

BUSINESS

OVERVIEW

Who We Are

Founded in 2014, we are a major micro motor manufacturer. Among early participants in the imaging motor field, we have established deep expertise and proprietary technology across the entire chain, ranging from material performance enhancement and manufacturing processes to rigorous product quality control. We have built a strategic footprint with dual manufacturing bases in Jiaxing and Hefei and dual R&D centers in China and Japan, enabling us to continue expanding our business boundaries through advanced products to sustain a long-term competitive edge.

We focus on two major product categories: imaging products and non-imaging products. Our imaging products include voice-coil motors (“VCM”), piezoelectric motors and shape-memory-alloy (“SMA”) motors based on technical principles. These are primarily applied in camera modules for smartphones, handheld imaging devices, security monitoring, and machine vision systems to enable functions such as autofocus (“AF”), optical image stabilization (“OIS”), aperture adjustment, and zoom. Based on functionality, our imaging products primarily include OIS motors, which is a motor used to stabilize the lens or sensor, reducing image blurring caused by hand movement during shooting; periscope motors, which is a motor used in periscope camera modules to support folded optical paths and achieve long focal length in slim devices; open-loop motors, which is a motor that controls lens movement through electromagnetic force and spring balance, without position feedback; closed-loop motors, which is a motor equipped with position sensors, enabling faster and more accurate AF; variable aperture motors, which is a motor used to adjust aperture blades to control light intake and optimize imaging under different lighting conditions; and continuous optical zoom motors, which is a precision motor used to adjust the focal length smoothly, enabling continuous optical zoom without image interruption. During the Track Record Period, the vast majority of our revenue was generated from imaging products, particularly OIS and periscope motors, open-loop motors, and closed-loop motors.

According to Frost & Sullivan, based on revenue in 2025, we ranked No. 6 globally and No. 2 in China in the imaging motor market, and we accounted for 3.3% and 9.8% of the global and China imaging motor markets, respectively. In the OIS imaging motor segment, we ranked No. 4 globally and No. 1 in China, and we accounted for 5.6% and 14.0% of the global and China OIS imaging motor markets, respectively, in terms of revenue in 2025. These reflect our domestic substitution of Japanese and Korean suppliers in the imaging motor field for certain customers, as well as our continuously increasing market share in China. Meanwhile, our penetration into leading domestic smartphone brands has deepened, and we have become a core supplier of imaging motors for mainstream domestic smartphone brands and leading handheld imaging manufacturers.

Our non-imaging products primarily include stepper motors, which is a motor that moves in fixed steps, allowing precision position control without external sensors; and brushless direct current (“BLDC”) motors, which is a motor that uses electronic control to provide stable rotary drive or power output, and can be applied in areas such as smart homes, unmanned aerial vehicles, automobile electronics and robotics. These have been deployed across application scenarios spanning robotic vacuum cleaners, security monitoring, and automotive electronics. We are also expanding into emerging fields such as embodied robotics and the low-altitude economy.

Key milestones in our business development are summarized below:

Year	Milestone
2015	Achieved mass production of VCMs.
2021	Achieved mass production of OIS motors.
2023	Achieved mass production of periscope motors, applied in products of leading smartphone brands.
2025	Achieved mass production of SMA motors.

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We are advancing our offerings from standalone motor products toward more integrated solutions merging software and transmission components, with a view to enhancing product value-add and comprehensive competitiveness. Focusing on the micro motors, we are constructing a product matrix centered on imaging products and synergized by diversified products, providing customized micro drive solutions for customers across various downstream fields.

With high-end, precision and advanced micro motors as our core R&D direction, we have established flexible automated production lines. As of April 30, 2026, we held 932 authorized patents, of which 783 were internally self-developed and 149 were acquired through assignment covering core technologies in micro motor manufacturing. We participated in one National Key R&D Program project and the formulation of two national standards, and were recognized as a National Specialized and New “Little Giant” Enterprise.

Leveraging years of industry deep-dive and leadership in process technology, we have achieved continuous breakthroughs in operating results. The following sets forth our operational highlights during the Track Record Period:

- **Solid Customer Base:** We possess a solid base of top-tier customers. Our direct customers cover leading domestic camera module manufacturers, while end customers encompass leading companies in smartphones, handheld imaging, and security monitoring, as well as renowned automotive enterprises and leading smart home companies.
- **High-End Product Transition:** The revenue contribution from our high-value-added OIS and periscope motors increased, supported by bulk shipments for certain models of leading domestic smartphone manufacturers. In 2024, sales volume of OIS and periscope motors reached 65.7 million units, representing a year-on-year increase of 63.0%, and further increased to 67.2 million units in 2025.
- **Diversified Product Layout:** We continuously diversify our products. In addition to our imaging products, our non-imaging products have achieved stable mass production and shipment, serving various downstream applications such as security monitoring, automotive electronics, and smart homes.
- **Revenue Growth and profitability:** Our revenue reached RMB1,564.5 million in 2024, representing a year-on-year growth of 82.9%, and further increased to RMB1,956.8 million in 2025, representing a year-on-year growth of 25.1%. Our gross profit margin increased from 8.4% in 2023 to 15.9% in 2024, and stayed stable at 16.7% in 2025.

Our Offerings

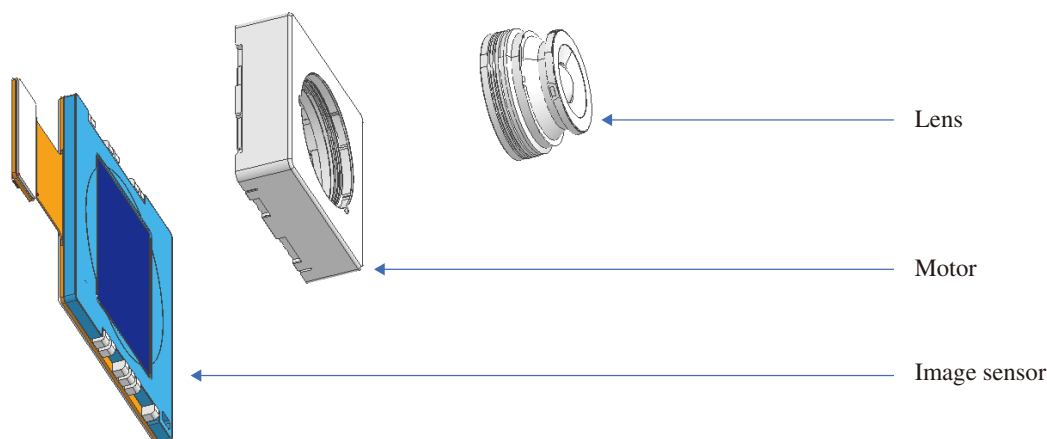
We are primarily engaged in the R&D, production, and sales of micro motors. According to Frost & Sullivan, under the commonly adopted motor-size classification based on the outer diameter of the motor stator core, electric motors are generally categorized into large, medium, small and micro motors, and micro motors (with a stator core outer diameter of less than 100 mm) represent the smallest category in practical applications. Beyond micro motors, two additional categories of smaller and advanced motors exist at stages of technological development: ultra-miniature piezoelectric/hollow-cup motors, which are applied in medical endoscopes and precision optics; and nano-electrostatic and molecular motors, which remain largely confined to laboratory research. Neither category has achieved the commercial maturity or mass-production scale of micro motors, which serves a broad range of end-market applications. In the micro motor industry, product performance is generally assessed based on a variety of technical parameters including miniaturization, power consumption, dynamic performance and reliability. These parameters include, among others, physical dimensions, weight, rated power, conversion efficiency, rated torque, positioning accuracy, response speed, noise level, vibration amplitude, IP rating, and reliability indicators such as life decay and temperature drift. According to Frost & Sullivan, based on the above performance metrics, our products are generally considered as high-performance micro motors.

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Our offerings are organized into two major lines: imaging products and non-imaging products. As an industry early established participant in imaging products, we maintain a leading position in new product technology development, while actively expanding our footprint in non-imaging domains such as stepper motors and BLDC motors in the non-imaging sector.

Imaging Motor Products

Our imaging motor products are primarily applied in camera modules for intelligent terminals such as smartphones, handheld imaging devices, and security monitoring equipment. A camera module mainly consists of an image sensor, lens, and motor. The motor is a key component of the camera module, primarily used to realize functions such as autofocus, optical image stabilization, continuous zoom, and aperture adjustment.



Based on their technical principles, our imaging products are mainly classified into VCMs, piezoelectric motors and SMA motors. VCMs generate driving force through an energized coil in a permanent magnetic field to directly drive components such as the lens for precise linear movement; this mature technology features a simple and compact structure and aligns well with current smartphone camera module requirements for cost, performance and form factor. Piezoelectric motors utilize electric-field-induced micro-vibrations of piezoelectric materials to deliver ultra-high positioning accuracy, and are primarily used in applications requiring enhanced stability and precision. SMA motors leverage the shape-memory effect under temperature changes to drive components and may be used in scenarios with stringent size constraints. While our imaging products are primarily VCM-based, we actively develop and commercialize frontier technical solutions including piezoelectric technologies, and have achieved mass production of related products.

Based on functional differences, our imaging motor products include the following categories:

- **OIS Motor:** It drives the lens or image sensor to move in the opposite direction of device shake to actively compensate for jitter, enhancing imaging stability, which typically combines AF functions.
- **Periscope Motor:** It is specifically applied to stabilization systems for periscope telephoto lenses, moving a prism to compensate for shake, ensuring clear and stable images during long-distance shooting.
- **Open-Loop Motor:** It adjusts electromagnetic force to drive the lens back and forth for distance focus, achieving clear imaging.
- **Closed-Loop Motor:** It incorporates a position sensor to provide real-time feedback on lens position and performs precise correction through a control system, achieving high focusing accuracy and stability.

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- **Variable Aperture Motor:** It precisely controls the opening and closing of aperture blades within the lens to dynamically adjust the aperture size, controlling depth of field and light intake.
- **Continuous-Zoom Motor:** It drives lens groups to transition smoothly and seamlessly between multiple focal lengths, enabling electric zoom functions that change composition capability without switching lenses.

Smartphones are the primary terminal application scenario for imaging products. Imaging motors are precision actuators within camera modules that drive the movement of the lens or image sensor to enable key imaging functions, and therefore serve as one of the core enabling components behind continual upgrades in smartphone imaging performance. Taking the imaging system of current mainstream flagship smartphones as an example, the typical camera configuration, functions, and applied motors are as follows:

<u>Camera category</u>	<u>Camera sub-category</u>	<u>Camera function</u>	<u>Applied motor</u>
Rear camera	Main camera	Typically features high pixel count, optical image stabilization, and variable aperture functions; covers the majority of daily usage scenarios and is the most frequently used camera.	OIS motor, variable aperture motor
	Telephoto camera	Features a longer focal length, capable of capturing distant objects while maintaining high image quality.	Periscope motor
	Wide-angle camera	Capable of capturing broader scenes; suitable for landscape or large-scale scene photography.	Open-loop motor/ closed-loop motor
Front camera		Used for selfies, video calls, facial recognition, etc.	Open-loop motor/ closed-loop motor

Our imaging motor products are applied across various smartphone camera types. As smartphone camera systems evolve toward higher pixel counts and increasingly sophisticated optical architectures (e.g., OIS, periscope telephoto and variable aperture), the performance requirements for micro motors continue to rise, and corresponding innovation increasingly centers on high-precision, fast-response and highly reliable imaging motors. From conventional open-loop motors used mainly in front and wide-angle cameras, to mid-to-high-end OIS motors and variable aperture motors used in high-performance main cameras, to periscope motors used in complex telephoto cameras, our products have achieved a strong mass production record. We have gained recognition from numerous leading module manufacturers and renowned terminal smartphone brands. Additionally, we have established a strong presence in the handheld imaging industry, holding the status of a core imaging motor supplier for leading handheld imaging manufacturers. Handheld imaging devices, including action cameras and gimbals, typically demand higher camera performance; leveraging our outstanding design and development capabilities and excellent delivery track record, we have formed close strategic partnerships with end customers.

Non-Imaging Products

We commenced our non-imaging products business in 2021, and established an independent R&D department dedicated to developing micro motors for non-imaging applications, primarily including stepper motors and BLDC motors. These products are used to achieve angle control and displacement control of mechanical structures in various application scenarios. We have built mass-production and

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delivery capabilities for our non-imaging products, which feature high reliability, and have delivered them in volume across the security monitoring, automotive electronics and smart home sectors. Meanwhile, we are advancing a number of development projects, with a focus on expanding into the low-altitude economy and embodied robotics fields, to capture additional growth opportunities. In 2026, we deepened our presence in the robotics field by securing a purchase contract and order from a leading robotics company for motor modules used in robotic dexterous hand joints.

Market Opportunities

The development of the micro motor industry is closely linked to technological upgrades in downstream terminal markets and the expansion of application scenarios. We face distinct market opportunities across our core and emerging product lines:

Continuous Upgrades in Imaging Systems and Expansion of Downstream Scenarios Create Growth Opportunities for Imaging Motors

As demand for higher imaging quality, stability and scenario adaptability intensifies, imaging motors – core actuation components for AF, OIS and zoom functions – are expanding beyond smartphones from a single growth driver into multiple parallel growth tracks and becoming critical components across intelligent vision industries.

In the smartphone sector, the penetration of multi-camera solutions and the trickling down of periscope telephoto and variable aperture technologies have directly driven up the number of motors per device and the value per motor, forming a solid foundation for the imaging motor market. In addition, the rapid development of downstream scenarios creates new market increments:

- **Handheld Imaging Devices:** The global boom in digital content creation drives growth in action cameras and gimbals, increasing demand for high-reliability, compact imaging motors.
- **Low-Altitude Economy:** Strict requirements for beyond-visual-range perception, precise obstacle avoidance, and stable shooting in aircraft like consumer-grade UAVs drive an incremental market for high-vibration-resistance and high-reliability imaging motors.
- **Robotics & Emerging Tech:** Visual needs for environmental perception and precise positioning in intelligent equipment like embodied robots open new incremental opportunities high-precision, high-reliability focusing motors.
- **Smart Vehicles:** Advanced driver assistance systems (“ADAS”) and surround-view systems drive a significant increase in vehicle camera usage. Demand for automotive-grade imaging motors is multiplying.
- **Security Monitoring:** Trends toward high definition and intelligence require cameras with fast, precise focusing and anti-shake capabilities, while device miniaturization further promotes penetration of micro motors.

Domestic Substitution Drives Opportunities for Chinese Imaging Motor Manufacturers

The mid-to-high-end market for micro motors in China was historically dominated by Japanese and Korean manufacturers. Supported by industrial policy and ongoing development of the domestic smartphone supply chain, domestic imaging motor manufacturers have gained opportunities to expand their market presence. According to Frost & Sullivan, China’s share of global micro motor production reached 41.8% in 2024, and is projected to increase to 43.9% by 2029.

Along with improvements in product quality and technology, Chinese smartphone manufacturers have increased procurement from domestic imaging motor suppliers. Compared to certain international competitors, Chinese imaging motor manufacturers generally offer advantages in cost competitiveness, service responsiveness and delivery capabilities. Meanwhile, supported by sustained R&D efforts, Chinese imaging motor manufacturers have developed the capability to mass-supply mid-to-high-end products such as OIS and periscope motors. Leading Chinese imaging motor manufacturers, including us, have achieved bulk supply of models for leading domestic smartphone brands, realizing domestic substitution against Japanese and Korean suppliers and increasing market share.

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Intelligence and Miniaturization Trends Create Opportunities for Micro Motors

The trends toward intelligence and miniaturization in downstream industries systematically open up broad incremental markets for micro motors.

As products evolve from basic actuation to integrated perception, decision-making and execution, micro motors serve as key components enabling precise physical actions across scenarios such as smart vehicles, smart home devices and robotics. Meanwhile, miniaturization trends require higher power density and improved performance in constrained spaces. Facing the universal demand to integrate more functions within limited space, micro-products like coreless motors and stepper motors offer ideal drive solutions for high-integration scenarios such as embodied intelligence, consumer-grade UAVs, AR/VR, and medical equipment due to their advantages in power, size, and weight. We believe micro motors, as core components for intelligent actuation and precision control, will continue to benefit from broader industrial upgrading trends.

STRENGTHS

We are a Major Manufacturer and Early Established Participant in the Imaging Motor Field

As an early established participant in the imaging motor field, we have accumulated core knowledge and technology across the entire chain – from material performance improvement and production processes to product quality control. According to Frost & Sullivan, based on revenue in 2025, we ranked No. 6 globally with a market share of 3.3%, and No. 2 in China with a market share of 9.8% in the imaging motor market. In the OIS imaging motor segment, based on revenue in 2025, we ranked No. 4 globally with a market share of 5.6%, and No. 1 in China with a market share of 14.0%.

According to Frost & Sullivan, the OIS motor market was largely dominated by Japanese and Korean manufacturers and mass production by Japanese and Korean manufacturers peaked between 2012 and 2014, while mainland Chinese manufacturers did not begin mass production at scale until after 2018. By 2024, only a handful of domestic players had entered the global top ten OIS motor manufacturers, including our Company. We are among the few Chinese enterprises to achieve domestic substitution for mid-to-high-end imaging products such as OIS and periscope motors, which were historically supplied predominantly by Japanese and Korean manufacturers. Our imaging motors have been adopted across a broad range of smartphone camera configurations, including products of leading smartphone brands. We also serve handheld imaging manufacturers as a core imaging motor supplier. According to Frost & Sullivan, our direct customers during the Track Record Period included five of the world’s top ten camera module manufacturers in terms of revenue in 2025, namely OFILM, Customer A, Customer C, Customer E and Customer F (as detailed in “Business – Marketing, Sales and Customers – Top Customers”). Our end customers during the Track Record Period included seven of the world’s top ten smartphone brands in terms of both revenue and shipment volume in 2025, namely Customer B, End Customer A, End Customer C, End Customer D and End Customer E (as detailed in “Business – Marketing, Sales and Customers – Our End Customers”), as well as two other leading players.

Driving Innovation through Continuous R&D to Build Core Technological Barriers

We operate dual R&D centers in China and Japan to support customer roadmaps and new product development. As of April 30, 2026, we had 352 employees in research and development. Our core R&D team members come from reputable industry players and universities, with extensive experience in motor design, electronic control systems and related precision manufacturing technologies. In 2023, 2024 and 2025, and the four months ended April 30, 2025 and 2026, our research and development expenses amounted to RMB61.0 million, RMB76.9 million, RMB124.5 million, RMB40.3 million and RMB47.3 million, respectively. As of April 30, 2026, we had 932 authorized patents, covering key technical areas like motor structure, drive algorithms, and material application.

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- **Scalability:** We have built a scalable technology platform covering precision structure design, high-precision control, and modular processes. The platform is supported by a standardised product lifecycle management system and a structured R&D process, under which key design data, specifications and engineering changes are managed in a controlled and traceable manner to support faster project execution. Product development follows defined stages, typically including conceptual design, engineering validation testing, design validation testing and pilot-run validation testing, with clear deliverables and review checkpoints for each stage to reduce rework and enable parallel execution across R&D, engineering, manufacturing and quality functions. The platform enables reuse of validated modules and standard packages across projects, including (i) common design solutions and design rules; (ii) control parameter sets, calibration procedures and compensation methods; (iii) standard process flows and key process parameter windows; and (iv) test specifications and reliability validation plans. Such reuse reduces repetitive design and verification effort and helps shorten new product development cycles. This platform not only shortens new product development cycles and but also empowers cross-category technology migration, enabling rapid extension from imaging to non-imaging products like stepper motors and BLDC motors. and efficient expansion into emerging markets such as robotics and the low-altitude economy.
- **Comprehensiveness:** Our technology layout is comprehensive, with product functions benchmarking digital single-lens reflex camera-level capabilities. We master the full spectrum of key technologies, including OIS, periscope telephoto, autofocus, closed-loop control, and variable aperture. Our products rival international leaders in focusing accuracy, response speed, and anti-shake effects. According to Frost & Sullivan, our OIS motors feature a focusing accuracy of approximately 2 μ m, enabling highly precise focusing performance for advanced imaging applications. Our products also feature rapid response capabilities, allowing effective real-time stabilization during image capture and supporting high-speed AF functions. According to Frost & Sullivan, our OIS motors provide effective anti-shake capabilities with stabilization angles of up to ± 2 degrees, helping improve image clarity in dynamic shooting scenarios. In addition, our products are designed with robust structural and environmental reliability, with ingress protection ratings of up to IP68/69, ensuring stable operation under various operating conditions.
- **Forward-Looking Approach:** We adhere to a tiered iterative strategy of “In-Production, In-Development and In-Reserve” to continuously upgrade our product offerings and technology capabilities:
 - o *In-Production Portfolio:* Our existing mature products have achieved large-scale commercial application across multiple mainstream smartphone manufacturers in China, demonstrating high stability and superior yield.
 - o *In-Development Pipeline:* Targeting the next generation of terminal devices, we are continuously advancing technical upgrades and working closely with customers on product selection and evaluation, while simultaneously achieving breakthroughs in non-imaging fields to open new growth tracks.
 - o *In-Reserve Program:* Leveraging our industry insights and understanding of customer needs and market trends, we are actively conducting pre-research on innovative solutions to secure our long-term technological edge.

