joint company secretaries, has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in "Appendix III – Summary of Articles of Association" to this document. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in "Regulatory Overview".

Changes in the Share Capital of Our Company

Save as disclosed in the section headed "History, Development and Corporate Structure – Major Shareholding Changes of Our Company" in this document, there has been no other alteration in the share capital of our Company during the two years immediately preceding the date of this document.

Changes in the Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries as of the Latest Practicable Date are set out in the Accountants' Report in Appendix I to this document.

Save as disclosed in this sub-section, there have been no alterations in the share capital of our subsidiaries within the two years immediately preceding the date of this document.

Yidu Jasung

On September 5, 2024, Yidu Jasung was incorporated with a registered share capital of RMB5,000,000.

Tianjin Jasung

The registered share capital of Tianjin Jasung was increased from RMB500,000 to RMB4,900,000 on April 21, 2025 due to capital injection.

Restriction of Share Repurchase

For details of the restrictions on the share repurchase by our Company, see "Appendix III – Summary of Articles of Association" to this document.

Resolutions of Our Shareholders

At the general meeting of our Company held on May 28, 2026, among other things, our Shareholders had resolved that:

(i) the **[REDACTED]** by our Company of H Shares of nominal value of RMB1.00 each and such H Shares be **[REDACTED]** on the Stock Exchange;

(ii) the number of H Shares to be **[REDACTED]** pursuant to the **[REDACTED]** shall be no more than **[REDACTED]**% of the total issued share capital of our Company as enlarged by the **[REDACTED]** before the exercise of the **[REDACTED]** and granting the **[REDACTED]** the **[REDACTED]** of no more than **[REDACTED]**% of the above number of H Shares to be **[REDACTED]**;

(iii) subject to the filing with CSRC being completed, the Conversion of Unlisted Shares into H Shares upon completion of the **[REDACTED]** shall be approved;

(iv) subject to the completion of the **[REDACTED]**, the conditional adoption of the Articles of Association, which shall become effective on the **[REDACTED]** and the authorization of the Board to amend the Articles of Association in accordance with relevant laws and regulations and upon the request from the Stock Exchange and relevant PRC regulatory authorities; and

(v) our Board and/or its authorized person(s) have been authorized to handle all relevant matters relating to, among other things, the **[REDACTED]**, the **[REDACTED]** of H Shares and the **[REDACTED]**.

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document that are or may be materials:

(a) the **[REDACTED]**.

Intellectual Property Rights

As of the Latest Practicable Date, our Group has registered the following intellectual property rights which were material to our Group's business.

Trademarks

As of the Latest Practicable Date, we have registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Registration number	Class	Owner	Place of registration	Expiry date
1.	嘉轩永磁	85591271	7	the Company	PRC	2036.02.13
2.	嘉轩永磁	85576648A	4	the Company	PRC	2036.02.06
3.	嘉轩永磁	85587586	37	the Company	PRC	2036.01.27
4.	嘉轩永磁	85578755A	9	the Company	PRC	2036.01.20
5.	JASUNG PERMANENT	85579800	37	the Company	PRC	2036.01.13
6.	JASUNG PERMANENT	85591042	7	the Company	PRC	2036.01.13
7.	JASUNG PERMANENT	85589153	35	the Company	PRC	2036.01.13
8.	JASUNG PERMANENT	85571879	42	the Company	PRC	2036.01.13
9.	JASUNG PERMANENT	85571651	6	the Company	PRC	2036.01.13
10.	嘉轩永磁	85570379	35	the Company	PRC	2036.01.13
11.	JASUNG PERMANENT	85568605	9	the Company	PRC	2035.12.27
12.	嘉轩永磁	85587565	6	the Company	PRC	2035.12.27
13.	嘉轩永磁	85581769	42	the Company	PRC	2035.12.27
14.		85592590	9	the Company	PRC	2035.12.27
15.	嘉轩	73130605	35	the Company	PRC	2035.07.13
16.	JASUNG	73142083	7	the Company	PRC	2035.03.13
17.		73140765	42	the Company	PRC	2034.12.20
18.	嘉轩	73134019A	7	the Company	PRC	2034.05.20
19.	JASUNG	73126778A	6	the Company	PRC	2034.02.27
20.	JASUNG	73152833A	35	the Company	PRC	2034.02.20