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Outstanding Capabilities in Miniaturization, Low Power Consumption, and High Performance

Our products demonstrate outstanding performance in terms of miniaturization, low power consumption, and high performance, providing us with distinct competitive advantages compared to our industry peers. Specifically:

- **Miniaturization:** Through unique structural design and material science innovation, we have reduced motor volume and weight while ensuring structural strength. This allows our products to be embedded into advanced equipment with stringent space constraints. According to Frost & Sullivan, as compared with major industry peers, our OIS motors feature a compact module size of approximately $10.0 \times 10.5 \times 2.6$ mm, representing one of the thinnest module profiles in the market, supporting the trend of camera module miniaturization.
- **Low Power Consumption:** By optimizing algorithms and materials, we have significantly improved energy conversion efficiency. Our products’ operating power consumption is at an industry-leading levels, effectively extending battery life for portable electronics. According to Frost & Sullivan, our OIS motors demonstrate low power consumption which can be controlled within 0.35 W, with the company ranking among the top performers.
- **High Performance:** We have achieved breakthroughs in three core indicators: high precision (nanometer-level motion control), high thrust (stable drive for heavy loads), and long stroke (perfect for periscope modules). These capabilities have secured our leadership in product iteration and fostered long-term partnerships with top-tier enterprises. According to Frost & Sullivan, our products demonstrate competitive performance metrics and compare favorably with many industry peers in key areas. In particular, our OIS motors are compatible with image sensors of up to 200 megapixels, achieve a leading level of precision within $2\ \mu\text{m}$, and support ingress protection ratings of up to IP68, reflecting strong precision control, high-resolution image sensor adaptability and product reliability.

Customer Centric Approach with Deep Engagement to Top-Tier Resources

We adhere to a customer-oriented philosophy, and operate an integrated business model covering early design, efficient product development process, reliability validation, and lifecycle support. Rather than merely supplying standalone components, we provide application-driven, customized motors tailored to specific customer needs. By leveraging a forward-looking R&D mechanism, an integrated flexible manufacturing platform, and local support teams stationed near key customers, we have established an industry-leading rapid response system. This system ensures that we can accurately grasp customer needs translating functional specifications into internal technical requirements and efficiently support their full cycle requirements, ranging from demand analysis and design to large-scale mass production. We also focus on key-account development and maintain long-term relationships with leading customers across our target industries, and through continuous technical support and iterative product upgrades, we participate in customers’ cutting-edge product development, which strengthens our position in their high-end supply chains.

We also emphasize quality, reliability and service. We operate a full-process quality control system and maintain a low product return rate, supported by sales volume of over 160 million units of motors in 2024. We consistently received the highest ratings in quality assessments by multiple core module manufacturers, earning high trust from the market. In addition, our after-sales service provides rapid response and closed-loop resolution of customer feedback, ensuring stable product delivery and long-term customer retention.

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Diversified Product Matrix and Multi-Scenario Expansion Driving Synergistic Growth

Distinguished from the majority of Chinese manufacturers that focus on a single motor category, we have constructed a product matrix encompassing imaging motors as well as other micro motors in non-imaging fields, including stepper motors and BLDC motors. Our portfolio covers diverse downstream fields including smartphones, handheld imaging devices, security monitoring, automotive electronics and smart homes, thereby diversifying our revenue sources and enhancing our risk resilience and market competitiveness.

We have achieved significant results in expanding into emerging scenarios. In the low-altitude economy sector, we provide BLDC motors for propellers and gimbals to a leading customer, which had entered the mass production phase as of the Latest Practicable Date. In embodied robotics, we are developing high-precision joint modules for dexterous hands with selected customers, and, as of the Latest Practicable Date, we had completed sample delivery of the relevant products. In the smart home sector, our stepper motors have successfully opened up leading smart home and consumer electronics brands, achieving mass production and delivery. In the security monitoring sector, we supply products to a leading industry participant and maintained stable cooperation. In the UAV sector, we have commenced mass production of our products. In the robotics sector, we have completed product development and sample delivery for certain projects and are currently engaged in the development of next-generation products.

Our products demonstrate significant synergies. Core technologies in the manufacturing process can be shared and extended across different product lines. Furthermore, we are capable of providing multi-category motor solutions to the same customer, such as supplying both imaging motors and BLDC motors to customers in the UAV sector. This capability enhances customer stickiness and increases the revenue contribution from individual customers.

Mature Production and Supply Chain System Ensuring Efficient Delivery and Consistent Quality

We adopt a “make-to-order + safety stock” model. As of April 30, 2026, we operated two production bases in Jiaxing, Zhejiang province and Hefei, Anhui province, with an aggregate gross floor area of approximately 23,000 sq.m. and 4,770 sq.m., respectively. We have built flexible automated production lines and continuously improved production efficiency through automation and process optimization.

Our supply chain control is strong. We manage a strict supplier system with approved supplier lists covering precision injection molded parts, PCBs, and metal components. We sign quality assurance agreements with core suppliers to ensure stable raw material supply and strong bargaining power. Our strict quality control involves incoming, in-process, finished goods and outgoing quality control inspections, maintaining yields above the industry average.

STRATEGIES

Driving Growth Through Portfolio Expansion and Enhanced System Integration Capabilities

We have established a localized supply chain and earned the long-term trust of leading domestic customers, rapidly emerging as a top-tier micro motor enterprise in China. Throughout this process, we have accumulated mature, systematic capabilities in across technology integration, product development, manufacturing scale-up and continuous innovation.

Going forward, we will continue to advance our transformation centered along two strategic directions: (i) horizontal expansion of our product matrix and (ii) vertical deepening of system integration.

- **Horizontal Expansion of Product Categories:** Building on our core imaging motor technology, we plan to build a more complementary portfolio and seek to increase revenue contributions from non-smartphone applications such as the low-altitude economy, including BLDC motors for gimbals and propellers, and embodied robotics, including high-precision motors for joints and vision systems.

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- **Vertical Deepening of System Integration Capabilities:** We plan to evolve from a standalone motor component supplier to a system-level solution provider through the integration of hardware and software integration, and aim to develop integrated “Motor + Motion Components + Drive Control” solutions to increase value-added content and strengthen market competitiveness. Our system solutions are expected to include micro motors, precision transmission components, drive and control systems, embedded software and supporting tools. To support this strategy, we will strengthen in-house development of control algorithms and communication protocols, enhance hardware-software collaboration and improve system integration efficiency. We also plan to establish dedicated system integration teams and promote modularized platform development, with a view to increasing value-added content, shortening customers’ development cycles and participating deeply in customers’ core system architecture.

Deepening High-End Market Penetration and Consolidating Key Customer Advantages

We will continue to deepen our penetration of mid-to-high-end application scenarios and consolidate our advantages with key customers across our major end markets.

- **Smartphones:** We will focus on increasing value per device. Deepen cooperation with domestic leaders on mid-to-high-end models, increasing the shipment ratio of high-value-added products such as OIS, periscope, and variable aperture motors. At the same time, we will actively expand our high-end overseas customer base through systematic product introduction and certification to elevate global market share.
- **Handheld Imaging:** We intend to upgrade from a “core component supplier” to a “system-level solution partner,” expanding cooperation from single products to multi-model products. We will continue to promote solution-oriented sales and service models and provide end-to-end technical support throughout customers’ product life cycles, with a view to increasing value-added content and improving revenue stability.
- **Emerging Fields:** We will precisely target leaders in high-growth tracks such as automotive, smart homes, and robotics, systematically transplanting technologies verified in the high-end mobile market to build our position as a high-end supplier in new markets. We aim to deepen cooperation with key customers by participating in early-stage product design and validation and expanding multi-model and multi-product supply relationships where appropriate.

Increasing R&D Investment for Technological Breakthroughs and Mass Production

We will increase R&D investment to drive technological breakthroughs and accelerate commercialization and mass production. In particular, we will continuously optimize OIS and periscope technologies to adapt to larger CMOS sizes and higher pixel demands. We will accelerate technical iteration of piezoelectric and SMA motors, optimizing mass production processes to drive down costs. We also plan to develop high-precision micro motors for low-altitude economy, robotics, industrial automation, and medical scenarios, such as UAV drive motors and core drive units for embodied robots. In support of these efforts, we will expand R&D teams and strengthen cooperation with universities and research institutions. We will also focus on advanced drive control technologies and embedded software platforms, and enhance product testing, reliability verification and system validation capabilities to support stable performance across diversified application environments. To improve scale-up efficiency, we plan to strengthen the integration between R&D and manufacturing by enhancing technology transfer mechanisms and accelerating the transition from product development to mass production.

Upgrading to Intelligent Manufacturing and Refined Management

We will continue to upgrade our manufacturing capabilities and management systems through intelligent manufacturing and refined management. We plan to comprehensively promote intelligent transformation and lean production. Introduce digital production systems for data-driven processes

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and upgrade automated equipment to significantly improve efficiency, consistency, and yield. We will further perfect digital systems to control R&D, procurement, production, sales, and inventory. Implement electronic management for support functions, such as tendering, to enhance operational efficiency through refined management. By constructing digital manufacturing platforms, upgrading production control software and strengthening data monitoring and analysis capabilities, we aim to enhance production stability, improve process consistency and reduce material losses and defect rates. Through refined management and automation upgrades, we aim to further increase our production yield, operational efficiency and reduce unit production costs.

OUR BUSINESS

We are a major micro motor manufacturer, engaged in the design, R&D, manufacturing and sales of micro drive motors. We work closely with customers to translate their functional, performance, reliability and integration requirements into motor specifications and product designs, and deliver motors configured to meet specific application scenarios.

Our portfolio is organized into imaging and non-imaging product lines. In imaging, we primarily supply OIS motors, periscope motors, open-loop motors, closed-loop motors, variable-aperture motors and continuous-zoom motors. In non-imaging, our offerings mainly include stepper motors and BLDC motors. Our products are deployed in smartphones and handheld imaging devices, such as action cameras. We have also expanded into security and surveillance, consumer-grade UAVs, smart home devices, automotive electronics and robotics, including embodied robotics.

We operate an integrated, end customer-oriented business model covering early design, efficient product development process, reliability validation, precision manufacturing and lifecycle support, enabling high-reliability micro motors that meet end customer requirements at scale. We adopt different sales models for our imaging and non-imaging products.

For imaging products, although we primarily supply our products to camera module manufacturers, the selection of our motors, the key technical specifications and the underlying demand are substantially determined by leading smartphone and handheld imaging device brands, with which we have established stable and long-term cooperation. We are responsible for the detailed design and development of the relevant motors, including structural design, material selection and process definition, in line with the performance, reliability and integration requirements specified by such end brand customers. For non-imaging products, we generally transact directly with end customers. We communicate directly with leading customers in sectors such as consumer-grade UAVs, robotics, smart home devices and automotive electronics on product specifications, testing requirements, delivery schedules and volume plans, and we enter into supply agreements and receive purchase orders directly from such end customers. We then manufacture and deliver our motors according to the agreed models, quantities and delivery terms.

Our camera-motor platforms offer modular options in focusing stroke, response speed, sensing precision and packaging; our stepper/BLDC and related motor platforms provide configurable dimensions, torque, gearing and driver integration. This structure supports rapid tailoring across different price-performance tiers and helps customers meet diverse technical requirements while shortening time-to-market. We continue to invest in next-generation programs targeting higher speed, higher precision and further miniaturization.

Our Product Offerings

Our core business focuses on micro motors, primarily comprising two major product categories: imaging products and non-imaging products.

Imaging Products

Our imaging products are deployed across multi-camera systems in smartphones and other consumer devices, handheld imaging devices such as action cameras and gimbals, as well as security and surveillance scenarios.

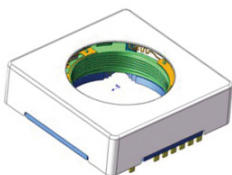
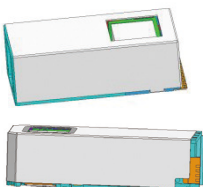
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In smartphones, imaging architectures continue to evolve toward larger image sensors, multi-focal arrays, periscope telephoto optics and variable apertures, under tight constraints on device thickness, footprint and power. These trends demand micro motors that balance stroke, bandwidth, noise and energy efficiency while maintaining stringent stability and consistency in mass production. In handheld gimbals and action imaging, customers emphasize dynamic stability during continuous motion and uniform response across devices; through stroke/bandwidth design and assembly-consistency engineering, our solutions support long-duration operation and complex attitude changes. In security and surveillance, 24/7 reliability, low maintenance and robust performance under challenging lighting conditions are essential; our autofocus and stabilization control, together with lifetime consistency management, enable dependable imaging over extended duty cycles. Leveraging accumulated know-how in miniature drive design, reliability engineering and in-line quality control, we have established stable collaborations with leading module makers and device brands; in handheld imaging we have entered core supplier systems and achieved supply in selected programs.

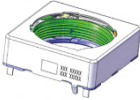
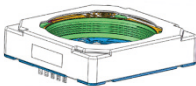
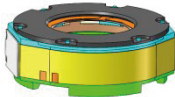
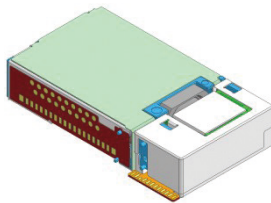
Our imaging product portfolio comprises multiple actuation technologies – VCMs, piezoelectric motors and SMA motors – designed to meet modular requirements across different stack heights, power budgets and precision levels, and to enhance the performance and feature set of camera modules ranging from front/wide to main and telephoto unit.

VCM technology is the most widely used in our imaging motors during the Track Record Period. VCMs utilize electromagnetic force to drive lens groups for focus and stabilization in mobile imaging. Available in open/closed-loop, OIS-integrated and variable-aperture configurations, our VCM designs balance response speed, positioning accuracy and reliability within strict thickness constraints, and support folded/periscope optical paths for longer focal-length applications. Beyond VCMs, we have achieved mass production shipments using piezoelectric and SMA technologies. Piezoelectric motors convert high-frequency excitation into micron- to nano-scale motion, offering high resolution, low power and low acoustic noise, suited to ultra-compact modules such as infrared and smartphone cameras. SMA motors leverage temperature-induced alloy deformation for high-precision linear actuation, with immunity to electromagnetic interference and high thrust for bespoke smartphone camera requirements.

Based on functional differences, our imaging motor products primarily include the following categories:

Products	Description
OIS Motor (光學防抖馬達) 	Uses gyro/IMU input to detect shake and actuates the lens/optical assembly in the opposite direction in real time, reducing blur and improving low-light and telephoto stability. Can be co-designed with AF in integrated or coupled architectures. Typical for main/telephoto cameras and video shooting. These motors are primarily applied in smartphones.
Periscope Motor (潛望馬達) 	Sharing the same AF and optical image stabilization function as OIS motors but designed typically for telephoto lenses, periscope telephoto camera modules fold the optical path via prisms and related optics to achieve a longer effective focal length and high-ratio optical zoom without increasing device thickness. Given the complexity of the optical architecture and higher manufacturing cost, they are primarily adopted in premium long-focus rear cameras. It provides precise micro-displacement of the prism, lens group or image sensor to enable autofocus and optical image stabilization. The primary application scenario is smartphones.

BUSINESS

Products	Description
Open-Loop Motor (開環馬達) 	Drives the lens along the optical axis by balancing electromagnetic force with front/rear spring elasticity to achieve autofocus for near-to-far scenes, thereby ensuring image sharpness; typically used in smartphone front and rear cameras, compact surveillance cameras, face-recognition cameras, webcams, handheld imaging devices and barcode scanners. Application scenarios include smartphones, laptop, tablet computer, and surveillance equipment.
Closed-Loop Motor (閉環馬達) 	Builds on the open-loop structure with a closed-loop feedback system; a Hall sensor captures lens position and stores it digitally in the control IC, markedly shortening AF computation time and enabling faster, more accurate autofocus; applicable to smartphone front and rear cameras, compact surveillance cameras, face-recognition cameras, webcams, handheld imaging devices and barcode scanners. These motors are widely used in smartphones, surveillance equipment, and handheld imaging devices.
Variable-Aperture Motor (可變光圈馬達) 	Adjusts aperture blades to control incoming light and match bright/low-light scenes for improved image quality; commonly used in smartphone rear cameras and handheld imaging devices. Application scenarios include smartphones and sport cameras.
Continuous-zoom Motor (連續光學變焦馬達) 	Delivers stepless optical zoom over a defined range by synchronously moving lens groups and adjusting inter-group spacing (often within folded optics) to vary focal length continuously; provides a seamless zoom experience but requires very high opto-mechanical precision and control complexity; targets premium/Pro-grade imaging. These motors are primarily applied in smartphones.

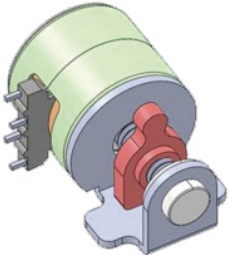
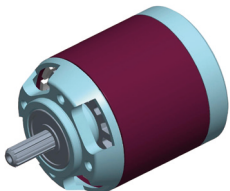
Non-Imaging Products

Our non-imaging product portfolio extends our miniature motion capabilities beyond camera modules into compact electromechanical solutions used across consumer-grade UAVs, robotics including embodied robotics, smart home devices and automotive electronics. These offerings comprise precision micro stepper motors, and BLDC motors. Each family is engineered for integration within constrained envelopes and for dependable performance under varied duty cycles, supporting customers’ requirements for precision, efficiency and long-term reliability.

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In consumer-grade UAVs, lightweight construction and attitude stability are important. Our stepper motors and BLDC motors are applied in various motion-control functions, including gimbal-related attitude adjustment and mechanism actuation. In robotics including embodied robotics, multi-degree-of-freedom coordination and repeatable positioning are critical; through compact form factors and appropriate torque and control configurations, our solutions are used in end-effectors and small joints that require relatively fine and consistent motion. In automotive electronics, electrification and intelligence are driving the wider adoption of micro-actuation under demanding environmental conditions, long service-life requirements and tight acoustic and dimensional targets. We provide position and speed control using stepper motors and BLDC motors. With established product platforms and proven reliability and consistency controls, we have developed a replicable delivery capability from components to sub-systems for different application scenarios.

Our non-imaging motor products primarily include the following categories:

Products	Description
Stepper Motors (步進馬達) 	Our stepper motors are precision micro motors designed to deliver accurate and repeatable positioning in compact applications through controlled incremental movement. They support stable open-loop motion control and reliable holding torque, making them suitable for applications requiring precise low-speed operation. These motors are commonly used in smart home devices, projection systems, security equipment and other compact industrial and automation applications, offering stable performance and cost-effective operation. Primary application scenarios include security and surveillance equipment, smart home devices, and office equipment.
BLDC Motors (無刷直流馬達) 	Our BLDC motors are lightweight, high-efficiency motors designed to deliver high power density in applications with strict weight and energy constraints. They support efficient power conversion and smooth rotational output, making them suitable for applications requiring long operating time and stable performance under limited battery capacity. These motors are commonly used in consumer-grade UAVs and other portable or outdoor applications, offering high efficiency, operational stability and reliable performance in demanding environments. These motors are typically applied in UAVs, robotics, and smart devices.

In November 2025, we entered into a strategic cooperation agreement with a leading robotics company. Under this agreement, we are primarily responsible for the design and manufacturing of motor modules for robotic dexterous hand joints, which integrate BLDC motors with transmission systems. Following sample testing and evaluation, we commenced commercial sales of these motor modules in 2026. Specifically, we generated modest revenue from relevant motor development services in the first four months of 2026, and began delivering and recognizing revenue from the sale of these motor modules in May 2026.

To a lesser extent, beyond our core motor products, we leverage our industry resources and integrated capabilities to provide ancillary support to our partners, including R&D technical services, and raw materials.

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Operational Highlights

Revenue

During the Track Record Period, OIS and periscope motors, open-loop motors and closed-loop motors, in aggregate, accounted for the vast majority of our revenue. The following table sets forth a breakdown of our revenue during the Track Record Period by product category based on functionality:

	For the Years Ended December 31,						For the Four Months Ended April 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
OIS motors	503,636	58.9	1,272,534	81.3	1,022,443	52.3	430,535	74.1	361,531	52.1
Periscope motors	113,138	13.2	2,813	0.2	223,111	11.4	12,173	2.1	57,934	8.3
Open-loop motors	170,556	19.9	176,354	11.3	247,904	12.7	71,887	12.4	55,645	8.0
Closed-loop motors	39,108	4.6	69,613	4.4	292,888	15.0	53,374	9.2	139,205	20.0
Other motors ⁽¹⁾	17,315	2.0	35,702	2.3	163,007	8.3	10,988	1.9	62,227	9
Others ⁽²⁾	11,577	1.4	7,518	0.5	7,471	0.3	1,978	0.3	17,918	2.6
Total	855,330	100.0	1,564,534	100.0	1,956,824	100.0	580,935	100.0	694,460	100.0

Notes:

- (1) Other motors primarily included stepper motors, BLDC motors and variable-aperture motors.
- (2) Others primarily included the provision of R&D related technical services and sales of raw materials.