No.	Trademark	Registration number	Class	Owner	Place of registration	Expiry date
21.		73140765A	42	the Company	PRC	2034.02.20
22.		73130923	4	the Company	PRC	2034.02.06
23.		73152769	37	the Company	PRC	2034.02.06
24.	嘉轩	73134797	37	the Company	PRC	2034.01.20
25.	JASUNG	73150103	42	the Company	PRC	2034.02.13
26.	嘉轩	73130601A	9	the Company	PRC	2034.02.13
27.	嘉轩	73134770A	4	the Company	PRC	2034.02.13
28.	嘉轩	73128412	42	the Company	PRC	2034.01.20
29.	嘉轩	73137655	6	the Company	PRC	2034.01.20
30.		73142081	6	the Company	PRC	2034.01.27
31.		73149723	7	the Company	PRC	2034.01.27
32.	JASUNG	73142088A	9	the Company	PRC	2034.02.13
33.	JASUNG	73133954	4	the Company	PRC	2034.01.27
34.		9392138	7	the Company	PRC	2032.07.13
35.	嘉轩	9392161	7	the Company	PRC	2032.05.13
36.	SMARTOR	17153889	7	the Company	PRC	2026.12.20
37.	JASUNG	41022346	7	the Company	PRC	2030.10.06

Patents

As of the Latest Practicable Date, we have registered the following patents which we consider to be or may be material to our business:

No.	Patent	Patent number	Category	Owner	Place of registration
1.	Ring motors, grinding mills, and a method for assembling grinding mills	ZL202610007460.X	Invention patent	the Company	PRC

No.	Patent	Patent number	Category	Owner	Place of registration
2.	Drum motor	ZL202511553449.5	Invention patent	the Company	PRC
3.	Multi-layer and disc-type external rotor motor	ZL202510007111.3	Invention patent	the Company	PRC
4.	An air-cooled permanent magnet synchronous direct-drive motor	ZL202411018074.8	Invention patent	the Company	PRC
5.	Anti-corrosion process for water-cooling channels of permanent magnet direct-drive drums	ZL202311254630.7	Invention patent	the Company	PRC
6.	Motor rotor and high-speed motor thereof	ZL202310947818.3	Invention patent	the Company	PRC
7.	Assembly method for horizontal drum assembly machine	ZL202210919305.7	Invention patent	the Company	PRC
8.	Explosion-proof and three-phase permanent magnet synchronous drum motor for mining	ZL202210549270.2	Invention patent	the Company	PRC
9.	Permanent magnet motorised drum with internal and external circulation air-cooling rotor	ZL202210463714.0	Invention patent	the Company	PRC
10.	Test setup for power balancing and overload starting of permanent magnet drums	ZL202110435932.9	Invention patent	the Company	PRC
11.	Automatic grease filling system and method for drums	ZL202011336432.1	Invention patent	the Company	PRC
12.	Drum testing system	ZL202011324743.6	Invention patent	the Company	PRC
13.	Intelligent drum control method and control system	ZL202011128251.X	Invention patent	the Company	PRC
14.	Permanent magnet drum with air-water hybrid cooling	ZL202010866958.4	Invention patent	the Company	PRC
15.	Explosion-proof structure for drum motor	ZL202010853682.6	Invention patent	the Company	PRC
16.	Drum lubrication system	ZL202010796031.8	Invention patent	the Company	PRC
17.	Automatic lubrication oil filling device for drums	ZL202010788572.6	Invention patent	the Company	PRC

No.	Patent	Patent number	Category	Owner	Place of registration
18.	Air-cooled permanent magnet drum	ZL202010644357.9	Invention patent	the Company	PRC
19.	Method for calculating winding parameters of an external rotor motor	ZL202010392777.2	Invention patent	the Company	PRC
20.	A method for detecting eccentricity in the bearing cover of an outer-rotor motor and a motor spindle assembly	ZL202010297828.3	Invention patent	the Company	PRC
21.	Air-cooling structure for external rotor motorised drum	ZL202010248041.8	Invention patent	the Company	PRC
22.	Intelligent belt break catcher	ZL201410345666.0	Invention patent	the Company	PRC
23.	Conveying device	ZL200910306411.2	Invention patent	the Company	PRC

Copyrights

As of the Latest Practicable Date, we have the following copyrights which we consider to be or may be material to our business:

No.	Copyright name	Registration number	Registered owner	Place of registration
1.	Jasung Guardian App	2023SR0379852	the Company	PRC

Domain Names

As of the Latest Practicable Date, we have registered the following internet domain names which we consider to be or may be material to our business:

No.	Domain name	Registered owner
1.	jasung.cn	the Company
2.	218.93.181.74	the Company
3.	jasung.com	the Company

Save as the above, as of the Latest Practicable Date, there were no other intellectual property rights which were material to our business.

FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Service Contracts

Each of our Directors [has] entered into a service contract or appointment letter with our Company. The principal particulars of these service contracts and appointment letters comprise (a) the term of the service; and (b) subject to termination in accordance with their respective term. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of our Directors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

Remuneration of Director

Save as disclosed in "Directors and Senior Management – Remuneration" in this document, none of the Directors received other remuneration from our Company for each of the years ended December 31, 2023, 2024 and 2025.

Disclosure of Interests

(a) Interests of our Directors and chief executive

Save as disclosed below, immediately following completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised and that no changes are made to the issued share capital of our Company between the Latest Practicable Date and **[REDACTED]**), so far as our Directors are aware, none of our Directors or chief executive has any interests and/or short positions in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules:

Interest in our Company

					As of the Latest Practicable Date		Immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised)	
Name	Positions	Nature of interest	Description of Shares	Number of Shares [1]	Approximate percentage of shareholding in the issued share capital of our Company [2]	Number of Shares[1]	Approximate percentage of shareholding in the total issued share capital of our Company[3]
Ms. Fu Jie[4]	Executive Director, Chairwoman of the Board, and general manager	(1) Beneficial owner	Unlisted Shares	10,895,871	16.98%	[REDACTED]	[REDACTED]
			H Shares	–	–	[REDACTED]	[REDACTED]
		(2) Interest in controlled corporations	Unlisted Shares	5,946,875	9.27%	[REDACTED]	[REDACTED]
			H Shares	–	–	[REDACTED]	[REDACTED]
		(3) Interest held jointly with other persons	Unlisted Shares	7,739,260	12.07%	[REDACTED]	[REDACTED]
			H Shares	–	–	[REDACTED]	[REDACTED]
Mr. Zhang Chunhui[5]	Executive Director and deputy general manager	(1) Beneficial owner	Unlisted Shares	5,367,959	8.37%	[REDACTED]	[REDACTED]
			H Shares	–	–	[REDACTED]	[REDACTED]
		(2) Interest held jointly with other persons	Unlisted Shares	19,214,047	29.95%	[REDACTED]	[REDACTED]
			H Shares	–	–	[REDACTED]	[REDACTED]
Mr. Wang Yong[6]	Executive Director, deputy chairman of the Board and deputy general manager	(1) Beneficial owner	Unlisted Shares	1,756,787	2.74%	[REDACTED]	[REDACTED]
			H Shares	–	–	[REDACTED]	[REDACTED]
		(2) Interest held jointly with other persons	Unlisted Shares	22,825,219	35.58%	[REDACTED]	[REDACTED]
			H Shares	–	–	[REDACTED]	[REDACTED]
Ms. Xu Jinxiu[7]	Non-executive Director	(1) Beneficial owner	Unlisted Shares	614,514	0.96%	[REDACTED]	[REDACTED]
			H Shares	–	–	[REDACTED]	[REDACTED]
		(2) Interest held jointly with other persons	Unlisted Shares	23,967,492	37.36%	[REDACTED]	[REDACTED]
			H Shares	–	–	[REDACTED]	[REDACTED]

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 64,153,966 Unlisted Shares in issue as of the Latest Practicable Date.

(3) The calculation is based on the total number of **[REDACTED]** Shares (consisting of **[REDACTED]** Unlisted Shares, **[REDACTED]** H Shares converted from Unlisted Shares and **[REDACTED]** H Shares to be **[REDACTED]** pursuant to the **[REDACTED]**) in issue immediately after completion of the **[REDACTED]** (without taking into account the H Shares which may be **[REDACTED]** upon the exercise of the **[REDACTED]**).