The following table sets forth a breakdown of our revenue during the Track Record Period by product category based on whether they are imaging products or non-imaging products:

	For the Years Ended December 31,						For the Four Months Ended April 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Imaging products										
Open-loop motors	170,556	20.2	176,342	11.3	247,904	12.7	71,887	12.4	55,645	8.2
Closed-loop motors	39,108	4.6	69,613	4.5	292,888	15.0	53,374	9.2	139,205	20.6
OIS motors	503,636	59.7	1,272,534	81.7	1,022,443	52.5	430,535	74.4	361,531	53.4
Periscope motors	113,138	13.4	2,813	0.2	223,111	11.4	12,173	2.1	57,934	8.6
Other motors ⁽¹⁾	594	0.1	681	0.0	119,618	6.1	1,123	0.2	33,335	4.9
Total	827,032	98.0	1,521,983	97.7	1,905,964	97.7	569,092	98.3	647,650	95.7
Non-Imaging products										
Other motors ⁽²⁾	16,721	2.0	35,021	2.3	43,389	2.3	9,865	1.7	28,892	4.3
Open-loop motors	–	–	12	–	–	–	–	–	–	–
Total	16,721	2.0	35,033	2.3	43,389	2.3	9,865	1.7	28,892	4.3

Note:

1. Other motors under imaging products include SMA motors.
2. Other motors under non-imaging products include stepper motors and BLDC motors.

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Sales Volume

The following table sets forth the sales volume of our motor products in terms of number of units during the Track Record Period:

	For the Years Ended December 31,			For the Four Months Ended April 30,	
	2023	2024	2025	2025	2026
<i>(Unit: 1,000 pieces)</i>					
OIS motors	38,675	65,643	65,165	26,542	14,728
Periscope motors	1,599	12	2,014	34	1,011
Open-loop motors	93,136	85,339	130,450	37,539	27,961
Closed-loop motors	3,292	2,557	16,219	2,353	8,311
Other motors	5,122	10,517	12,470	2,555	7,102

The sales volume of our OIS motors increased in 2024 as compared with 2023, which was primarily due to the further expansion of the range of OIS motor products supplied by us to the existing customers and our continued deepening of cooperation with a key customer. In 2025, the sales volume of our OIS motors slightly decreased, which was primarily due to driven by changes in the product mix delivered to our customers and delayed shipments resulting from the temporary deferral of certain demand from certain of end customers, including Customer B, as a result of adjustments to its procurement and shipment schedules for certain OIS motor products. Such deferral was temporary in nature as part of the relevant demand was subsequently reflected in shipments of OIS motor products and revenue recognised by us in the first quarter of 2026. The sales volume of OIS motors decreased in the four months ended April 30, 2026 as compared with the four months ended April 30, 2025, primarily due to the relevant end customer's reduced production and shipment of certain smartphone models as a result of temporary price fluctuation and supply tightness of memory chips, which resulted in a decrease in shipments of our relevant OIS motors.

The sales volume of our periscope motors decreased in 2024, as compared with 2023, which was primarily attributable to our strategic adjustment to our overall product mix in 2024, as part of our business strategy to broaden the scope of our cooperation with a key customer and deepen our relationship, which in turn resulted in relatively lower shipments of periscope motors during the year. In 2025, the significant increase of periscope motors was primarily attributable to evolving customer demand and the successful mass production of our new periscope motor products, resulting in a significant increase in order intake and shipment volume to a key customer. The sales volume of periscope motors increased in the four months ended April 30, 2026 as compared with the four months ended April 30, 2025, which was primarily due to the increased customer demand for our new periscope motors and the ramp-up in mass production and delivery of such products, which resulted in an increased customer order intake from, and shipments to, Customer B.

The sales volume of open-loop motors decreased in 2024 as compared with 2023, primarily because there was an increase in the proportion of higher-priced products in our product mix, and we selectively undertook higher-margin orders to maintain our focus on profitability. In 2025, the sales volume of open-loop motors increased primarily because we proactively secured and undertook certain new high-quality projects with relatively high profit margin. The sales volume of open-loop motors decreased in the four months ended April 30, 2026 as compared with the four months ended April 30, 2025, which was primarily because we adjusted the mix of project undertaken by placing greater focus on products with relatively higher gross profit margins. Sales volume of our closed-loop motors in 2025 increased as compared to 2024, primarily due to sustained downstream demand for high-reliability and compact imaging motors, supported by the ongoing global digital content creation trend and the continued growth of handheld imaging devices. Leveraging our entry into handheld imaging and the commencement of supply of closed-loop motors for End Customer B in 2024, we further increased shipments of such products in 2025. The sales volume of closed-loop motors increased in the four months ended April 30, 2026 as compared with the four months ended April 30, 2025, which was primarily due to continued growth in shipments of closed-loop motors used in handheld imaging devices, which is aligned with the robust demand from End Customer B.

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The increase in the sales volume of other motors from 2024 to 2025 was primarily attributable to our continued expansion of our application scenarios in non-smartphone application sectors, including action cameras, and strengthened our cooperation with customers in these sectors. The increase in the sales volume of other motors from 2023 to 2024 was primarily attributable to our expansion into non-smartphone application sectors and the increase in demand from customers in sectors such as security surveillance and smart home appliances, which led to higher shipment volumes of other motors during the period. The sales volume of other motors increased in the four months ended April 30, 2026 as compared with the four months ended April 30, 2025, which was primarily due to the expansion and broader adoption of our motor products in various non-smartphone application scenarios, such as action cameras, UAVs, robotics and smart home devices.

Average Selling Price

The following table sets forth the average selling price of our motor products during the Track Record Period:

	For the Years Ended December 31,			For the Four Months Ended April 30,	
	2023	2024	2025	2025	2026
	RMB	RMB	RMB	RMB	RMB
OIS motors	13.0	19.4	15.7	16.2	24.5
Periscope motors	70.7	243.8	110.8	356.2	57.3
Open-loop motors	1.8	2.1	1.9	1.9	2.0
Closed-loop motors	11.9	27.2	18.1	22.7	16.7
Other motors	3.4	3.4	13.1	4.3	8.8

The average selling price of our OIS motors increased in 2024 as compared with 2023, which was primarily because we commenced collaboration with and supply to certain new customers for OIS motors with more demanding technical specifications and performance requirements. In 2025, the average selling price of our OIS motors decreased, which was primarily due to the change in product mix and a broader range of customers. Meanwhile, the delayed shipments which was led by temporary deferral demands of certain high-price products to our end customers also resulted in the decrease of average selling price. The average selling price of OIS motors increased in the four months ended April 30, 2026 as compared with the four months ended April 30, 2025, which was primarily due to changes in product mix and customer shipment structure. Specifically, as temporary price fluctuations and tight supply in memory-chip, which affected certain end customers’ production and shipment of certain entry-level smartphone models and in turn, the shipments of certain OIS motors with relatively lower unit prices decreased. In addition, certain shipments of higher-value OIS motor products to Customer B were recognized during the period following the temporary deferral of customer demand in prior periods, resulting in a higher proportion of such products in our OIS motor sales and a higher average selling price.

The average selling price of our periscope motors increased in 2024, as compared with 2023, which was primarily due to the relevant products were mainly delivered in trial production and small batch quantities in 2024, resulting in relatively low shipment volumes and correspondingly higher unit prices. In 2025, the decrease of periscope motors was primarily attributable to the relevant projects progress into the mass production stage and shipment volumes increase. The average selling price of periscope motors decreased in the four months ended April 30, 2026 as compared with the four months ended April 30, 2025, which was primarily due to changes in product mix. The average selling price in the comparative period of 2025 was relatively high, mainly because one periscope motor model delivered during the period was at the trial production and small-batch delivery stage with a relatively high price. During the four months ended April 30, 2026, following the introduction of a new periscope motor model and the reduced contribution from such relatively high-priced model, the average selling price of periscope motors decreased accordingly.

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The average selling price of our closed-loop motors increased from 2023 to 2024, primarily due to a shift in product mix. Driven by ongoing global digital content creation trend and the continued growth of handheld imaging devices, as well as higher requirements for highly reliable and compact image-stabilization motors, we expanded our presence in the handheld imaging segment and increased shipments of mid-to-high-end closed-loop motor products, which lifted the overall average selling price of our closed-loop motors. The average selling price of our closed-loop motors decreased in 2025 as compared with 2024, as we commenced shipments of a newly introduced closed-loop motor designed for a major end customer that carried a relatively lower unit selling price. The average selling price of closed-loop motors decreased in the four months ended April 30, 2026 as compared with the four months ended April 30, 2025, which was primarily due to our pricing adjustments for certain closed-loop motor models, taking into account the higher sales-volume, long-term stable cooperation with key customers and prevailing market conditions.

The average selling price of other motors remained relatively stable from 2023 to 2024, primarily because our sales of other motors during the period mainly consisted of stepper motors with relatively similar product specifications, resulting in a largely stable product mix and average selling price. The increase in the average selling price of other motors from 2024 to 2025 was primarily attributable to changes in product mix. In 2025, we commenced mass production and sales of variable-aperture motors applied to new application scenarios such as action cameras, which generally command higher selling prices due to their higher technical specifications and performance requirements. The average selling price of other motors increased in the four months ended April 30, 2026 as compared with the four months ended April 30, 2025, which was primarily due to the changes in product mix, particularly an increase in the proportion of higher-value motor products applied to non-smartphone application scenarios, including action cameras UAVs, robotics and smart home devices.

RESEARCH AND DEVELOPMENT

Our R&D Team

To keep pace with rapid developments in precision motor industry, we place strong emphasis on technological innovation. We have established R&D centers in both China and Japan. Our R&D strategy is designed to align with the product roadmaps and application needs of our end customers, thereby facilitating the commercialization of our new products. Building on years of accumulated know-how in motor design and precision component manufacturing, we focus on researching and developing high-speed, high-precision and miniaturized drive solutions for both imaging and non-imaging applications. During the Track Record Period, we focused on the R&D of (i) imaging motors, including long-focus and variable-focus camera motors and piezoelectric actuators; and (ii) non-imaging motors, such as next-generation precision micro motors.

We actively track industry and market trends to improve production efficiency, enhance reliability and manage cost. We have made, and will continue to make, substantial investments in R&D activities. Research expenditures incurred during the research phase are generally recognized as expenses when incurred. During the Track Record Period, we did not capitalize any research and development expenditures. In 2023, 2024, 2025, and the four months ended April 30, 2025 and 2026, our expensed R&D expenses amounted to RMB61.0 million, RMB76.9 million, RMB124.5 million, RMB40.3 million and RMB47.3 million, respectively, accounting for 7.1%, 4.9%, 6.4%, 6.9% and 6.8% of our revenue for the respective periods.

As of April 30, 2026, we employed approximately 352 R&D personnel. Most of our R&D staff possess extensive expertise in motor design, electronic control systems, and related precision manufacturing technologies. We have instituted structured talent development combining onboarding programs and internal technical training. Our R&D personnel mainly specialize in mechanical engineering, electrical information engineering, automation, and possess relevant professional qualifications and technical backgrounds. The average length of relevant industry experience of our R&D personnel is approximately 5.77 years, and approximately 20.74% of our R&D personnel have more than ten years of relevant industry experience. As of April 30, 2026, approximately 61.93% of our R&D personnel held bachelor degrees or above. Our core R&D personnel have extensive experience in product development and technological innovation, and play key roles in our major R&D projects.

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R&D Process

We have established a well-defined R&D process to support both our imaging and non-imaging product lines and to meet the product requirements of end customers. Upon receipt of a new development request by our sales and service department, our R&D team translates the customer’s functional and performance specifications into internal technical requirements and, together with our project management, process automation and quality management departments, carries out end-to-end new product development. Our standard workflow covers project initiation, detailed development and design, engineering verification testing (EVT), design verification testing (DVT), pilot-run verification testing (PVT) and final project acceptance. In parallel, our operations and finance teams conduct cost analysis and prepare quotations based on the agreed technical solution.

For our imaging products, our sales team acts as the primary communication interface with end brand customers, and our R&D activities are primarily directed at meeting the imaging performance, functionality and cost requirements specified by such end brand customers. In designing and optimizing camera motors and related products, our R&D team takes into account product technology trends, product iteration and functional requirements, as well as cost considerations. For our non-imaging products, we follow the same project-based R&D process, with the design cycle varying with the scope of the project. Throughout development, R&D collaborates closely with manufacturing to ensure design-for-manufacturing and efficient transfer to volume production.

Core Technologies

We believe our long-term competitiveness is underpinned by a number of core proprietary technologies in miniature precision drive systems for imaging applications, which support both our current mass production and pipeline products:

- *AF VCM Technology.* Our AF VCM technology controls the stretching position of suspension springs by adjusting the direct current in the coil within a permanent magnetic field, thereby driving the lens to the appropriate position to capture clear images. Through optimization of process flows and automation, our products offer advantages in focusing accuracy, response speed and operating power consumption. This technology is currently applied in our VCM products.
- *Closed-Loop Control Technology.* Our closed-loop control technology enables precise control of VCM motion by using a feedback mechanism to continuously adjust the control signal in real time, so that the lens position can be accurately located while improving focusing speed. This technology meets the high-precision and fast-focusing requirements of optical modules and similar application scenarios, and is currently deployed in our closed-loop motor products.
- *OIS Technology.* Our OIS technology is designed to reduce image blur caused by motion or vibration of the camera module, and is commonly used in mobile phones and handheld imaging devices to enhance shooting stability and image quality. We have developed strengths in sliding-shaft structures and sensor-shift stabilization, enabling higher-performance stabilization that can support large CMOS sizes and high-pixel sensors. This technology is applied in our OIS products.
- *Periscope Structure Technology.* Our periscope structure technology uses refractive prisms to change the direction of the optical path (for example, bending incident light from a direction perpendicular to the handset into a parallel optical path within the device), allowing the optical imaging system to be arranged laterally inside the handset. This extends the optical path and enables high-magnification optical zoom without increasing handset thickness. The complex optical architecture places stringent requirements on motor control accuracy and flexibility. This technology is applied in our periscope OIS products.

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- *Piezoelectric Actuation Technology.* Our piezoelectric motor technology utilizes the inverse piezoelectric effect, whereby the application of an electric voltage to piezoelectric materials induces precise micro-scale deformation, driving the focusing mechanism to achieve highly accurate focusing motion. This solution offers high driving force and high control precision, and our products have achieved nanometer-level control accuracy. The technology is applied in our piezoelectric motor products.
- *SMA Actuation Technology.* Our SMA motor technology leverages the shape-memory effect and super elasticity of shape-memory alloy materials. When energized, the SMA element contracts, pulling or pushing connected lens components or other parts to move and thereby realizing functions such as autofocus and stabilization. This technology features high thrust and immunity to magnetic interference, and is applied in our SMA motor products.
- *High Power Density Technology.* Our high-power density technology is primarily applied in consumer-grade UAVs, security equipment and robotic vacuum cleaners. To address the stringent constraints on motor size, we use tools such as finite element analysis (FEA) to optimize stator slot geometry, pole count, air-gap length and the dimensions and magnetic properties of permanent magnets (including the use of high-grade rare earth permanent magnet materials), so as to maximize output torque for a given volume or reduce motor size and weight for a given torque.
- *High-Efficiency, Low-Loss Stator Winding Processes.* Our high-efficiency low-loss stator winding processes are mainly applied in handheld gimbal products. We employ high slot-fill, low-resistance winding techniques, such as high-precision automatic winding processes and specialized insulation treatments, with the objective of minimizing copper loss and reducing heat generation.
- *Ultra-Low Torque Ripple and Low-Noise Design Technology.* This technology is mainly applied in consumer-grade UAVs. Taking into account the brittleness and stringent temperature requirements of rare earth permanent magnets (such as NdFeB), we have developed high-strength, high-temperature-resistant bonding and encapsulation processes to help ensure that magnets do not detach or demagnetize under high-speed and high-stress operating conditions and that the magnetic field remains uniform, thereby contributing to reduced vibration and noise.
- *Miniaturized, High-Precision Bearing and Rotor Balancing Technology.* This technology is mainly applied in consumer-grade UAVs. To meet the stringent requirements on speed, precision and service life for micro motors, we use high-performance miniature bearings and apply stringent standards for rotor dynamic balancing, concentricity and run-out control, thereby reducing vibration and friction.

Typical R&D Project and Development Process

During the Track Record Period, we conducted multiple research and development projects in relation to precision motion control and smart sensing interaction solutions. The timeline may vary significantly across different projects depending on factors such as customer requirements, product complexity and other relevant considerations. To provide investors with a clear view of our R&D process, we describe below a typical R&D project undertaken during the Track Record Period (the “**Typical Project**”), which reflects our standardized R&D management framework and integrated development capabilities.

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R&D Process and Timeline

We have established a standardized product lifecycle management (“PLM”) system to govern its R&D activities, and we further upgraded PLM system in 2025. The Typical Project was initiated in January 2025 and was completed in accordance with the project plan, with mass production commencing in July 2025. The overall development cycle lasted approximately six months. During this period, we completed conceptual design, EVT, DVT and PVT and subsequently transitioned the product into mass production.

Milestones and Achievement Targets

During the development process, cross-functional teams comprising R&D, engineering, quality management, manufacturing and marketing personnel collaborate to ensure alignment with customer requirements and technical specifications. Key development activities include technical planning, feasibility studies, prototype fabrication, performance testing, reliability assessment, process validation and design finalization. Progress is monitored through regular project reviews and milestone evaluations. For the Typical Project, our technical targets primarily included high-precision focusing accuracy, improved image stabilization performance and reduced power consumption. Our commercial targets focused on timely sample delivery, stable mass production and compliance with customer specifications. Our quality targets included achieving target yield rates, meeting reliability requirements and passing customer validation testing.

Involvement of Stakeholders & Intellectual Property Ownership

Our R&D projects involve internal teams, suppliers and customers, with ongoing collaboration across design reviews, sample evaluations and mass production preparation. Customer feedback throughout the development cycle reflects downstream application needs, which we incorporate into our design and validation activities. Our pre-existing intellectual property rights and know-how developed independently by us prior to the relevant R&D projects, including those applicable to or adopted in customer-specific R&D projects, generally remain owned by us. Intellectual property arising from our R&D projects is owned in accordance with the relevant contractual terms. The corresponding contractual terms generally provide for: (i) ownership, whereby any agreed terms specifying the ownership of the resulting patent rights or the benefits of the resulting know-how shall prevail. As advised by our PRC Legal Advisor, absent such specification, patent rights developed independently by us are solely owned by us, whereas those developed jointly with a customer are jointly owned. Regarding the relevant know-how, such matters shall first be determined by supplemental agreements, other contractual terms, and transaction practices, failing which, such rights shall be jointly enjoyed by the parties until the underlying technical solution is granted a patent and (ii) rights of use, which set out the scope of each party’s rights to use the intellectual property rights in the contract products developed under the relevant agreement. With respect to the Typical Project described above, we have not agreed on any terms specifying the ownership of the resulting intellectual property rights and know-how. During the course of the Typical Project, we independently developed the relevant technologies and filed three corresponding patent applications in our own name.

MARKETING, SALES AND CUSTOMERS

Sales and Marketing

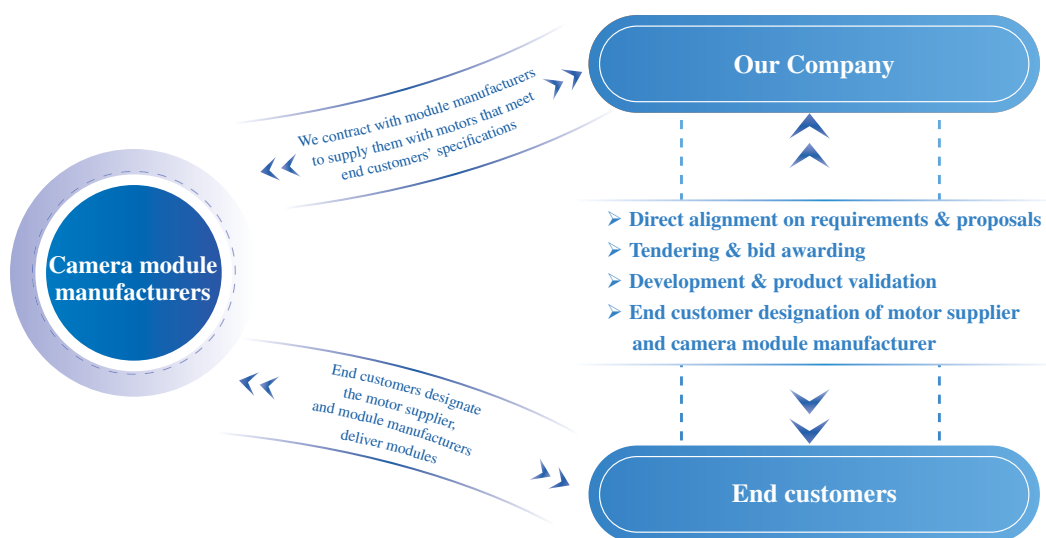
During the Track Record Period, we derived our revenue from direct sales. We have established an experienced and professional sales and marketing team to promote and sell our products, which comprised 20 employees as of April 30, 2026. We adopt different sales models for our imaging and non-imaging products, as procurement practices differ across the respective downstream industries for these product types.