(4) As of the Latest Practicable Date, (i) Ms. Fu Jie directly held 10,895,871 Unlisted Shares; (ii) Ms. Fu Jie was deemed to be interested in 5,946,875 Unlisted Shares held by Changzhou Hongbo, Changzhou Jinbo and Changzhou Tongbo, in which Ms. Fu Jie acted as the executive partner, respectively; and (iii) Ms. Fu Jie was deemed to be interested in 5,367,959 Unlisted Shares directly held by Mr. Zhang Chunhui, 1,756,787 Unlisted Shares directly held by Mr. Wang Yong and 614,514 Unlisted Shares directly held by Ms. Xu Jinxiu, respectively, pursuant to the Concert Party Agreements.

(5) As of the Latest Practicable Date, (i) Mr. Zhang Chunhui directly held 5,367,959 Unlisted Shares, and (ii) Mr. Zhang Chunhui was deemed to be interested in 16,842,746 Unlisted Shares held and/or controlled by Ms. Fu Jie (including Unlisted Shares directly held by her and through Changzhou Hongbo, Changzhou Jinbo and Changzhou Tongbo), 1,756,787 Unlisted Shares directly held by Mr. Wang Yong and 614,514 Unlisted Shares directly held by Ms. Xu Jinxiu, respectively, pursuant to the Concert Party Agreements.

(6) As of the Latest Practicable Date, (i) Mr. Wang Yong directly held 1,756,787 Unlisted Shares, and (ii) Mr. Wang Yong was deemed to be interested in 16,842,746 Unlisted Shares held and/or controlled by Ms. Fu Jie (including Unlisted Shares directly held by her and through Changzhou Hongbo, Changzhou Jinbo and Changzhou Tongbo), 5,367,959 Unlisted Shares directly held by Mr. Zhang Chunhui and 614,514 Unlisted Shares directly held by Ms. Xu Jinxiu, respectively, pursuant to the Concert Party Agreements.

(7) As of the Latest Practicable Date, (i) Ms. Xu Jinxiu directly held 614,514 Unlisted Shares and (ii) Ms. Xu Jinxiu was deemed to be interested in 16,842,746 Unlisted Shares held and/or controlled by Ms. Fu Jie (including Unlisted Shares directly held by her and through Changzhou Hongbo, Changzhou Jinbo and Changzhou Tongbo), 5,367,959 Unlisted Shares directly held by Mr. Zhang Chunhui and 1,756,787 Unlisted Shares directly held by Mr. Wang Yong, respectively, pursuant to the Concert Party Agreements.

Interest in our associated corporation

So far as our Directors are aware, none of our Directors or chief executive has any interests and/or short positions in the shares or underlying shares of our associated corporations.

(b) Interests of the Substantial Shareholders

Save as disclosed in "Substantial Shareholders" in this document, "– Further Information about Our Directors and Substantial Shareholders – Disclosure of Interests – (a) Interests of our Directors and chief executive" in this section and below, immediately following completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised and that no changes are made to the issued share capital of our Company between the Latest Practicable Date and **[REDACTED]**), our Directors are not aware of any person (other than a Director or chief executive of our Company) who will have an interest or a short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group:

Our Subsidiaries	Parties with 10% or more equity interest	Shareholding
Huzhou Jasung	Ms. Zhao Jinghua (趙晶華女士)	30%
Tianjin Jasung	Tianjian Weishu Intelligent Technology Co., Ltd.* (天津維數智能科技有限公司)	30%

Disclaimers

Save as disclosed in this document:

(a) none of our Directors/or our chief executive has any interest or short position in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Hong Kong Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are **[REDACTED]** on the Hong Kong Stock Exchange;

(b) none of our Directors is aware of any person (other than a Director or chief executive of our Company) who will have an interest or a short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group;

(c) none of our Directors, their respective close associates (as defined under the Hong Kong Listing Rules) or Shareholders who own more than 5% of the number of issued Shares of our Company have any interests in the top five customers or suppliers of our Group; and

(d) none of our Directors or any of the parties listed in "Qualifications of Experts" in this section is: (i) interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this document, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group; or (ii) materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business.

OTHER INFORMATION

Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries under the laws of the PRC.