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Sales Model for Imaging Products

For imaging products, end customers (smartphone and handheld device brands) predominately drive motor selection and project initiation. Once designated, we supply motors to camera module manufacturers, which are our direct customers, under supply arrangements backed by these end-customer relationships. In a typical project, the end customer defines performance requirements, approves suppliers and camera module manufacturers. When the camera module manufacturer places purchase orders upon successful testing, we will work with both parties to finalize motor specifications, manufacture and delivery. Since designated motors are generally used throughout a product model’s entire lifecycle and often carry into subsequent generations, our business with direct customers is effectively anchored by our long-term relationships with end customers.

The following diagram illustrates our typical transaction flow and relationships among us, end customers, camera module manufacturers and other participants in respect of the sales of our imaging products:



In relation to imaging products’ business development, we typically become a supplier to new customers and/or end customers through: (i) referrals or introduction from our existing customers and/or end customers, (ii) participation in new customers/end customers’ bidding process, (iii) inbound enquiries from potential customers who have learned of our products through industry exhibitions, trade shows, and our reputation in the market.

End customers generally select the suppliers based on a comprehensive evaluation process, which include assessment of (i) product performance and reliability; (ii) technical capability, including R&D and engineering support; (iii) manufacturing capability and quality management systems; (iv) delivery capacity and supply stability; (v) cost competitiveness; and (vi) compliance record. The selection process may involve multiple stages, including factory audits, qualification review, capability assessment, on-site audit, and sample testing, and generally spans for approximately one year or more, although the actual timeframe may vary depending on the end customer’s internal procedures, the complexity of the relevant product model, and the timetable of the relevant product launch.

In general, end customers do not designate suppliers of raw materials, parts or components for our imaging products, and we independently determine our procurement arrangements in accordance with our internal supplier qualification and procurement policies. However, in limited circumstances, certain end customers may specify or recommend particular materials (i.e. customized chips), components, parts and/or upstream suppliers for a given product model.

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Sales Model for Non-imaging Products

For non-imaging products, we transact directly with brand customers, who approach us with their development needs, evaluate our technical and commercial capabilities, and upon selection, work with us to finalize specifications, testing requirements and delivery terms. We then enter into supply agreements and receive purchase orders directly from them. Our marketing centers on technical communication and targeted demonstrations. Throughout the Track Record Period, we did not experience any customer dispute, return, recall or liability claim that materially impacted our business.

Pricing

In determining the pricing of our products, we adopt a market-oriented pricing principle and consider a range of factors, including production costs, target profit margins, prevailing market conditions and competitive dynamics, product complexity, target pricing from customers, among others.

Imaging Products

For our imaging products, prices are primarily determined through tender or quotation processes organized by end customers. We submit technical and commercial proposals for evaluation based on customers’ performance requirements, application scenarios and pricing expectations. Prior to submission, our proposed pricing is formulated based on detailed cost assessments, including bill of materials, manufacturing processes, labor costs and equipment utilization, and is subject to internal review and approval by the relevant sales and management personnel. Final pricing is determined after comprehensive evaluation by end customers, bidding process, and commercial negotiations.

Non-imaging Products

For our non-imaging products, pricing is generally established through negotiations or tenders organized by our direct customers. Our sales team prepares quotations based on customers’ specifications, delivery requirements, payment method and final price supported by internal cost analysis and market benchmarking. Such quotations are reviewed and approved by the relevant sales and management personnel in accordance with our internal pricing policies before the submission to our direct customers. Where applicable, pricing adjustments and discount arrangements are subject to additional internal approval procedures.

Top Customers

Our direct customers are mainly camera module manufacturers, which primarily supply smartphones and other consumer electronics brands. For most of our imaging projects, these manufacturers purchase our products based on the selection or designation made by end customers. For further information, please see “– Marketing, Sales and Customers – Sales and Marketing”. Unless otherwise stated, references to “customers” in this document refer to direct customers, rather than end customers. Our customers typically settle with us by bank transfer or bank acceptance bills. Revenue generated from our largest customer for 2023, 2024 and 2025, and the four months ended April 30, 2026 accounted for 37.9%, 30.7%, 30.4% and 41.7% of our total revenue for the respective years/periods; and our sales to the five largest customers for the same years/periods accounted for 90.5%, 93.7%, 85.4% and 86.2% of our total revenue, respectively. The payment methods adopted by our top five customers are generally consistent with our standard business practice and industry norms, which primarily include settlement by bank acceptance bills and electronic bank transfers.

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The following tables set forth the details of our top five customers for each period during the Track Record Period in terms of revenue:

<u>Customers⁽¹⁾</u>	<u>Major products/services purchased from us</u>	<u>Year of commencement of business relationship with us</u>	<u>Credit terms</u>	<u>Revenue contribution</u> <i>RMB'000</i>	<u>Percentage of our total revenue for the period</u> %
<i>For the Year Ended December 31, 2023</i>					
OFILM ⁽²⁾	OIS motor, open-loop motor, closed-loop motor, other motors	2018	90 days	324,005	37.9
Customer A ⁽³⁾	OIS motor, open-loop motor, closed-loop motor	2016	60 days	231,232	27.0
Customer B ⁽⁴⁾	Periscope motor	2023	90 days	113,827	13.3
Customer C ⁽⁵⁾	OIS motor, open-loop motor, other motors	2016	60 days	94,392	11.0
Customer D ⁽⁶⁾	Open-loop motor	2016	60 days	10,892	1.3
Total				774,348	90.5

<u>Customers</u>	<u>Major products/services purchased from us</u>	<u>Year of commencement of business relationship with us</u>	<u>Credit terms</u>	<u>Revenue contribution</u> <i>RMB'000</i>	<u>Percentage of our total revenue for the period</u> %
<i>For the Year Ended December 31, 2024</i>					
Customer E ⁽⁷⁾	OIS motor, open-loop motor, periscope motor, other motors	2019	90 days	480,588	30.7
OFILM	OIS motor, open-loop motor, closed-loop motor, periscope motor, other motors	2018	90 days	431,854	27.6
Customer A	OIS motor, closed-loop motor, open-loop motor	2016	60 days	292,758	18.7
Customer C	OIS motor, open-loop motor, other motors	2016	60 days	191,441	12.2
Customer F ⁽⁸⁾	OIS motor, open-loop motor	2021	90 days	71,003	4.5
Total				1,467,644	93.7

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Customers	Major products/services purchased from us	Year of commencement of business relationship with us	Credit terms	Revenue contribution <i>RMB'000</i>	Percentage of our total revenue for the period %
<i>For the Year Ended December 31, 2025</i>					
OFILM	OIS motor, closed-loop motor, periscope motor, open-loop motor, other motors	2018	90 days	594,381	30.4
Customer E	OIS motor, periscope motor, open-loop motor, other motors	2019	90 days	416,425	21.3
Customer A	OIS motor, closed-loop motor, open-loop motor	2016	60 days	370,369	18.9
Customer C	OIS motor, open-loop motor, other motors	2016	60 days	199,213	10.2
Customer G ⁽⁹⁾	Other motors	2024	90 days	89,568	4.6
Total				1,669,956	85.4

Customers	Major products/services purchased from us	Year of commencement of business relationship with us	Credit terms	Revenue contribution <i>RMB'000</i>	Percentage of our total revenue for the period %
<i>For the Four Months Ended April 30, 2026</i>					
OFILM	OIS motor, closed-loop motor, periscope motor, open-loop motor, other motors	2018	90 days	289,777	41.7
Customer E	OIS motor, periscope motor, open-loop motor, other motors	2019	90 days	144,966	20.9
Customer A	OIS motor, closed-loop motor, open-loop motor	2016	60 days	93,797	13.5
Customer C	OIS motor, open-loop motor, other motors	2016	60 days	49,908	7.2
Customer B	Periscope motor, R&D related technical services	2023	90 days	19,921	2.9
Total				598,369	86.2

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Notes:

- (1) Certain customers are entities controlled by the same corporate group. While we conduct transactions with each entity individually, revenue from these sales has been aggregated and calculated on a consolidated group basis.
- (2) OFILM, a company established in the PRC whose shares are listed on the Shenzhen Stock Exchange, and is controlled by Dr. Cai, a non-executive Director, chairman of the Board and a Controlling Shareholder.
- (3) Customer A represents certain entities controlled by a company listed on the Stock Exchange, which is primarily engaged in the research, development, manufacturing and sales of camera modules and fingerprint recognition modules for smart devices.
- (4) Customer B represents certain entities controlled by a leading Chinese corporation, which is primarily engaged in the development and sales of telecommunications equipment, consumer electronics, electric vehicle autonomous driving systems, and rooftop solar power products. We had made limited sample deliveries to Customer B before the Track Record Period primarily for testing and validation purposes.
- (5) Customer C represents certain entities controlled by a company listed on the Stock Exchange, which is primarily engaged in the research, development, manufacturing and sales of optical and opto-electronic products, including optical lenses, camera modules and imaging systems.
- (6) Customer D is a company incorporated in the Taiwan region, primarily engaged in the research, development, production and sale of optical lenses, molds and related components for automotive, industrial and consumer electronics applications, which is listed on the Taiwan Stock Exchange.
- (7) Customer E is a company incorporated in the PRC, primarily engaged in the research, development, manufacturing and sales of electrical components, including camera modules for consumer electronics, automotive electronics and other imaging applications.
- (8) Customer F is a company incorporated in the PRC, primarily engaged in the design, development, manufacturing and sale of optical lenses, imaging modules and related optical components, whose parent company is listed on the Stock Exchange.
- (9) Customer G is a company incorporated in the PRC, primarily engaged in the research and development, production and sales of precision optical components and related products, whose parent company is listed on the Taiwan Stock Exchange.

Among our top five customers during the Track Record Period, only OFILM was a connected person. Based on OFILM's publicly disclosed annual reports, our sales to OFILM represented approximately 2.2%, 2.5% and 3.3% of OFILM's total purchases in 2023, 2024 and 2025, respectively. Save for the aforesaid connected person, none of our other top five customers was a connected person. OFILM is controlled by Dr. Cai, a non-executive Director and chairman of the Board and a Controlling Shareholder. Dr. Cai, together with other acting-in-concert entities, has legal and management control over OFILM. Therefore, OFILM is an associate of Dr. Cai, and therefore a connected person of us under Rule 14A.07 of the Listing Rules. For our cooperation relationship with OFILM, please see “Relationship with Our Controlling Shareholders – Independence from Our Controlling Shareholders – Operational Independence – Transactions with OFILM”. As of the Latest Practicable Date, except OFILM, none of our Directors, their close associates or any of our shareholders (who to the knowledge of our Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year during the Track Record Period.

Our Directors are of the view that the customer concentration observed during the Track Record Period is line with the industry practice and structural characteristics of the micro motor market. The downstream industries we primarily serve, including smartphones and other consumer electronics, are dominated by a limited number of leading brand owners (“**End Customers**”). According to Frost & Sullivan, it is common for major micro motor suppliers to derive a significant portion of their revenue from a small number of key customers due to the concentrated nature of the downstream market. In addition, the micro motor industry is characterised by relatively high entry barriers, including technological know-how, production capabilities and established customer relationships, which further contributes to a supplier landscape in which industry-leading micro motor enterprises typically serve a limited number of major customers with large and stable demand. According to Frost & Sullivan, it is customary for enterprises in the micro motor industry to establish and maintain business relationships with industry-leading companies in smartphones, other handheld imaging devices, security and surveillance, consumer-grade UAVs, smart home devices and other related

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fields. According to Frost & Sullivan, at the downstream level, the top ten smartphone brands account for over 90% of global market share, which directly limits the customer base of imaging motor manufacturers to a small number of leading terminal brands; at the midstream level, the similarly concentrated camera module industry further constrains the supply chain. The high concentration in both downstream and midstream segments is reinforced by lengthy certification cycles and strong supply chain lock-in, making high customer concentration an inherent and reasonable feature of the sector. According to Frost & Sullivan, certification cycle length varies by motor type, for OIS motors, the certification cycle generally ranges from five to seven months in the midstream segment such as camera module manufacturers, and approximately six months in the downstream segment such as smartphone brands; for periscope motors, the certification cycle generally ranges from six to twelve months in the midstream segment and approximately twelve months in the downstream segment. On this basis, according to Frost & Sullivan, our level of customer concentration is consistent with industry practices and comparable to that of peers serving similar downstream markets.

The Joint Sponsors are of the view that, notwithstanding the relatively high level of customer concentration, we do not have undue reliance on our five largest customers during the Track Record Period, taking into account: (i) we operate in the consumer electronics and imaging motor industry, where downstream markets are highly concentrated and dominated by a limited number of leading smartphone brands and module manufacturers. As such, a relatively high level of customer concentration is consistent with industry norm and comparable to that of peer companies; (ii) we have established stable and long-term relationships with our major customers, supported by long-term framework arrangements and deep integration into customers’ product development and supply chains; (iii) we typically secure orders through competitive bidding or quotation processes, and pricing is determined on an arm’s length basis based on market conditions, with no exclusivity arrangements; (iv) the industry is characterized by stringent qualification requirements and long certification cycles. Once qualified, suppliers generally maintain stable cooperation with customers, reducing the risk of sudden termination; and (v) we have been expanding into non-imaging motor applications and broadening our customer base, which is expected to gradually mitigate concentration risk.

In particular, our sales to direct customers, primarily camera module manufacturers, are substantially driven by the selection and designation of these End Customers for imaging products. Under the prevailing industry practice, End Customers typically designate both the camera module manufacturers and specific suppliers for key components, including motors, based on rigorous technical and quality assessments. Once we are selected for a specific product, the designated camera module manufacturers are directed to procure from us to meet the End Customers’ specifications. For details, please see “– Marketing, Sales and Customers – Sales and Marketing”. As a result, our revenue concentration is a reflection of our successful penetration into the supply chains of leading End Customers, rather than an over-reliance on the independent decision-making of single camera module manufacturers. Moreover, our micro motor products are subject to stringent technical, quality and reliability requirements, and End Customers generally conduct a comprehensive evaluation process prior to approving suppliers and commencing cooperation. Once our products are integrated into customers’ product designs, the replacement of relevant products is generally subject to a high level of technical complexity and customization requirements, as a result, we are able to maintain long-term and stable relationships with our major customers.

Our Directors believe that our relationships with our major customers are stable and that we are not overly dependent on them, based on the following factors: (i) Early technical engagement and Integration: We maintain deep engagement with End Customers, often participating in the early stages of product development. This allows us to provide highly bespoke solutions that align closely with the performance needs of the final products. Given the rigorous qualification processes involved, such as reliability testing and environmental adaptability verification, we believe our established role as a qualified supplier provides continuity and efficiency that are valuable to our customers. According to Frost & Sullivan, the imaging motor industry is characterized by high barriers to entry and stringent End Customer requirements, and only a limited number of suppliers are able to deliver highly customized products at the required quality standards and scale, which supports our view that we enjoy strong customer stickiness with our major End Customers; and (ii) Long-standing Partnership and Quality Standards: We have cultivated long-standing, mutually beneficial partnerships with these customers. Given the stringent qualification requirements and

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the need to meet End Customers’ performance, quality and delivery standards at scale, we believe only a limited number of suppliers are able to offer products with comparable technical capabilities and quality. According to Frost & Sullivan, in the OIS motor sector, which is a mid-to-high-end imaging motor market, the Group ranked No.4 globally and No.1 in China with market shares of 5.6% and 14.0%, respectively, in terms of revenue in 2025. According to Frost & Sullivan, the sector is characterised by high technical barriers, our market positioning supports the view that only a limited number of market participants are able to compete at a comparable level to the Group. Our consistent track record in delivery, quality control, and technical support has fostered a strong collaborative relationship, making us a trusted partner for their products. Our business relationships with major customers are conducted on an arm’s length basis and on normal commercial terms. Based on the foregoing, our Directors consider that the likelihood of any material adverse change in, or termination of, our business relationship with our five largest customers is low.

Notwithstanding the foregoing, our Directors recognize that a relatively high concentration of revenue among a small number of major customers and/or End Customers may, from time to time, increase our exposure to changes in demand patterns and procurement arrangements of such customers. In particular, our revenue and results of operations may be affected if our major customers and/or End Customers reduce their purchase volumes, adjust inventory levels, reschedule or delay product launches or otherwise modify their procurement plans. In addition, our business may be adversely affected if we are unable to maintain our supplier status for certain product models or platforms. For details of the risks associated with customer concentration, please refer to “Risk Factors – Risks Relating to Our Business and Industry – A relatively high proportion of our revenue was generated from our top five customers and loss of any one or more of these customers may materially and adversely affect our business, financial condition and results of operations.”

However, our Directors also recognize the importance of continuously optimizing our customer portfolio to ensure long-term business resilience. While we value our existing partnerships, we remain committed to developing new applications and customers to mitigate the potential impact of demand fluctuations in specific markets.

To mitigate customer concentration risk and enhance the long-term stability and sustainability of our business, we have adopted, and will continue to implement, the following measures: (i) strengthening long-term relationships with our major customers through early-stage technical engagement, integrated product development and continuous quality assurance, and maintaining our competitiveness under stringent qualification and audit requirements; (ii) proactively expanding and diversifying our customer base by exploring new downstream application fields and engaging potential customers in emerging sectors, with a view to progressively diversifying our revenue sources and reducing reliance on any single customer or group of customers over time; and (iii) continuously optimizing our production capacity planning and supply chain management to enhance operational flexibility, delivery reliability and cost efficiency, while maintaining ongoing investment in research and development to strengthen our technological capabilities, product performance and customization capacity, thereby supporting product innovation, differentiated solutions and the expansion of application scenarios. There were 34, 10, 32 and 6 new customers in 2023, 2024 and 2025, and the four months ended April 30, 2026, respectively, which refer to customers had transactions with us in the relevant year but had not previously had any transactions or business relationship with us prior to such year. The revenue contributed by such new customers was approximately RMB21.2 million, RMB4.3 million, RMB77.3 million and RMB1.7 million in 2023, 2024 and 2025, and the four months ended April 30, 2026, respectively.

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Agreements with Our Customers

The terms of the framework sales agreements we entered into with our customers vary depending on their specific requirements. Set out below are the material terms of the framework sales agreements we generally enter into with our key customers:

Key Terms	Descriptions
<i>Duration</i>	The term of our agreements with major customers typically ranges from one year to longer-term arrangements, depending on the nature of the customer and the underlying business, with certain contracts subject to automatic renewal.
<i>Product</i>	The product models are designated by the customers and expressly specified in the agreements.
<i>Pricing</i>	The specific prices of our products may be determined through tender processes and are set out in individual purchase orders placed by our customers from time to time. Any price adjustment shall be subject to the mutual agreement of both parties.
<i>Quality control</i>	The quality shall be in compliance with the specific standards designated by our customers, or in compliance with applicable international, national, local or industry standards.
<i>Payment and Credit Terms</i>	Upon the buyer’s acceptance of the products after inspection, payment shall be made on the date specified in the relevant contract. We generally grant our customers a credit period ranging from 60 to 120 days.
<i>Minimum Purchase Commitment</i>	None of the agreements requires the customers to make any minimum purchase commitments.
<i>Delivery</i>	The delivery responsibility is typically borne by either our customers or us, as specified in the contracts.
<i>Penalties of Breaches</i>	In the event of our breach of contract, the customer is entitled to withhold payment, and we shall be liable for any corresponding losses incurred by the customer.
<i>Termination</i>	Unilateral termination of the contract is only permitted upon the occurrence of material events, including, among others, failure of a party to perform its contractual obligations within a reasonable period after receiving a notice to cure, bankruptcy or insolvency of a party, or other events constituting a material breach of the contract.

During the Track Record Period, we did not experience any material breaches of our agreements with customers, nor did we have any material returns of products or services from our customers.

Our End Customers

Our end customers are mainly leading manufacturers of smartphones, handheld imaging devices, consumer-grade unmanned aerial vehicles, smart home devices and other consumer and industrial applications. During the Track Record Period, we had cooperated with 14 end customers. To the best of our knowledge, our end customers generally select or designate suppliers based on factors including product performance, reliability, technological capability noted track record, pricing competitiveness and delivery capacity.

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The following table sets forth our major end customers and the respective revenue attributable to product models designed for such end customers, as derived from our sales to the relevant direct customers, during the Track Record Period.

	For the Year Ended December 31,			For the Four Months Ended April 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Customer B ⁽¹⁾	115,468	486,466	552,630	131,925	376,765
End Customer A ⁽²⁾	300,876	449,942	424,242	152,578	44,101
End Customer B ⁽³⁾	16,793	68,337	336,454	50,591	135,626
End Customer C ⁽⁴⁾	233,340	273,257	260,629	117,354	46,646
End Customer D ⁽⁵⁾	66,277	144,737	205,938	66,915	31,300
End Customer E ⁽⁶⁾	35,001	65,959	83,569	41,753	4,771

Notes:

- (1) Customer B was our third largest direct customer in 2023 as detailed in “– Top Customers” above in this section. During the Track Record Period, we conducted direct transactions with, and indirect sales through module manufacturers to, Customer B. In 2023, for confidentiality and other commercial considerations, a relatively higher proportion of our sales to Customer B was conducted on a direct basis. Subsequently, our sales to Customer B gradually shifted towards indirect sales through module manufacturers, and in 2025, the majority of our transactions relating to Customer B were conducted on an indirect basis.
- (2) End Customer A is a company incorporated in the Cayman Islands, principally engaged in the design, development and sale of smartphones, smart hardware and internet services, whose shares are listed on the Stock Exchange.
- (3) End Customer B is a company incorporated in the PRC and principally engaged in the research, development, manufacturing and sale of consumer and professional UAVs and related imaging systems.
- (4) End Customer C is a company incorporated in the PRC and principally engaged in the research, development, manufacturing and sale of smartphones and related intelligent devices.
- (5) End Customer D is a company incorporated in Hong Kong and principally engaged in the design, development, manufacturing and sale of personal computers, smart devices and related technology products, whose shares are listed on the Stock Exchange.
- (6) End Customer E is a company incorporated in the PRC and principally engaged in the research, development, manufacturing and sale of smartphones and smart devices.

Agreements with Our End Customers

During the Track Record Period, we entered into certain agreements with our end customers which typically cover, among other matters, quality assurance, intellectual property protection, compliance requirements and remedies for breach. The key terms in the agreements between us and our end customers include (i) quality assurance, which in the event of quality defects, we are required to provide remedial measures, including repair, replacement or compensation in accordance with contractual terms; (ii) environmental and compliance, which under the relevant agreements, we are required to comply with applicable environmental protection, occupational safety and product compliance laws and regulations; (iii) IP protection, which we are subject to confidentiality and intellectual property protection obligations under the relevant agreements; and (iv) remedies, which remedies for breach mainly include corrective measures, compensation and termination under agreed circumstances.

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OUR PRODUCTION

In line with our development strategy, we have prioritized standardized, disciplined and efficiency-oriented manufacturing across our micro motor product lines. Our operating model integrates early-stage design, efficient product development process, reliability validation, precision assembly and lifecycle support, enabling customized, high-reliability motion components at scale. We focus on continuous process optimization and strict workflow control, supported by in-process inspections and end-of-line performance testing, to enhance yield stability and delivery predictability.

During the Track Record Period, our camera-related miniature drive products constituted the predominant share of shipments for imaging products, mainly including OIS motors, periscope motors, open-loop motors, and closed-loop motors. In parallel, we realized stable mass production for stepper motors for non-imaging scenarios.

Production Bases

We strategically locate our production bases to efficiently serve key customers and to provide timely logistics and on-site support. As of April 30, 2026, we operated two production bases in Jiaxing and Hefei, China.

The table below sets out details of our production bases that have already completed as of April 30, 2026:

Our Production Bases	Location	Aggregate GFA	Descriptions
Jiaxing Plant (嘉興工廠)	Jiaxing, Zhejiang, China	approximately 23,000 sq.m.	mainly produces open-loop motors, closed-loop motors, OIS motors, periscope motors and other motor products
Hefei Plant (合肥工廠)	Hefei, Anhui, China	approximately 4,770 sq.m.	mainly produces open-loop motors, closed-loop motors and other motor products

As of April 30, 2026, we were in the process of developing our Nanchang Plant (南昌工廠) and Dongguan Plant (東莞工廠). Both production plants are under construction. The Nanchang plant is currently undergoing equipment commissioning and is expected to be completed in the third quarter of 2026, while certain production lines at the Dongguan plant have already commenced operation, certain other production lines are currently undergoing equipment commissioning, and the plant, which is being constructed in phases, is expected to be fully completed in 2029. The table below sets out details of these new production bases:

Our production bases	Location	Aggregate GFA	Planned Production capacity	Descriptions
Nanchang Plant	Nanchang, Jiangxi, China	Approximately 10,100 sq.m.	5 million sliding-axis ball motors per year	Mainly produces imaging motors
Dongguan Plant	Dongguan, Guangdong, China	Approximately 2,356 sq.m.	15-20 million BLDC motors (the first phase) per year	Mainly produces BLDC motors

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Utilization Rate

During the Track Record Period, we achieved stable mass production and shipment of:

			For the Years Ended December 31,			For the Four Months Ended April 30,
			2023	2024	2025	2026
	Metrics	Unit				
OIS motors	Production volume	'000 pieces	39,652	70,177	66,015	15,886
	Production capacity	'000 pieces	46,018	80,542	81,350	30,257
	Utilization rate	%	86.2	87.1	81.1	53.0
Periscope motors	Production volume	'000 pieces	1,686	–	2,091	1,041
	Production capacity	'000 pieces	1,750	–	6,164	3,069
	Utilization rate	%	96.4	N/A	33.9	33.9
Open-loop motors	Production volume	'000 pieces	100,736	99,311	137,961	24,717
	Production capacity	'000 pieces	195,013	207,677	197,314	91,706
	Utilization rate	%	51.7	47.8	69.9	27.0
Closed-loop motors	Production volume	'000 pieces	3,394	2,655	18,755	10,948
	Production capacity	'000 pieces	5,653	3,473	25,412	11,037
	Utilization rate	%	60.0	76.4	73.8	99.2
Other Motors	Production volume	'000 pieces	5,289	9,333	12,793	8,152
	Production capacity	'000 pieces	9,691	9,691	14,429	21,008
	Utilization rate	%	54.6	96.3	88.7	39.0

Notes:

- (1) Our production capacity for each period is calculated based on working days, working hours per day and pace of production, after taking into account time required for maintenance and replacement of machinery and equipment.
- (2) Our production capacity utilization rate for each period is calculated by dividing the production volume by the production capacity.

Our capacity utilization rate for OIS motors remained stable at 86.2% in 2023 and 87.1% in 2024, and decreased slightly to 81.1% in 2025, primarily due to a modest decline in production volume in line with lower sales volume of OIS motors in 2025, while production capacity remained relatively stable.

The capacity utilization rate for periscope motors was 96.4% in 2023. In 2024, no production capacity was allocated to periscope motors and no periscope motors were produced, which was primarily due to our strategic shift in supply focus to OIS motors in 2024 to expand the scope of cooperation and deepen our relationship with a major customer, resulting in lower shipment volume of periscope motors during the year. In 2025, we resumed supply of periscope motors as our product portfolio and application coverage expanded, resulting in a capacity utilization rate of 33.9%.

Our capacity utilization rate for open-loop motors decreased from 51.7% in 2023 to 47.8% in 2024, primarily due to a decline in customer order volume. To manage our inventory level, we adjusted our production output accordingly, which resulted in a lower capacity utilization rate. In 2025, we received substantial orders for an end customer, and we ramped up production to meet delivery requirements, resulting in an increase in capacity utilization rate to 69.9%.

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Our capacity utilization rate for closed-loop motors increased from 60.0% in 2023 to 76.4% in 2024, primarily due to the transition of a designated closed-loop motor project for a key customer from trial production in 2023 to preliminary mass production in 2024, which drove higher production output. Our capacity utilization rate for closed-loop motors remained relatively stable at 73.8% in 2025.

Our capacity utilization rate for other motors increased from 54.6% in 2023 to 96.3% in 2024, primarily due to a substantial increase in customer orders for stepper motors in 2024, which in turn led to a significant increase in sales volume and production output. The capacity utilization rate for other motors decreased to 88.7% in 2025, primarily because capacity expansion outpaced the growth in production volume.

Manufacturing Process

Our manufacturing process can be broadly categorized into four key stages: (i) preparation, (ii) motor assembly, (iii) performance testing and (iv) packaging & warehousing. The average production cycle for our major products is approximately one to five days, depending on product specifications and order volume. For the regular OIS motors, preparation costs approximately six hours, motor assembly costs approximately 24 hours, performance testing costs approximately 12 hours, and packaging and warehousing costs approximately six hours.



Our products are manufactured through the following key steps:

Preparation

Imaging Products

- **Core Parts Cleaning & Preparation:** Core motor parts, including stator and rotor, are cleaned and prepared prior to processing to ensure product precision and reliability.
- **Core Parts Processing & Sub-assembly:** The stator and rotor components undergo processing and sub-assembly procedures, during which appearance and dimensional checks are conducted to ensure quality consistency.

Non-imaging Products

- **Structural Component Processing:** Basic structural components, including shafts, housings and stator windings, are processed and prepared as the foundation of the motor.
- **Functional Parts Installation:** Key functional components, such as magnets, wiring and bearings, are installed to enable the motor’s operational functions.
- **Balancing & Reliability Treatment:** Reliability-enhancing procedures, including shaping, baking and dynamic balancing, are conducted to improve operational stability and durability.

Motor Assembly

Processed stator and rotor components are integrated and assembled into the final motor structure.

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Performance Testing

Completed motors are subject to performance testing and quality inspection procedures to verify compliance with technical specifications and customer requirements.

Packaging & Warehousing

Qualified products are cleaned, labeled, packed and transferred to warehousing for storage and subsequent delivery.

Sourcing of Raw Materials, Parts and Components

We source our principal raw materials, parts and components from a diversified base of qualified suppliers in accordance with our internal procurement policies. Our major raw materials and components include but not limit to base plates, brackets, wire carriers and flexible printed circuits, which are primarily sourced from suppliers located in China. We conduct supplier selection and evaluation based on criteria including but not limited to product quality, technical capabilities, delivery reliability, services, and pricing competitiveness.

Our procurement activities are conducted in accordance with our established internal control procedures and standardized purchasing policies. The procurement process generally begins with relevant departments submitting a purchase requisition based on their operational and production needs. Such requisitions are subject to internal review and approval procedures. Upon approval, our procurement team conducts supplier sourcing and quotation inquiries. Our procurement personnel perform price comparison and assessment from various suppliers, followed by internal price verification and approval procedures. After the proposed pricing is approved, the relevant procurement information is uploaded to our internal procurement management system and the orders will be processed to suppliers. Subsequently, our procurement and relevant operational departments monitor the delivery status and follow up on outstanding orders.

Our Production Equipment

During the Track Record Period, we procured most of our production equipment from reputable suppliers in the PRC, and we also designed certain specialized machines in-house to meet the specific technical requirements of our core products. Given the wide availability of equipment suppliers in the market, and to the best of our Directors’ knowledge, we are not dependent on any single equipment supplier and can identify suitable alternative qualified suppliers within a short period if needed.

Major Equipment and Machinery

Our production facilities are equipped with advanced machinery and equipment to support efficient and standardized manufacturing. Our major production equipment spans four key stages of the manufacturing process: the preparation stage, which utilises ultrasonic cleaners and drying ovens; the motor assembly stage, which employs adhesive dispensing machines and welding machines; the performance testing stage, which relies on variable-frequency vibrating machines, testing equipment and laser engraving machines; and the packaging and warehousing stage, which uses inspection machines, cleaning machines and vacuum packaging machines.

As at the Latest Practicable Date, our principal production equipment was properly maintained and in good working order, and we did not foresee the need to replace any significant items due to expiry of useful life in the near term. For accounting policies relating to depreciation of machinery and equipment, please refer to “Financial Information – Critical Accounting Policies and Estimates” in this document.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material interruptions to production attributable to facility or equipment failure or malfunction, and no major accidents occurred.

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OUR LOGISTICS AND SUPPLY CHAIN MANAGEMENT

Warehousing and Logistics

During the Track Record Period, our warehousing needs were primarily met through self-managed storage facilities. Our warehouses are located close to our production facilities, which helps shorten delivery lead times and support timely fulfilment of orders. As of the Latest Practicable Date, our warehousing footprint comprised five self-operated warehouses with an aggregate gross floor area of approximately 7,676 sq.m.

We generally engage qualified third-party logistics service providers to deliver products to customer-designated locations. Service providers are selected and periodically evaluated based on qualifications, on-time performance, geographic coverage and quotation. Our logistics arrangements allow us to provide responsive delivery while reducing fixed asset intensity and mitigating transportation risks. Unless otherwise agreed, the risk of loss or damage to goods in transit is allocated in accordance with the applicable contract terms. To the best of our knowledge, during the Track Record Period we did not experience any material disruption in product deliveries or incur material losses relating to transportation delays or improper handling.

Inventory Management

To enhance inventory management and internal control, we have established comprehensive policies and procedures to regulate the storage, handling and movement of our inventories. Our warehouse, finance, production management, quality control and relevant operational departments jointly participate in and are responsible for inventory management.

We have implemented standardized procedures governing the inbound and outbound of various categories of inventories, including raw materials, work-in-progress, fixtures, spare parts, consumables, finished goods and office supplies. For inbound inventories, our warehouse personnel conduct unloading, scanning, inspection and acceptance procedures, and arrange for return or replacement in the event of any damage or discrepancies. For outbound inventories, production departments submit material requisition requests, and deliveries are arranged by the warehouse upon internal approval.

Our warehouse personnel conduct regular inventory inspections on a monthly basis to ensure the safety, integrity and quality of inventories. In addition, our finance department organizes comprehensive physical inventory counts at least annually, and recognized any inventory discrepancies identified in profit or loss for the relevant financial period.

We utilize a Business Information Planning (BIP) system to support material planning, warehouse operations and product traceability, which provides management with near real-time visibility into inventory status and movements across our sites. We believe that maintaining appropriate inventory levels helps ensure stable production and timely delivery without placing undue pressure on our liquidity.

As of December 31, 2023, 2024 and 2025, and April 30, 2026, the balances of our inventories were RMB122.2 million, RMB205.0 million, RMB256.2 million and RMB339.4 million, respectively. During the Track Record Period, the amount of inventory write-down was RMB7.4 million, RMB11.0 million, RMB10.0 million and RMB14.1 million for 2023, 2024, 2025, and the four months ended April 30, 2026, respectively. For discussion of inventory turnover metrics, please refer to “Financial Information – Discussion of Certain Key Items of Consolidated Statements of Financial Position – Inventories.”

QUALITY CONTROL

We have established a comprehensive quality control system and obtained multiple quality-related management system certifications. As of April 30, 2026, we had obtained various quality management system certifications and other related qualifications. For details, please see “– Licenses, Approvals and Permits”.

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To implement our quality management system in daily operations, we have formulated internal normative documents such as the *Inspection and Test Control Procedure* and the *Non-conformity Control Procedure*. Under these procedures, the quality management department, process engineering department, production management department and manufacturing department jointly implement quality-control measures and inspection processes at each stage from development to mass production and delivery. We organize production strictly in accordance with product standards and production technical standards and carry out quality management and quality control in accordance with these standards to ensure that our products meet customer quality requirements.

Our inspection and testing activities are organized under a group-wide quality management framework covering the full product lifecycle, from incoming materials to mass production and shipment. In accordance with our internal inspection and test control procedures, we carry out planned inspections and tests on key stages of production, including incoming materials, in-process manufacturing and finished goods, with reference to applicable national and industry standards. Through this process-oriented quality control mechanism, we seek to ensure that only products meeting our internal quality requirements are released for delivery to customers.

We have also established standardized procedures for the identification, segregation and handling of non-conforming materials and products. Once a potential quality issue is detected, the relevant items are promptly isolated and traced, and our quality and production teams organize cross-functional analysis to confirm the issue, identify root causes and formulate corrective and preventive measures. Depending on the severity and potential impact, matters may be escalated to senior management for decision-making, and in the case of material defects that may affect customer product quality, shipments are suspended and the affected customers are notified through our business team to agree on appropriate remedial arrangements. By embedding these closed-loop handling and continual-improvement mechanisms into our daily operations, we aim to prevent non-conforming products from being delivered to customers and to drive ongoing enhancement of our overall product quality.

During the Track Record Period, we did not experience any material quality disputes or claims arising from product quality issues that had a material adverse impact on our business operations.

WARRANTY

Product Returns

We accept product returns in accordance with contractual arrangements and internal policies. Our product returns contractual terms typically include: (i) eligibility, pursuant to which customers are entitled to return products where the products are found to be defective, non-conforming to agreed specifications, or excess-delivered; (ii) remedies, pursuant to which we shall repair or replace the relevant defective products within a reasonable period after the initiation of return; (iii) indemnification and set-off, pursuant to which we shall compensate customers for losses arising from non-conforming products and customers may set off such losses against payable amounts; and (iv) quality dispute resolution, pursuant to which quality disputes may be referred to a designated third-party testing institution. During the Track Record Period, the amount of product returns was RMB0.3 million, RMB0.2 million, RMB0.1 million and RMB18,000 in 2023, 2024, 2025 and the four months ended April 30, 2026, respectively. According to our internal policies, upon receipt of a return request, we will conduct verification and quality inspection procedures to determine the nature of the issues. Depending on the assessment results, customers may proceed to deliver the products back to us subject to our internal approval process. If the products are approved to be returned, the relevant department confirms the quantity of the returned products and the return shipment date with customers. Returns attributable to improper use, storage or transportation by customers are handled in accordance with relevant contractual terms.

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Warranty Services

We provide warranty services for our products in accordance with contractual arrangements and internal policies. Our contractual terms with respect to warranty typically include: (i) warranty period, pursuant to which we provide a warranty period as agreed by both parties from the date of acceptance; (ii) coverage, which extends to defects in materials, design, workmanship and specifications under normal conditions of use, but excludes damage arising from improper handling, unauthorized modification, or normal wear and tear; and (iii) remedies, under which we are obligated to repair or replace defective products within the warranty period at no additional cost to the customer. According to our internal policies, upon receipt of warranty claims, relevant departments will conduct inspection, testing and evaluation procedures to identify the causes of defects. For products confirmed to be covered under warranty, we will arrange for repair, replacement or other remedial actions in accordance with internal procedures. We have established standardized internal workflows to ensure timely and effective handling of warranty cases.

OUR INFORMATION TECHNOLOGY

We regard a robust IT backbone as essential to operational efficiency, quality control and internal governance. During the Track Record Period, we deployed a unified suite of core systems across the Group and its subsidiaries to support end-to-end processes from order intake to production and delivery, including (i) a Business Information Planning (BIP) system for integrating operational data with finance and cost accounting, (ii) a Manufacturing Execution System (MES) for shop-floor scheduling, work-order execution, WIP tracking and real-time production data capture, (iii) a Quality Information System (QIS) for inspection records, non-conformance management and CAPA with release/hold controls interfaced to inventory status, and (iv) a Product Lifecycle Management (PLM) platform managing product data and documentation across the lifecycle. We operate these systems on a unified Group instance with basic access controls and backup and recovery arrangements to facilitate consistent master data and consolidated reporting. To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, we did not experience any system incident that had a material adverse impact on our overall business operations.

OUR SUPPLIERS

We maintain a stable and diversified supplier network to support the design, development and manufacture of our imaging and non-imaging motor products. We primarily procure raw materials, including precision injection-molded parts such as bases, brackets and carriers, magnets, housings, spring plates, and other auxiliary consumables, as well as workforce services. During the Track Record Period, substantially all of our suppliers were located in China. In general, we settle with our suppliers by bank transfer or bank acceptance bills.

We operate a qualified-supplier system and multi-sourcing strategy for key materials to strengthen supply stability and cost competitiveness. We follow standardized procedures to evaluate suppliers based on factors such as production capability, quality, delivery performance and cost. These measures are designed to ensure consistent quality and reliable, timely supply for our mass-production programs.

Purchases from our largest supplier for the years/periods ended December 31, 2023, 2024 and 2025, and the four months ended April 30, 2026, accounted for 16.9%, 14.0%, 12.6% and 11.2% of our total purchase amount for the respective periods. Purchases from our five largest suppliers for the same periods accounted for 49.9%, 47.2%, 36.5% and 36.0% of our total purchases, respectively.