Litigation

As of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against any member of our Group, that would have a material and adverse effect on our Group's results of operations or financial conditions, taken as a whole.

Sole Sponsor

The Sole Sponsor has made an application on our behalf to the **[REDACTED]** of the Hong Kong Stock Exchange for the **[REDACTED]** of, and permission to **[REDACTED]**, the H Shares to be converted from Unlisted Shares and the H Shares to be **[REDACTED]** pursuant to the **[REDACTED]**. All necessary arrangements have been made enabling the H Shares to be admitted into **[REDACTED]**. The Sole Sponsor satisfies the independence criteria applicable to the sponsor set out in Rule 3A.07 of the Listing Rules. Pursuant to the engagement letters entered into between our Company and the Sole Sponsor, the fees of the Sole Sponsor payable by us to it in respect of its service as the sponsor in connection with the **[REDACTED]** on the Hong Kong Stock Exchange is USD600,000.

Compliance Adviser

Our Company has appointed Frontpage Capital Limited as our compliance adviser in compliance with Rules 3A.19 of the Hong Kong Listing Rules.

Qualifications of Experts

The qualifications of the experts (as defined under the Hong Kong Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this document are as follows:

Name	Qualification
Dongxing Securities (Hong Kong) Company Limited	A corporation licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
KPMG	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Zhong Lun Law Firm	PRC legal adviser
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

Each of the experts named above has given and has not withdrawn their respective written consents to the issue of this document with the inclusion of their reports and/or letters (as the case may be) and the references to their names included in the form and context in which they are respective included.

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Binding Effect

This document shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

Bilingual Document

The English and Chinese language versions of this document are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since December 31, 2025 (being the date to which the latest consolidated financial statements of our Group were prepared).

Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are affected on the H Share register of members of our Company, including in circumstances where such transactions are effected on the Hong Kong Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer on each of the purchaser and the seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

Preliminary Expenses

Our Company has not incurred any material preliminary expenses.

Promoter

The promoters of our Company are Ms. Fu Jie, Mr. Zhang Chunhui, Mr. Wang Yong and Ms. Xu Jinxiu. See "History, Development and Corporate Structure – Major Shareholding Changes of our Company – Conversion into a Joint Stock Company in June 2017" in this document for details.

Within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to the promoters in connection with the **[REDACTED]** and the related transactions described in this document.

Miscellaneous

Save as otherwise disclosed in this document:

(a) within the two years preceding the date of this document: (i) we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Company;

(b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;

(c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) there are no arrangements under which future dividends are waived or agreed to be waived;

(e) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

(f) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;

(g) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(h) none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and

(i) our Company has no outstanding convertible debt securities or debentures.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

(a) the written consents referred to in "Statutory and General Information – Other Information – Qualifications of Experts" in Appendix V to this document; and

(b) a copy of each of the material contracts referred to in "Statutory and General Information – Further Information about our Business – Summary of Material Contracts" in Appendix V to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Electronic copies of the following documents will be available on display on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our website at **www.jasung.com** during a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountants' Report from KPMG, the text of which is set forth in Appendix I to this document;

(c) the audited consolidated financial statements of our Company for the years ended December 31, 2023, 2024 and 2025;

(d) the report from KPMG on the unaudited **[REDACTED]** financial information of our Group, the text of which is set forth in Appendix II to this document;

(e) the material contracts in "Statutory and General Information – Further Information about our Business – Summary of Material Contracts" in Appendix V to this document;

(f) the written consents referred to in "Statutory and General Information – Other Information – Qualifications of Experts" in Appendix V to this document;

(g) the service contracts referred to in "Statutory and General Information – Further Information about our Directors and Substantial Shareholders – Service Contracts" in Appendix V to this document;

(h) the legal opinions issued by Zhong Lun Law Firm, our PRC Legal Adviser, in respect of, among other things, the general corporate matters and the property interests of our Group under PRC law;

(i) the industry report issued by Frost & Sullivan, the summary of which is set forth in "Industry Overview"; and

(j) a copy of the following PRC laws, together with their unofficial English translations: (1) the PRC Company law, (2) the Securities Law, and (3) the Trial Measures for the Administration Related to the Overseas Securities Offering and Listing by Domestic Companies.