The following tables set forth details of our top five suppliers in each year/period during the Track Record Period:

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Suppliers	Major products/services provided to us	Year of commencement of business relationship with us	Credit terms	Purchase amount by us RMB'000	Percentage of the total purchases %
<i>For the Year Ended December 31, 2023</i>					
Supplier A ⁽¹⁾	Raw materials including base plates, carriers, brackets, etc.	2018	120 days	135,186	16.9
Supplier B ⁽²⁾	Raw materials including base plates, brackets, carriers, flexible printed circuit (FPC) and coils, etc.	2022	90 days	73,223	9.1
Supplier C ⁽³⁾	Raw materials including soft boards, FPC and coils, etc.	2021	90-120 days	70,018	8.7
Supplier D ⁽⁴⁾	Workforce services including labor services ⁽⁷⁾	2022	30 days	68,533	8.6
Supplier E ⁽⁵⁾	Raw materials including FPC and printed circuit board (PCB)	2022	90 days	52,848	6.6
Total				399,808	49.9

Suppliers	Products/services provided to us	Year of commencement of business relationship with us	Credit terms	Purchase amount by us RMB'000	Percentage of the total purchases %
<i>For the Year Ended December 31, 2024</i>					
Supplier B	Raw materials including base plates, brackets, carriers, FPC and coils, etc.	2022	90 days	200,885	14.0
Supplier D	Workforce services including labor services ⁽⁷⁾	2022	30 days	152,593	10.6
Supplier A	Raw materials including base plates, carriers, brackets, etc.	2018	120 days	129,445	9.0
Supplier F ⁽⁶⁾	Raw materials including brackets, carriers, base plates, OIS frames, etc.	2021	90 days	118,679	8.3
Supplier C	Raw materials including FPC and coils, etc.	2021	90-120 days	76,360	5.3
Total				677,962	47.2

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Suppliers	Products/services provided to us	Year of commencement of business relationship with us	Credit terms	Purchase amount by us RMB'000	Percentage of the total purchases %
<i>For the Year Ended December 31, 2025</i>					
Supplier B	Raw materials including base plates, brackets, FPC and coils, etc.	2022	90 days	222,425	12.6
Supplier C	Raw materials including FPC and coils, etc.	2021	90-120 days	126,797	7.2
Supplier A	Raw materials including base plates, brackets, carriers, etc.	2018	120 days	107,264	6.1
Supplier D	Workforce services including labor services ⁽⁸⁾	2022	30 days	101,156	5.7
Supplier F	Raw materials including OIS frames, base plates, carriers and brackets, etc.	2021	90 days	86,002	4.9
Total				643,644	36.5

Suppliers	Products/services provided to us	Year of commencement of business relationship with us	Credit terms	Purchase amount by us RMB'000	Percentage of the total purchases %
<i>For the Four Months Ended April 30, 2026</i>					
Supplier B	Raw materials including base plates, brackets, FPC and coils, etc.	2022	90 days	72,726	11.2
Supplier F	Raw materials including OIS frames, base plates, carriers and brackets, etc.	2021	90 days	46,761	7.2
Supplier A	Raw materials including base plates, brackets, carriers, etc.	2018	120 days	45,431	7.0
Supplier C	Raw materials including FPC and coils, etc.	2021	90-120 days	41,551	6.4
Supplier G ⁽⁷⁾	Workforce services including labor services ⁽⁸⁾	2024	30 days	27,133	4.2
Total				233,602	36.0

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- (1) Supplier A is a company incorporated in the PRC, principally engaged in design and manufacturing electronic components, injection molded parts, insert molding and other products, which is listed on the Shanghai Stock Exchange.
- (2) Supplier B is a company incorporated in the PRC, principally engaged in the design and development of precision instrument products, mold design and fabrication, injection molding, as well as product assembly and packaging design.
- (3) Supplier C is a company incorporated in the PRC, principally engaged in the manufacture of electronic components.
- (4) Supplier D is a company incorporated in the PRC, principally engaged in the provision of comprehensive workforce solutions.
- (5) Supplier E is a company incorporated in the PRC, principally engaged in the research, development, production and sale of printed circuit boards for use in computers, communications and other electronic equipment.
- (6) Supplier F is a company incorporated in the PRC, principally engaged in the manufacturing of electronic components.
- (7) Supplier G is a company incorporated in the PRC, principally engaged in the provision of comprehensive workforce solutions.
- (8) During the Track Record Period, we engaged Supplier D and Supplier G to provide workforce services mainly for certain manufacturing and supporting procedures, including assembly and insertion, bonding and welding, surface treatment and cleaning, quality inspection and testing, as well as certain specialized processing and marking. These services were primarily used to supplement our manpower on a temporary or project basis and to enhance operational flexibility in response to fluctuations in production demand. Both Supplier D and Supplier G are independently responsible for recruitment, personnel management, wage payments and statutory social insurance contributions. We pay service fees based on actual completed quantity. According to Frost & Sullivan, industry participants typically engage third-party service providers to achieve greater flexibility in capacity management because the industry is characterized by fluctuating production cycles driven by downstream consumer electronics demand, production schedules and seasonality, as well as maintaining a fully in-house workforce for peak production requirements may result in underutilization during off-peak periods. During the Track Record Period, the number of personnel arranged by Supplier D and Supplier G to provide services to us as of December 31, 2023, 2024 and 2025, and April 30, 2026, amounted to 1,341, 1,628, 1,886 and 1,823, respectively, representing approximately 66.0%, 38.6%, 41.2%, and 43.2% of the aggregate number of our in-house employees and workforce services staff provided by Supplier D and Supplier G as of the same dates, respectively.

As advised by our PRC legal advisor, according to applicable PRC laws, when we procure workforce services from Supplier D and Supplier G, a contractual relationship rather than an employment relationship is established between them and us. Such arrangements are governed by the PRC Civil Code and do not fall under the provisions of labor-related laws and regulations such as the PRC Labor Law or the PRC Labor Contract Law. In addition, as advised by PRC Legal Advisor, such arrangements do not constitute any use of dispatched workers by us, and the relevant rules governing labor dispatch shall not apply. The contracts between us and Supplier D and Supplier G comply with the applicable laws and regulations. Pursuant to the respective contracts entered into between us and Supplier D and Supplier G, they are required to comply with the Labour Contract Law, establish lawful employment relationships with the staff members engaged in performing the relevant services, and enter into labour contracts with such staff members. In the event that Supplier D or Supplier G breaches the aforesaid obligations, we are entitled to (i) order the breaching supplier to rectify such breach; (ii) unilaterally terminate the contract; and (iii) require the breaching supplier to pay liquidated damages and compensation. As advised by PRC Legal Advisor, the contracts between us and Supplier D and Supplier G are legally binding and enforceable, based on the aforesaid contractual provisions and the applicable PRC laws and regulations, should the relationship between Supplier D or Supplier G and their respective staff members violate the labour-related laws and regulations, the associated risks shall be borne solely by Supplier D and Supplier G, and would not result in the Company being exposed to any material risks or adverse effects.

Based on (i) written confirmation from Supplier D and Supplier G, (ii) our PRC Legal Advisor’s sample review of employment agreements between Supplier D and Supplier G and their respective employees, (iii) our PRC Legal Advisor’s sample review of the salary payment records of Supplier D and Supplier G, (iv) credit reports of Supplier D and Supplier G indicating no illegal records in respect of labour and employment, and (v) public searches, our PRC Legal Advisor is of the view that the workforce services provided by Supplier D and Supplier G and the employment relationships between the staff members and Supplier D and Supplier G during their cooperation with the Company have been in compliance with PRC labour laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date. Under the respective service agreements between the Company and Supplier D and Supplier G, the Company has the right to review the employment agreements, salary payment records, identity documents of their respective employees. During the Track Record Period, the Company generally performed such sample reviews from time to time.

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As we procured raw materials and certain services from a relatively small number of suppliers, we are subject to supplier concentration risk. For related risk, please see “Risk Factors – Risks Relating to Our Business and Industry – Our dependence on a relatively limited number of suppliers for key components and materials and termination of business relationship by our suppliers could result in supply disruptions and prevent us from delivering our products in a timely manner to our customers in the required quantities.”

During the Track Record Period, our procurement activities remained stable and aligned with our operational needs. We have established long-term and stable relationships with our major suppliers, and none of our raw materials were subject to material supply disruption. During the Track Record Period, we never experience any shortage of raw materials.

We believe we have sufficient alternative suppliers for our business that can provide us with substitutes of comparable quality and prices. During the Track Record Period, we did not experience any disruption to our business as a result of any significant supply shortage or delay. As of the Latest Practicable Date, none of our Directors, their respective close associates or any of our shareholders (who owned or to the knowledge of the Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers. To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our five largest suppliers in each year/period were Independent Third Parties.

Agreements with Suppliers

Set forth below is a summary of key terms with our suppliers:

Key Terms	Descriptions
<i>Duration and renewal</i>	The duration of the supply agreements is generally one year, with automatic renewal for one additional year unless a written notice of non-renewal is provided at least two months prior to the expiry date.
<i>Product specification</i>	The product specifications are determined in accordance with the applicable Quality Guarantee Agreement entered into by the parties and the acceptance standards specified in each purchase order.
<i>Pricing</i>	The price is determined through negotiation between both parties and finalized in each individual purchase order.
<i>Minimum purchase requirements</i>	There is no mandatory minimum purchase requirement.
<i>Payment and credit term</i>	Payment shall be made in accordance with the method agreed in each purchase order after the goods have passed inspection and been accepted, with the payment term approximately 30 to 120 days from the date of successful delivery and quality verification.
<i>Logistics</i>	Unless otherwise agreed, the supplier is required to deliver the equipment and/or parts we purchased to locations designated by us.

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Key Terms	Descriptions
<i>Return arrangements</i>	We may reject and return non-conforming, defective, or damaged goods without prior inspection, the suppliers shall replace such goods at its own cost.
<i>Termination</i>	Unilateral termination during the term is permitted only in the event of a material breach, including, the issuance of dishonored bills or checks; cessation of business or revocation of a business license by enforcement authorities; seizure by a third party that materially affects performance of this contract; insolvency; a decision to dissolve or merge; or failure to cure a breach of this contract within the period specified in a written notice.

During the Track Record Period and up to the Latest Practicable Date, save as the dispute disclosed in the subsection headed “– Legal Proceedings and Compliance – Legal Proceedings,” we did not experience any material breaches of agreements between us and the suppliers.

Supply Chain Management

During the Track Record Period, our raw materials were primarily sourced from China. We adopt a comprehensive supplier admission, assessment and exit mechanism. Our primary supplier selection criteria include product quality and reliability, technological capability, delivery performance, supply capacity, cost competitiveness, and overall operational scale. Upon receiving new procurement requirements, we conduct an internal assessment and organize site visits involving quality, R&D and engineering teams. Only suppliers that pass our evaluation process may be introduced into our supply chain.

We conduct periodic assessments of our approved suppliers’ performance. For major material categories, we generally maintain two or more qualified suppliers to ensure supply chain resilience. Actual allocation of procurement volume among approved suppliers is determined based on production requirements, order peaks and supplier performance. In cases of small-volume or project-specific procurement, we may select a single supplier for efficiency.

We have in place a supplier quality monitoring system, including periodic performance reviews, incoming quality inspections, supplier scorecards, and a structured supplier elimination mechanism. We do not allow suppliers to collect payments through third parties. We typically enter into framework procurement agreements with our suppliers, under which quality requirements, delivery terms, warranty arrangements and return/repair mechanisms are defined. No minimum purchase volume commitments are normally included in such agreements. During the Track Record Period, we did not experience material fluctuations of raw material prices.

OVERLAPPING CUSTOMERS AND SUPPLIERS

During the Track Record Period, certain of our five largest customers in each year of the Track Record Period also acted as our suppliers, or vice versa, including:

OFILM was one of our five largest customers and also one of our suppliers in 2023, 2024 and 2025, and the four months ended April 30, 2026. During the same periods, we purchased a small amount of lenses, automation equipment and other items from OFILM for testing purposes and also provided motors to it.

Supplier A, Supplier B, Supplier C were among our five largest suppliers in 2023, 2024 and 2025, and the four months ended April 30, 2026, from which we primarily purchased raw materials including precision injection-molded parts and printed circuit boards. Leveraging our industry resources, we also supplied raw materials, mainly integrated circuits, to these companies. Leveraging our accumulated supply chain resources to ensure stable supply of certain electronic components with long procurement lead

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times and subject to original manufacturer allocation management, we centrally procured the relevant raw materials and arranged for their onward sales solely for use in the production of products commissioned by us. Given our role in such transactions, we primarily provided procurement coordination services, instead of obtaining control of such raw materials, therefore, we accounted for the relevant revenue on a net basis under IFRS 15. Supplier A was one of our customers in 2023, 2025 and the four months ended April 30, 2026, Supplier C was one of our customers in 2025 and the four months ended April 30, 2026, Supplier B was one of our customers in 2023, 2024 and the four months ended April 30, 2026.

The following table sets forth the breakdown of our revenue generated from and purchase amount paid to our overlapping customers and suppliers, which was among either our five largest customers or suppliers during the Track Record Period, for the periods indicated:

	Year ended December 31,									Four Months Ended April 30,		
	2023			2024			2025			2026		
			Gross Profit			Gross Profit			Gross Profit			Gross Profit
	Revenue	Purchase	Margin ⁽¹⁾	Revenue	Purchase	Margin ⁽¹⁾	Revenue	Purchase	Margin ⁽¹⁾	Revenue	Purchase	Margin ⁽¹⁾
	RMB'000	RMB'000	%	RMB'000	RMB'000	%	RMB'000	RMB'000	%	RMB'000	RMB'000	%
OFILM	324,005	2,452	7.1	431,854	101	13.9	594,381	2,513	10.5	289,777	12	12.3
Supplier A	68	135,186	100.0	–	129,445	Nil	1,162	107,264	100.0	943	45,431	100.0
Supplier B	40	73,223	100.0	58	200,885	100.0	–	222,425	Nil	755	72,726	100.0
Supplier C	–	70,018	Nil	–	76,360	Nil	1,367	126,797	100.0	1,249	41,551	100.0

Note:

- (1) The gross profit margin herein refers to the margin derived from our sales to the relevant overlapping customers and suppliers. The gross profit margin of 100% in this table was primarily attributable to the net basis presentation. The 100% gross profit margin was purely an accounting presentation result arising from the net method of revenue recognition and did not reflect the actual profitability of the underlying transactions. Under such presentation, revenue only represented the difference between the resale price and the procurement cost of the chips, while the corresponding raw materials procurement cost was netted off against the relevant resale amount and no cost of sales was recorded, such that any residual amount presented as revenue would mechanically result in a gross profit margin of 100%. Leveraging our industry resources, we supplied raw materials, primarily integrated circuits, to these companies.

According to Frost & Sullivan, it is common to have overlapping customers and suppliers in the micro motor industry, mainly due to the multi-tier and integrated nature of the consumer electronics supply chain and the diversified business scope of certain major industry participants, who may purchase products from motor providers while also supplying certain materials, components or services to them. Our purchases from and sales to such overlapping customers and suppliers were separate processes and took place at different stages of the industry value chain, and were conducted in the ordinary course of business and on commercial terms negotiated on an arm's length basis.

INTELLECTUAL PROPERTIES

Our success and competitive advantages depend in part on our ability to develop and protect our core technologies and intellectual property. We own a portfolio of intellectual property rights, including patents, registered trademarks, copyrights and domain names in the PRC and overseas. As of the Latest Practicable Date, we held 66 registered patents which we consider to be, or may be, material to our business, including 63 registered in China, two in Japan and one in the United States. As of the same date, we also held 28 registered trademarks, one copyright and two domain names in China, which we consider to be, or may be, material to our business. Please see “Appendix IV Statutory and General Information – Further Information about Our Group – Intellectual Property Rights of Our Group” in this document for more information.

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We rely on a combination of patents, copyrights, trademark law, trade secret protection and confidentiality agreements with customers, suppliers and employees to protect our intellectual property rights. We have adopted internal rules and procedures for intellectual property management that set out employee obligations, govern invention disclosure and filing decisions, and establish reporting mechanisms to protect proprietary information. Our legal department is primarily responsible for protecting our intellectual property portfolio. We have entered into confidentiality agreements with employees who may have access to our core technologies, including project-specific confidentiality agreements and contractual confidentiality arrangements. We have also included intellectual property protection clauses in our employment arrangements, pursuant to which intellectual property created by employees in the course of their employment belongs to us. In addition, we have entered into non-competition agreements with certain key employees.

Despite our efforts, we may be subject to risks associated with alleged infringement of third parties’ intellectual property rights, or infringement of our intellectual property rights by third parties. Please see “Risk Factors – Risks Relating to Our Business and Industry – We may not be able to obtain or maintain adequate intellectual property rights protection for our core technologies and other trade secrets, which could adversely impact our business, financial performance and results of operations.” in this document. During the Track Record Period and up to the Latest Practicable Date, we had not identified breaches of our intellectual property rights which, viewed alone or in the aggregate, had a material impact on our business, results of operations or financial condition, nor had we had any material dispute or legal proceeding concerning intellectual property rights with third parties.

COMPETITION

According to Frost & Sullivan, the imaging motor market exhibits a relatively concentrated competitive landscape, with the top ten manufacturers collectively holding a majority of the market share. In 2024, the top ten manufacturers collectively accounted for approximately 57.0% of the global market share and 75.0% of the market share in China. While Japanese and South Korean enterprises continue to be key players in the global market, the industry is witnessing an acceleration of domestic substitution. Leading domestic manufacturers, including our Group, have established strong competitive advantages through technological breakthroughs, gradually eroding the historical dominance of overseas brands.

Competition in the industry is primarily driven by high technical barriers, patent constraints, and rigorous customer certification cycles. These factors favor established leaders that possess comprehensive product portfolios and high-consistency mass production capabilities. By continuously investing in R&D and diversifying into both mobile and non-mobile applications, leading market participants have secured stable customer bases and entered the supply chains of world-leading brand manufacturers, creating a significant gap between themselves and smaller competitors.

OUR PROPERTIES

Owned Properties

As of the Latest Practicable Date, we occupied one parcel of land in Japan used as R&D center, totaling approximately 999.2 sq.m. in site area. This property is utilized exclusively for non-property activities, as defined under Rule 5.01(2) of the Listing Rules.

Leased Properties

As of the Latest Practicable Date, we leased a total of 18 properties within the PRC, primarily for office use, warehouses, staff dormitories, and factories, with a combined floor area of approximately 91,671.9 square meters.

According to the applicable PRC administrative regulations, the lessor and the lessee to a lease agreement are required to file the lease agreement with relevant government authorities within 30 days after the execution of the lease agreement. As of the Latest Practicable Date, we had not registered our rental agreements for four leased properties in China with the competent authorities. As advised by our PRC Legal Advisors, the absence of registrations will not affect the validity of the lease agreements, nor

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materially and adversely affect the operations of our Company and our subsidiaries. For related risks, please see “Risk Factors – Risks Relating to Our Business and Industry – We may be subject to fines for failure to register some of our leases”. As of the Latest Practicable Date, we were not exposed to any circumstance where the loss of any single owned or leased property would have material adverse impact on our business operations.

EMPLOYEES

As of December 31, 2023 and 2024 and 2025, and April 30, 2026, we had 692, 2,593, 2,695 and 2,399 full-time employees, respectively. 98.4%, 99.5%, 99.5% and 99.3% of our employees were based in China. The following table sets forth the number of our employees categorized by function and percentage of our total number of employees as of April 30, 2026:

Function	Number of Employees	% of Total
Production	1,224	51.0
Quality Control	372	15.5
R&D	352	14.7
Sales	20	0.8
Others	431	18.0
Total	2,399	100.0%

We place a strong emphasis on attracting, retaining, and developing qualified employees. During the Track Record Period, we primarily recruited staff through on-site job fairs and recruitment websites. We offer competitive remuneration packages, including salaries, allowances, and performance-based incentives, supported by an annual performance evaluation system that informs salary levels, bonuses, and promotions. We also provide employee with on-the-job training to improve their understanding of industry standard, their professional skills and overall performance. We enter into standard labor contracts with our employees, along with confidentiality and non-compete agreements for key personnel. We believe that we maintain a good working relationship with our employees and we did not experience any significant labor disputes or any difficulty in recruiting staff for our operations during the Track Record Period.

As required under PRC labor laws, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments. For related risk, please see “Risk Factors – Risks Relating to Our Business and Industry – Failure to pay social insurance and housing provident funds for our employees in accordance with applicable laws and regulations may subject us to penalties”.

DATA PRIVACY AND CYBERSECURITY

Data privacy and cybersecurity have become key governance priorities, with PRC authorities continuing to introduce new laws and regulations in this area recently, which may subject our data collection, processing and transfer practices to increased administrative scrutiny. See “Risk Factors – Risks Relating to Our Business and Industry – Our technology infrastructure may experience unexpected system failures, interruptions, inadequacies, security breaches or cyber-attacks.” We collect operational data from store business, management and transaction, including data relating to our customers, suppliers and other relevant parties. We generally do not collect or process individual customers’ personal information. We have established a data compliance system comprising internal policies, organizational measures, employee training, and data encryption, backup and recovery arrangements to minimize the risk of data loss.

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SEASONALITY

Our results of operations are subject to seasonality, primarily reflecting smartphone launch cycles and major retail promotion periods, with imaging-related shipments generally higher in the second half of the year, although the extent of such seasonality may vary depending on product release schedules and market conditions. In particular, demand typically increases around new product launches and peak promotional periods, including October, November, Christmas and the New Year, while production scheduling may be slightly adversely affected by the Chinese New Year holiday in the first quarter. As a result, our financial performance is generally stronger in the second half of the year.

INSURANCE

We provide social security insurance for our employees. We consider our insurance coverage to be sufficient for our business operations in China. In line with general market practice, we do not maintain any business interruption insurance or key-man life insurance, which are not mandatory under PRC Laws. Please see “Risk Factors – Risks Relating to Our Business and Industry – We may not have adequate insurance coverage to fully protect us against potential liability or losses. Consequently, our business, financial performance and results of operation may be materially and adversely affected should any such liability or losses arise.” During the Track Record Period, we did not make any material insurance claims in relation to our business.

LICENSES, APPROVALS AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, we had obtained all the requisite licenses, permits and approvals from relevant authorities that are material to our operations, and such licenses, permits and approvals are still valid and in force. We renew all such material permits and licenses from time to time to comply in all material aspects with the relevant laws and regulations. We believe there is no material legal impediment to renewing such permits, licenses or approvals.

The following table sets out a list of licenses, permits and approvals that are material to our operations as of the Latest Practicable Date:

Holder	Name of License/Permit	Issue Date	Expiration Date
New Shicoh	Environmental Management System Certification ISO 14001:2015	December 10, 2024	July 27, 2026
New Shicoh	Occupational Health and Safety Management System Certification ISO 45001:2018	September 12, 2025	September 11, 2028
New Shicoh	IECQ Certificate of Conformity for Hazardous Substance Process Management IECQ QC080000:2017	September 24, 2024	May 6, 2027

AWARDS AND RECOGNITION

We received a number of awards and recognitions in connection with our business and set forth below are some of the material awards and recognitions we had received as of the Latest Practicable Date:

Award/Recognition	Award Date	Awarding Institution/Authority
National Key “Little Giant” Enterprise (Specialized, Refined, Distinctive and Innovative)	2024	Ministry of Industry and Information Technology of the PRC

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Award/Recognition	Award Date	Awarding Institution/Authority
National High-tech Enterprise Certificate	2023	Department of Science and Technology of Zhejiang Province; Department of Finance of Zhejiang Province; Zhejiang Provincial State Taxation Bureau; Zhejiang Provincial Local Taxation Bureau
Zhejiang “Science and Technology Little Giant” Enterprise	2023	Department of Science and Technology of Zhejiang Province
Key Enterprise Research Institute of Zhejiang Province	2023	Department of Science and Technology of Zhejiang Province
National “Little Giant” Enterprise (Specialized, Refined, Distinctive and Innovative)	2022	Ministry of Industry and Information Technology of the PRC
Specialized, Refined, Distinctive and Innovative Small and Medium-sized Enterprise of Zhejiang Province	2021	Department of Economy and Information Technology of Zhejiang Province
First Batch of Cloud-based Manufacturing Enterprises of Zhejiang Province	2021	Department of Economy and Information Technology of Zhejiang Province
Provincial Manufacturing Single Champion Cultivation Enterprise	2021	Department of Economy and Information Technology of Zhejiang Province
Zhejiang Provincial High-tech Enterprise Research and Development Center	2020	Department of Science and Technology of Zhejiang Province

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

Our commitment to technological innovation in precision micro motors is fundamentally linked to our dedication to sustainable and responsible growth, guided by our corporate vision to become a world-leading manufacturer and our operating philosophy that “Thinking Leads the Future, Innovation Achieves Dreams.” We plan to actively contribute to societal well-being by developing and manufacturing cutting-edge, high-efficiency motors that empower our clients to reduce energy consumption and drive the sustainable development of a low-carbon economy.

ESG Governance and Management Framework

We recognize that our business is and will be affected by ESG-related risks and opportunities, and we are therefore establishing and continually optimizing our ESG governance and risk management system. The Board of Directors (the “**Board**”) bears ultimate responsibility for our ESG strategy, governance, and performance.

Governance Structure

The Board sets our Group’s strategic direction and is responsible for evaluating and determining the Company’s ESG-related risks, ensuring the establishment and maintenance of appropriate and effective ESG risk management and internal control system. The Board will adopt the following approach to manage material ESG issues:

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|---------------------------|--|
| Identify | – Engage internal and external stakeholders (including, but not limited to, shareholders/investors, the management and employees, customers, business partners, suppliers, regulatory authorities, and community/non-governmental organizations) to identify material ESG issues. |
| Strategic Planning | – Follow the principle of “double materiality,” benchmarking against industry standards (e.g., SASB/GRI), monitoring regulatory trends, and engaging with key stakeholders. |
| Assess | – The ESG Secretariat, headed by the Company Secretary, coordinates daily liaison, organizes meetings, implements ESG Management Committee directives, and advances ESG policy implementation. ESG Working Groups execute specific ESG topics, monitor progress, and collect performance data. |
| Review | – The ESG Management Committee assesses overall ESG performance, provides recommendations, reviews the ESG Report for compliance with listing rules, and submits it to the Board for final approval. Metrics and progress against goals are reviewed to guide improved performance. |

To steer our sustainability agenda, the Board has authorized a three-tier ESG management structure: the ESG Management Committee (executive body), the ESG Secretariat, and ESG Working Groups. The ESG Management Committee identifies and manages significant ESG-related risks and opportunities, reviews ESG goals and annual work plans, and approves the ESG report. The ESG Secretariat supports daily coordination. Administration & Human Resources currently undertakes environmental and occupational health and safety responsibilities; we are building more integrated management systems.

Currently, Director remuneration does not incorporate ESG-specific metrics, but the Board will consider integrating ESG considerations into the broader evaluation framework.

Climate-Related Risks and Opportunities

As a precision motor manufacturing group with operations in China and Japan, we recognize that climate-related factors present both risks and opportunities to our operational resilience, cost structure, and market competitiveness. These stem from direct physical threats to our manufacturing and R&D sites, as well as the broader transition towards a low-carbon economy. They include potential disruptions to our production infrastructure and complex supply chains, alongside evolving regulations, technological standards, and stakeholder expectations. Proactively managing this landscape is essential to safeguarding our assets, ensuring compliance, and creating long-term value. The climate-related risks and opportunities for our Group are discussed below.

Physical Risks

Our business depends on a network of manufacturing facilities and R&D centers located in China, as well as a subsidiary in Japan. This geographical footprint makes us vulnerable to climate-related physical risks, including increased severity and frequency of acute extreme weather events such as earthquake, typhoons and floods, as well as longer-term chronic shifts like rising average temperatures.

- **Disruptions in infrastructure** – Extreme weather could damage plants and laboratories, disrupt energy and water supplies, halt production, and cause costly downtime and asset impairment.
- **Interruptions to supply chain** – Climate events can disrupt supplier operations and logistics, delaying delivery of raw materials (metals, magnets, electronic components) and specialized equipment.

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- **Rising temperatures** – Higher temperatures increase cooling demand for production equipment and facility climate control, raising operational energy costs and challenging precision engineering conditions.

Transition Risks

The global and national focus on climate change and sustainability brings forth transition risks that impact the manufacturing sector and our operations. As stakeholder awareness grows, we recognize that environmental responsibility is increasingly factored into procurement, investment, and partnership decisions. Proactively managing these risks and demonstrating performance is therefore critical to maintaining our competitive position and reputation.

- **Policy and legal changes** – Stricter emissions standards, energy efficiency benchmarks for motor products, and potential regulations on energy intensity could affect product design.
- **Market** – Customers in consumer electronics, automotive, and industrial automation increasingly incorporate ESG criteria into supplier selection. Failure to demonstrate strong environmental credentials could result in competitive disadvantages. Energy price volatility directly impacts operating expenses.
- **Reputation** – As investors, partners, and clients prioritize sustainability, a perceived lag in environmental stewardship or climate risk management could lead to reputational damage, affecting brand value and stakeholder trust.
- **Technology** – Adoption of sustainable technologies (high-efficiency equipment, energy management systems) requires capital investment and integration planning.

Mitigation of Physical and Transition Risks

To mitigate physical risks, we employ business continuity planning, reinforce critical infrastructure, diversify supplier bases where feasible, and maintain strategic inventory of key components to minimize downtime and restore operations swiftly.

For transition risks, the ESG Management Committee proactively monitors the regulatory landscape. We invest in energy efficiency measures (compressed air waste heat recovery, LED lighting) and accelerate product innovation toward high-efficiency motors, exploring green supply chain partnerships to future-proof our business model.

Environmental Policies

We regard green development as a priority for our business growth and continually strive for innovation in both production and management to instill the concept of sustainable development throughout our operations. We comply with environmental laws and regulations governing the management of hazardous materials in our manufacturing process, including their use, storage, discharge and disposal. These include, but are not limited to, laws and regulations in the following highlighted aspects: (i) general environmental protection, which includes Environmental Protection Law of the PRC (2014, Order No. 9 of the President), Environmental Impact Assessment Law of the People’s Republic of China (1997) and Regulations on the Administration of Construction Project Environmental Protection; (ii) atmospheric and climate Protection, which includes Law of the PRC on the Prevention and Control of Atmospheric Pollution (2018), and General Guideline of the Greenhouse Gas Emissions Accounting and Reporting for Industrial Enterprises (GB/T 32150-2015); (iii) water protection, which includes Water Law of the PRC (2002), Water Pollution Prevention and Control Law of the PRC (2017), Regulation on Urban Drainage and Sewage Treatment (Decree No. 641 of the State Council), Regulation on Groundwater Management (Decree No. 748 of the State Council), Regulations on the Administration of Pollutant Discharge Permits (2021), A classification administration list of pollutant discharge permitting

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for fixed pollution sources (2019) and Standards for Drinking Water Quality (GB 5749-2022); (iv) soil and land protection, which includes Soil Pollution Prevention and Control Law of the PRC (2019, Order No. 8 of the President), Soil Environmental Quality – Risk Control Standard for Soil Contamination of Development Land (On Trial) (GV 36600-2018), and Management Measures for Soil Environment of Industrial and Mining Land (On Trial) (2018); (v) waste management, which includes Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (2020), Administrative Measures for Hazardous Waste Transfer (2021), National Directory of Hazardous Wastes (2025), Standard for Pollution Control on Hazardous Waste Storage (GB 18597-2023) and Regulation on the Administration of Permitting of Pollutant Discharges (Decree No. 736 of the State Council); (vi) energy conservation and management, which includes Energy Conservation Law of the PRC (2018), Renewable Energy Law of the PRC (2009) and Energy Law of the PRC (2024).

Furthermore, our operations and sustainability commitments are guided by adherence to all applicable local laws. In Japan, our compliance framework includes, but is not limited to, the following key legislation: Basic Environment Law, Law No. 91 of 1993, Environmental Impact Assessment Law, Law No. 81 of 1997, Air Pollution Control Law, Law No. 97 of 1968, Water Pollution Control Law, Law No. 138 of 1970 Waste Management and Public Cleansing Law, Law No. 137 of 1970, Law for Promotion of Effective Utilization of Resources, Law No. 48 of 1991 and Soil Contamination Countermeasures Law, Law No. 53 of 2002.

We employ a Compliance Obligations Control Procedure to dynamically identify, acquire, and update applicable environmental laws and regulations. Adherence to these obligations is systematically verified at least annually through a Compliance Evaluation Control Procedure. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material fine, claim or administrative penalties arising from non-compliance with applicable environmental laws and regulations.

Environmental Management

Our Group’s environmental stewardship is guided by our commitment to integrate ecological and environmental protection requirements into our development strategy and corporate governance. This strategic commitment is operationalized through concrete management documents such as the SSCP-6002 Energy Saving Management Implementation Essentials (“**SSCP-6002**”) and the SSCH-0009 Solid Waste Management Regulations (“**SSCH-0009**”). We systematically identify and comply with key environmental laws and regulations. Our operational approach prioritizes waste minimization at source. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material fine, claim or administrative penalties arising from non-compliance with applicable environmental laws and regulations.

Climate Change, Greenhouse Emission, and Waste Management

During the Track Record Period, we established a governance framework guided by a dedicated Climate Change Policy and aligned with national mandates. We have committed to net-zero emissions by 2060.

Key environmental aspects (water, electricity, compressed air) are controlled via **SSCP-6002**, which defines departmental responsibilities: Administration & Human Resources formulates and supervises energy-saving management. The policy enforces air conditioner temperature standards (summer $\geq 26^{\circ}\text{C}$, winter $\leq 20^{\circ}\text{C}$), shutdown of unused equipment and lighting, independent electricity meters for departmental monitoring, and irregular usage inspections.

SSCH-0009 ensures effective waste control. Waste is strictly categorized into general, recyclable, and hazardous types per the National Hazardous Waste List. Hazardous waste is stored in dedicated isolated warehouses and handled exclusively by licensed third-party contractors. Administration & Human Resources contracts qualified disposal vendors and maintains detailed records (e.g., Hazardous Waste Disposal Record), ensuring 100% compliant disposal.

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Energy Efficiency and Emissions Management

In line with China’s carbon peaking and carbon neutrality goals, we have developed a systematized management approach through our SB-56 Energy Conservation and Emission Reduction Management Procedure (“**SB-56**”) and SSCP-6002. These procedures establish a continuous improvement cycle of “Identify, Measure, Control, Review.”

- **Identify** – Administration & Human Resources develops annual energy conservation and emission reduction plans, including targets and performance indicators approved by the General Manager. Key consumption points are identified through regular departmental inspections.
- **Measure** – Independent electricity meters are installed per department; daily meter readings track consumption and investigate anomalies. Monthly quantitative analysis is performed using the *Energy and Resource Consumption Statistical Analysis Table*.
- **Control** – Concrete initiatives mandated by SSCP-6002: mandatory AC temperature standards, shutdown of all unused lighting, office equipment, and production machinery during non-operational hours, and “switch on when using, switch off when not” for compressed air. We invest in technological upgrades (waste heat recovery, LED lighting).
- **Review** – Monthly statistical analyses and irregular inspection results are reported to management for review, validating effectiveness and driving corrective actions.

Significant Impacts on the Environment and Natural Resources

As a manufacturer of precision micro motors, our environmental footprint is primarily associated with energy consumption in production and the use of process materials. We manage these impacts through a framework of documented procedures and a commitment to continuous efficiency gains.

Our primary resource consumption is catalogued and managed as follows:

- **Energy:** Electricity is the dominant energy source, powering production equipment, facility lighting, and HVAC systems across our sites.
- **Process Materials:** Water, carbon dioxide, and nitrogen are utilized in specific motor cleaning.
- **Transportation:** Our company vehicle fleet consumes both gasoline and electricity, with a strategic shift towards increasing the proportion of electric vehicles to reduce emissions.

Also, the Group implements specific recycling and material reuse initiatives across its operations, which demonstrate practical steps toward improving material sustainability. These include recycling certain pink tray covers and trays, with a total recycling ratio of approximately 10% over the four years from 2022 to 2025. In addition, the group recycled 2,213 kilograms of waste motors in 2025 and it is estimated that 50% of the EPE foam liner will be reused in 2026.

In addition, the Group pursues environmental sustainability through several strategic measures, including prioritizing waste minimization at source, developing high-efficiency motors to support energy-saving solutions, collaborating with suppliers on low-carbon materials and service-based models to build a greener value chain, and prioritizing the procurement of degradable and eco-friendly raw materials while implementing technologies to significantly decrease the overall consumption of raw materials and chemicals.

We maintain detailed records (departmental smart meters, monthly consumption analyses) to identify improvement opportunities. Our board-approved target of net-zero emissions by 2060 and ongoing initiatives under *SSCP-6002*, *SSCH-0009* and *SB-56* demonstrate our commitment.

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Environmental Metrics and Targets

Greenhouse Gas Emissions

The following table shows our greenhouse gas emissions for the periods indicated:

Scope of Greenhouse gas emissions	Emission Sources	2023	2024	2025	Four months ended April 30, 2026
		(tCO ₂ eq.)	(tCO ₂ eq.)	(tCO ₂ eq.)	(tCO ₂ eq.)
Scope 1 emission ¹	Combustion of petrol in mobile sources	76.25	82.56	125.19	27.21
	Combustion of diesel in mobile sources	1.24	1.28	1.49	6.68
	Release of refrigerants from the operation of equipment and systems	134.91	271.40	416.54	0.01
	Assimilation of carbon dioxide through tree planting	(0.14)	(0.14)	(0.14)	(0.14)
Scope 2 emission ²	Purchased electricity ^{3,4}	12,042.65	15,734.33	23,451.91	8,257.37
Scope 3 emission ^{5,6,7}	Paper waste disposal at landfills	4.72	4.64	12.44	1.34
	Electricity used for freshwater and sewage treatment	178.02	184.24	264.57	53.46
	Category 6: Business air travel by employees ⁸	136.69	162.45	187.43	54.06
Total ⁹		12,574.34	16,440.76	24,459.44	8,400.00
Scope 1 + Scope 2 Emissions Intensity (tCO ₂ eq./Group Employee)		17.71	6.20	8.90	3.46
Total Emissions Intensity (tCO ₂ eq./Group Employee)		18.17	6.34	9.08	3.50

Note 1: As pursuant to Appendix 2 of “How to Prepare an ESG Report” set out by Hong Kong Exchanges and Clearing Limited, Scope 1 greenhouse gas emissions refer to direct emissions from equipment and operations that are owned or controlled by our Group.

Note 2: As pursuant to Appendix 2 of “How to Prepare an ESG Report” set out by Hong Kong Exchanges and Clearing Limited, Scope 2 greenhouse gas emissions refer to energy indirect emissions resulting from the generation of purchased or acquired electricity, heating, cooling, and steam consumed within our Group.

Note 3: According to The Ministry of Ecology and Environment of People’s Republic of China: Emission factor of 0.5777 tCO₂e/MWh was used for purchased electricity from the National Grid of the PRC in 2026, 2025 and 2024; Emission factor of 0.6205 tCO₂e/MWh was used for purchased electricity from the National Grid of the PRC in 2023; Emission factor of 0.5366 tCO₂e/MWh was used for purchased electricity from the National Grid of the PRC in 2022.

Note 4: According to the TEPCO ESG Data 2025 – Environmental Data: Emission factor of 0.421 tCO₂e/MWh was used for 2025 and 2024 purchased electricity from Japan; Emission factor of 0.408 tCO₂e/MWh was used for 2023 purchased electricity from Japan; Emission factor of 0.376 tCO₂e/MWh was used for 2022 purchased electricity from Japan.

Note 5: Scope 3 GHG emissions were calculated based on available emission factors referred by Appendix 2 of “How to Prepare an ESG Report” set out by Hong Kong Exchanges and Clearing Limited, as well as based on the “Technical Guidance for Calculating Scope 3 Emissions (version 1.0)” published by Greenhouse Gas Protocol, unless stated otherwise.

Note 6: Data for other categories of scope 3 emissions has not yet been collected, and our Group currently does not have the capability to conduct data collection for these categories; however, our Group shall endeavor to dedicate resources to complete scope 3 emissions disclosure in due time.

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Note 7: Due to lack of resources, our Group’s consumption of office paper and total travel distance for business travel had to be extrapolated from recent samples; however, our Group shall endeavor to keep complete records of its resource consumption in due time.

Note 8: CO2 emissions from the Group’s business air travel were reported in accordance with the International Civil Aviation Organization (ICAO) Carbon Emission Calculator.

Note 9: Total GHG Emissions may not equal total sum of emission sources due to rounding errors.

Resources Consumption

In terms of energy consumption, our Group mainly consumed electricity and petrol for business purposes during the track record period. The following table shows the breakdown of our energy consumption for the periods indicated:

	Unit	2023	2024	2025	Four months ended April 30, 2026
Electricity Consumption	kWh	19,421,213.00	27,244,511.00	40,605,312.00	14,297,235.48
Petrol Consumption	litres	28,572.38	30,936.31	46,911.49	10,196.46
Diesel Consumption	litres	451.77	465.68	541.46	2,520.82
Total Energy Consumption ¹	kWh	19,678,942.28	27,523,328.83	41,026,461.79	14,412,801.41
Total Energy Consumption Intensity	kWh/Group Employee	28,437.78	10,614.47	15,223.18	6,007.84

Note 1: Conversion factors were referred to IEA Energy Statistics Manual and 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

In addition to energy consumption, we also assess water and waste generation in our operations. The following table outlines our water usage for the periods indicated.

	Unit	2023	2024	2025	Four months ended April 30, 2026
Water Consumption	m ³	272,326.00	386,427.00	554,912.03	175,756.50
Water Consumption Intensity	m ³ /employee	393.53	149.03	205.90	73.26
Hazardous Waste Generation	kg	20,100.00	21,841.50	39,695.40	21,940.00
Hazardous Waste Generation intensity	Kg/million pieces of production	126.25	109.09	167.06	361.19
Hazardous Waste Generation intensity	kg/employee	29.05	8.42	14.73	9.15
Non-Hazardous Waste Generation	kg	108,000.00	108,000.00	111,650.00	36,890.00
Non-Hazardous Waste Generation intensity	Kg/million pieces of production	678.37	539.44	469.88	607.30
Non-Hazardous Waste Generation intensity	kg/employee	156.07	41.65	41.43	15.38

Industry Peer Comparison

We have selected Lens Technology Co., Ltd. (6613.HK) and AAC Technologies Holdings Inc. (2018.HK) as our ESG performance peers. This selection provides a meaningful and relevant comparison within the high-precision components manufacturing ecosystem serving the global consumer electronics industry.

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Both operate within the high-precision components manufacturing ecosystem serving global consumer electronics brands. All three entities are critical suppliers to leading smartphone and consumer electronics companies, facing comparable ESG challenges including energy-intensive precision manufacturing, supply chain management, and resource efficiency. The following table compares relevant environmental data from the above-mentioned industry peers of our Group over their three most recently completed reporting periods.

Data	Company	Unit	2023	2024	2025
Scope 1 + Scope 2 emissions	Group		12,254.91	16,089.43	23,995.00
	AAC Technologies Holdings Inc (“AAC”)	tCO ₂ e	641,012.00	732,586.00	748,720.00
	Lens Technology Co., Ltd (“Lens”)		2,391,671.06	2,639,168.42	2,567,119.80
Scope 1 + Scope 2 emissions intensity	Group		17.71	6.20	8.90
	AAC ¹	tCO ₂ e/employee	21.42	19.65	17.97
	Lens ²		17.89	19.33	17.62
Energy consumption	Group		19,678,942.28	27,523,328.83	41,026,461.79
	AAC	kWh	1,097,723,644.00	1,354,407,084.00	1,458,726,388.89
	Lens		4,140,715,000.00	4,515,729,000.00	5,257,274,370
Energy consumption intensity	Group		28,437.78	10,614.47	15,223.18
	AAC ¹	kWh/employee	36,686.17	36,337.49	35,003.27
	Lens ²		30,975.99	33,082.26	36,087.08
Water consumption	Group		272,326.00	386,427.00	554,912.03
	AAC	m ³	11,598,835.00	13,882,444.00	13,727,878.00
	Lens		26,769,917.00	31,071,974.00	18,227,087.00
Water consumption intensity	Group		393.53	149.03	205.90
	AAC ¹	m ³ /employee	387.64	372.45	329.40
	Lens ²		200.26	227.63	125.11
Hazardous Waste Generation	Group		20,100.00	21,841.50	39,695.40
	AAC ³	kg	11,598,000.00	14,316,000.00	12,708,000.00
	Lens		7,399,330.00	10,012,460.00	9,993,670.00
Hazardous Waste Generation intensity	Group		29.05	8.42	14.73
	AAC ¹	kg/employee	387.61	384.08	304.94
	Lens ²		55.35	104.88	68.60
Non-Hazardous Waste Generation	Group		108,000.00	108,000.00	111,650.00
	AAC	kg	12,663,000.00	16,163,000.00	19,470,000.00
	Lens		186,159,280.00	194,340,220.00	195,586,520.00
Non-Hazardous Waste Generation intensity	Group		156.07	41.65	41.43
	AAC ¹	kg/employee	423.20	433.64	467.20
	Lens ²		1,392.63	1,423.74	1,342.56

Note 1: Since intensities at AAC are expressed in terms of “per RMB100 million of revenue”, intensities have been recalculated to be expressed in terms of “per employee” for easier comparison, with employee figures referenced from the ESG report of the corresponding reporting year.

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Note 2: Since Lens did not calculate intensities, they have been expressed in terms of “per employee” for easier comparison, with employee figures referenced from the ESG report of the corresponding reporting year.

Note 3: Total hazardous waste generation at AAC is presented as “Hazardous chemicals generated” in their sustainability report.

Based on the available environmental data for 2023–2025, our Group demonstrates a significantly lower absolute environmental footprint than both peers across all categories (Scope 1 & 2 emissions, energy, water, waste). This is primarily attributable to our smaller operational scale.

When normalised per employee, our performance shows a clear leadership position in emissions intensity, consistently lower than both peers across all three years, indicating a carbon-efficient operational model. In energy consumption intensity, we maintain a leadership position across all three years, with our 2024 and 2025 figures remaining the lowest among peers, reflecting sustained efficiency gains. For water consumption intensity, while our 2024 and 2025 performance substantially outperforms AAC, we remain above Lens Technology across all periods; our intensity improved markedly from 2023 to 2024 before a slight increase in 2025, likely influenced by differences in production processes, facility age, or pace of technology implementation. For waste generation intensity, we demonstrate unequivocal leadership in both hazardous and non-hazardous waste, with intensities that are substantially lower than both AAC and Lens across all three years. Hazardous waste intensity saw a sharp reduction from 2023 to 2024, and while it experienced a modest uptick in 2025, it remains significantly below peer levels, demonstrating effective management and continuous improvement.

We acknowledge that intensity differences are influenced by operational scale, product mix, vertical integration, and maturity of ESG initiatives. As we scale, we are committed to leveraging established management systems to achieve and maintain leading environmental performance relative to industry peers.

Environmental Targets and Plans to Achieve Targets

We recognize the significance of safeguarding the environment and fostering sustainability. With a focus on environmental responsibility and minimizing our environmental footprint, our Group has established environmental targets that align with our overall business strategy and objectives. These targets undergo regular review and updates to ensure ongoing enhancements in our sustainability practices. Through the establishment of these targets, we aim to demonstrate our dedication to environmental protection by proactively adopting measures to mitigate our environmental impact.

Category	Targets for the next 10 years	Plans to achieve targets
GHG emissions¹	Reduce total Scope 1 + Scope 2 greenhouse gas emission intensity by 10% within 10 years, with the year ended December 31, 2024 as the base year.	- Actively improve energy efficiency to reduce GHG emissions from fuel usage and purchased electricity consumption; - Conduct research and explore sustainable technologies and practices to minimize our carbon footprint; and - Collaborate with industry organizations to develop sustainable solutions.

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Category	Targets for the next 10 years	Plans to achieve targets
Energy efficiency	Reduce total energy consumption intensity by 10% within 10 years, with the year ended December 31, 2024 as the base year.	• Purchase energy-efficient equipment, electronic appliances and devices throughout the whole Group; • Continuously monitor the energy consumption of our offices; • Train and educate employees to turn off unnecessary and idling equipment, electronic appliances, and devices; and • Explore feasibility of installing new solar photovoltaic power stations at our facilities.
Water efficiency	Reduce water consumption intensity by 10% within 10 years, with the year ended December 31, 2024 as the base year.	• Increase awareness among employees for water conservations; • Implement wastewater recycling infrastructure and systems at our facilities, and • Prioritize energy-efficient infrastructure and architecture to reduce water use.
Waste generation	Reduce hazardous and non-hazardous waste generation intensity by 10% within 10 years, with the year ended December 31, 2024 as the base year.	• Phase out and replace outdated machinery with new, environmentally-friendly equipment designed to minimize hazardous waste generation; • Prioritize the procurement and use of degradable and eco-friendly raw materials and chemicals across all production processes; and • Implement strategies and technologies designed to significantly decrease the overall consumption of raw materials and chemicals.

Note 1: During the Track Record Period and up to the Latest Practicable Date, our Group only completed 1 out of 15 categories of Scope 3 emissions disclosures. While we endeavour to dedicate resources to complete scope 3 emissions disclosure in due time, since any reduction targets set for Scope 3 emissions would quickly become outdated as we implement disclosures for other categories of Scope 3 emissions, we have decided to forego setting Scope 3 emissions reduction target for the time being.

Furthermore, in pursuit of social responsibility, and to align with the China’s Dual Carbon 3060 plan, which aim to achieve carbon emissions peak before 2030 and carbon neutrality by 2060, our Group has set the target of becoming carbon neutral by 2060. To reach this target, our Group may purchase carbon certificates, plant more trees, as well as commit to other sustainable measures to sequester any GHG emissions that are unavoidable.

Social Policies

Human Resources

Our Group has strictly complied with the relevant laws and regulations to ensure employees’ interests are protected. These include, but are not limited to the following: Labor Law of the PRC, Labor Contract Law of the PRC, Regulations on Paid Annual Leave for Employees, PRC Law on the Protection of Disabled Persons, Trade Union Law of the PRC, PRC Law on the Protection of Women’s Rights and Interests, Special Rules on the Labor Protection of Female Employees and Provisions on the Prohibition of Using Child Labor.

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In addition to compliance with laws and regulations, we have adopted policies on compensation and dismissal, equal opportunities, diversity, anti-discrimination, training and development and other benefits and welfare which include: Fair compensation aligned with job value, capability, and performance; performance-based salary, bonuses, project allowances, Compensation linked to individual performance appraisal to promote meritocracy, Termination procedures compliant with labor laws and employment contracts, Recruitment based on merit, focusing on industry experience and educational background, Clear mechanisms for promoting high-performing employees and internal career development paths in R&D and advanced manufacturing, Equal opportunities regardless of race, nationality, gender, or other protected characteristics; prohibition of discrimination, harassment, and retaliation, Comprehensive benefits: statutory social insurance, paid leave, regular health checkups, holiday benefits, and Safe and healthy workplace; supportive organizational culture with employee celebrations.

We make sure to effectively communicate our human resources management system, salary management system, reward and punishment system, and code of conduct to our employees. Furthermore, we uphold a culture of equality, diversity, innovation and zero tolerance for discrimination, fostering a transparent and trusting environment that values honesty and inclusiveness.

See below for the detailed breakdown of our workforce as of the date indicated:

Total Workforce as of:	As of April 30, 2026
<i>By Gender</i>	
Male	1,595
Female	804
<i>Total</i>	2,399

Occupational Health and Safety

Our Group strives to provide and maintain a safe and healthy working environment whilst complying with all applicable laws, regulations, and standards. These include, but not limited to the following: Labor Contract Law of the PRC, Law of the PRC on the Prevention and Treatment of Occupational Diseases and Work Safety Law of the PRC.

We are committed to providing a safe and healthy workplace for our employees, implementing effective management practices to prevent and reduce occupational hazards and risks associated with our precision manufacturing operations. We have established a dedicated Occupational Health Control Procedure with stated purpose of strengthening occupational health management, implementing a “Safety first, with prevention as the priority” policy to eliminate hazards at the source and prevent or reduce safety incidents. Our approach is demonstrated through concrete, procedural measures across our operations.

Accountability for occupational safety and health is clearly delineated. The Environmental, Health, and Safety (“EHS”) unit within the Administration & Human Resources Department serves as the responsible entity for organizing hazard assessments, occupational disease prevention plans, and health surveillance programs. Correspondingly, the Production/Manufacturing Department is charged with the daily execution of these plans, conducting routine monitoring of workplace hazards, and ensuring the provision and proper utilization of necessary personal protective equipment (“PPE”).

Supply Chain Management

We integrate sustainability and ethical considerations into our supply chain management. This aims to enhance the overall sustainability and resilience of our supply chain, as well as the competitiveness of both our company and our suppliers.

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Our foundational approach to supplier social responsibility is systematic and governed by clear policy. The Corporate Social Responsibility Management Manual establishes formal procedures to ensure that suppliers and subcontractors understand and are encouraged to improve their social responsibility performance. A critical contractual step requires all suppliers and subcontractors to sign a formal Social Responsibility Commitment Letter prior to order placement, pledging compliance with local labor laws and SA8000 standards. This commitment is actively monitored and enforced through a structured process. The Resource Development & Purchasing Department maintains detailed social responsibility profiles for suppliers and conducts a minimum of annual on-site audits to evaluate performance and verify the implementation of corrective actions. We enforce a zero-tolerance policy for severe violations, stating that business relationships will be terminated immediately with suppliers found to be deliberately utilizing child or forced labor.

In line with our commitment to reduce our environmental footprint, we prioritize local suppliers for raw materials and other supply needs where feasible, actively seeking to reduce carbon emissions associated with transportation. Furthermore, concerning the environmental and safety attributes of incoming materials, we implement a two-stage control process: (1) potential suppliers are required to submit qualified third-party HSF (Hazardous Substance Free) & RoHS (Restriction of Hazardous Substances) test reports before onboarding, which are updated annually; and (2) our Incoming Quality Control (IQC) department conducts ongoing monitoring of materials for RoHS compliance.

This supplier management framework is a key component of our strategy to address indirect environmental and social impacts and also serves as the primary mechanism to influence and mitigate risks within our supply chain. Through this integrated approach of selective sourcing, contractual safeguards, and performance management, we maintain a governance system to manage ESG-related risks associated with our external partners. During the Track Record Period, there were no quality feedback incidents, and no non-compliant suppliers were identified or reported based on our checks.

Product Responsibility

We have implemented a comprehensive quality management system to ensure product quality and customer safety from development to delivery and post-market surveillance. This system is designed to meet regulatory and customer requirements. Our customer-centric approach is supported by formal procedures for handling feedback, investigating incidents, and implementing corrective actions. These procedures serve as our core mechanism for providing remedies in the event of any product-related issues, encompassing health and safety concerns, performance deviations, or labelling discrepancies. The structured process from emergency containment to root cause analysis and systemic correction ensures effective remediation and prevention of recurrence.

As a B2B manufacturer, our primary interactions are with professional clients. We engage in collaborative technical dialogue focused on product performance, application support, and continuous improvement. To ensure transparency and joint quality control, we adhere to strict Product Change Notification (“PCN”) management protocols required by our clients. Any changes to product design, material, manufacturing process, or even packaging that could potentially affect form, fit, function, quality, or reliability are formally communicated to and approved by the customer through the PCN process before implementation. This practice embodies our commitment to responsible partnership and shared product integrity.

Cybersecurity and Data Privacy Protection

Our Group has complied with all applicable laws and regulations regarding data security. These include, but not limited to the following: Cybersecurity Law of the PRC and Personal Information Protection Law of the PRC.

In addition to compliance with laws and regulations, our Group has implemented information security measures to protect our operational and research data. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any major cybersecurity incident.

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The data we collect and process is primarily related to our business operations, including employee information, customer and supplier contract data, and proprietary research and development information. For any processing of personal information, we adhere to the principles and requirements of the Personal Information Protection Law.

Our technical and organizational measures for data security are integrated into our operational management. Employees are subject to confidentiality obligations as part of our standard governance.

Anti-Corruption

Our Group regards strict compliance with all applicable laws and regulations as the cornerstone of sustainable and ethical business operations. Our Group requires that all employees conform to the Law Against Unfair Competition of the PRC, Criminal Law of the PRC, and other laws, regulations, and regulatory documents related to commercial bribery.

This commitment is upheld through an internal governance framework designed to promote integrity and accountability. We have established a comprehensive set of institutional policies, including the Business Ethics and Conduct Management Procedure, the Anti-Corruption and Anti-Bribery Control Procedure, the Conflict of Interest Management System, and the Anti-Money Laundering Management Measures. These policies establish clear standards of conduct for preventing bribery, managing conflicts of interest, and combating money laundering. Oversight responsibilities are integrated into our management structure, with the Internal Audit Department assigned monitoring and investigative duties, and a dedicated Anti-Corruption Supervision Group and Anti-Money Laundering (“AML”) Leadership Group established for ongoing oversight.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time be involved in legal, arbitration or administrative proceedings arising from the ordinary and usual course of our business. In May 2026, one of our suppliers, who was not one of our top five suppliers during the Track Record Period, initiated a lawsuit against us in relation to a dispute arising from a raw materials purchase contract.

The claim arose from purchase orders we placed with the plaintiff upon a customer’s instruction to procure raw materials, in order to fulfill individual purchase orders for a specific product model among the various models under our cooperation with this customer. This customer cancelled such confirmed orders after we placed the orders for raw materials with the plaintiff, resulting in the underlying dispute with our supplier. As advised by our PRC Legal Advisor, the relevant customer’s unilateral cancellation constituted a breach of contract, and we are entitled to pursue the relevant customer for such breach and claim compensation for losses suffered by us as a result.

In May 2026, the court approved the plaintiff’s application for property preservation and restricted a portion of funds in our bank accounts as a provisional measure. According to our PRC Legal Advisor, the court-ordered property preservation is a temporary procedural measure under PRC civil procedure law to prevent potential asset dissipation pending resolution of the dispute; it does not reflect any judgment on the merits of the case and was granted solely on the basis of the plaintiff’s application, which satisfied the applicable procedural requirements. As advised by our PRC Legal Advisor, such measures do not imply the court’s support for the plaintiff’s claims in any way as the substantive issues of the dispute remain to be adjudicated during the trial.

Based on the court documents received, the plaintiff claims payment for goods and compensation for losses in an aggregate amount of approximately RMB12.2 million, as well as the relevant litigation costs. As of the Latest Practicable Date, the litigation remained at a preliminary stage, and no court judgment on the merits had been issued. In connection with this litigation, we recorded a provision of RMB12.2 million and recognized a corresponding other receivable of RMB12.2 million from the relevant customer as of April 30, 2026. Meanwhile, we are in active communication with the relevant customer to seek a commercial resolution regarding this supplier dispute, while reserving our legal rights under the relevant agreements.

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Having considered, among others, the preliminary stage of the matter, the contractual and commercial nature of the dispute, and the total claimed amount, our Directors believe and our PRC Legal Advisor is of the view that such dispute would not have a material adverse impact on our business operations.

Save as disclosed, during the Track Record Period and up to the Latest Practicable Date, we had not been a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against our Group or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Compliance

Social Insurance and Housing Provident Fund Contributions

Failure to Make Full Contributions to Social Insurance and Housing Provident Fund

During the Track Record Period, we failed to make full contributions to social insurance and housing provident fund for certain of our employees in accordance with the relevant PRC laws and regulations. During the Track Record Period, the shortfall amounts were approximately RMB3.6 million, RMB4.0 million, RMB11.8 million and RMB9.8 million in 2023, 2024, 2025, and the four months ended April 30, 2026, respectively. Such shortfall was primarily attributable to: (i) the relatively high turnover of our production workforce, which resulted in practical challenges in ensuring timely and complete enrolment and contributions for all affected employees; and (ii) requests from certain employees that we do not to make full contributions on their behalf, including due to their preference not to bear the employee portion of the statutory contributions.

According to applicable PRC laws and regulations, we may be required by relevant regulatory authorities to make up the outstanding amount of social insurance prior to a stipulated deadline and may also be subject to an additional late payment penalty at a daily rate of 0.05% of the shortfalls. We estimate that in the event that we were ordered by relevant authorities to make up for the shortfalls of social insurance contributions during the Track Record Period, the maximum late payment fees would be approximately RMB2.03 million as of April 30, 2026. In the event that we still fail to make such contributions and payments by the deadline provided by the relevant authorities, we may be liable to a penalty of one to three times of the outstanding contribution amount.

According to applicable PRC laws and regulations, the relevant government authorities may demand that we pay the outstanding housing provident fund contributions by a stipulated deadline. Enforcement actions may be taken against us according to rulings of relevant PRC courts if we fail to rectify by that deadline. However, no late payment fees are provided in relevant regulations for housing provident fund contributions.

As advised by our PRC Legal Advisor, the Interpretation No. 2 aligns with the regulatory requirements set forth in the Labor Contract Law, which took effect on July 1, 2013; and therefore, the release of Interpretation No. 2 will not impact our compliance with PRC social insurance-related laws and regulations. If employees for whom we did not make full social insurance contributions file lawsuits to assert the termination of their labor contracts and seek compensation, we may face a loss of workforce. During the Track Record Period and up to the Latest Practicable Date, we had not received any material complaints or notices of lawsuits from employees in this regard requesting to terminate their labor contract and seek economic compensation. In addition, we will make full social insurance and provident fund contributions for relevant employees when required by relevant authorities. Therefore, we do not expect the release of the Interpretation No. 2 to have any material adverse impact on our results of operations or financial condition. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material administrative penalties in relation to our failure to make full contributions to social insurance and housing provident fund.

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Our PRC Legal Advisor are of the view that the likelihood that the relevant social insurance and housing provident fund authorities would require us to pay for the shortfall of social insurance and housing provident fund or impose administrative penalties on us due to our failure to make full payment of the social insurance and housing provident fund is remote, on the basis that: (i) we have not received any notifications from the relevant authorities requiring us to pay the shortfalls, (ii) we have not been subject to any administrative penalties relating to inadequate contributions of social insurance and housing provident fund during the Track Record Period and up to the Latest Practicable Date, (iii) no material employee complaints were received, nor were any disputes raised regarding such payments, (iv) the relevant government authorities confirmed that they generally would not proactively take enforcement actions against us, and (v) we undertake to pay any shortfall within the prescribed time period upon request by relevant government authorities or upon the complaint by any affected employee. Accordingly, no provision was made for the shortfall in our social insurance and housing provident fund contributions during the Track Record Period. Our Directors are of the view that such failure to make full contributions to social insurance and housing provident fund for certain employees will not have a material adverse impact on our business operations, financial condition or results of operations as a whole.

Our PRC Legal Advisers are of the view that the labor security supervision authorities and the housing provident fund authorities in the relevant jurisdictions are competent to address enquiries regarding employers’ compliance with social insurance and housing provident fund contribution obligations. Based on interviews and consultations conducted in June to December 2025, they obtained confirmations from the relevant authorities in Jiashan (嘉善), Chaohu (巢湖) and Shanghai (上海) (including the Qingpu (青浦) and Songjiang (松江) districts) that, under normal circumstances, the relevant authorities do not proactively conduct inspections on employers’ compliance with social insurance and housing provident fund contribution obligations.

The non-compliance in relation to the failure to make full contributions to social insurance and housing provident fund did not involve any of our Directors or senior management members. As advised by our PRC Legal Advisor, our Directors shall not be subject to any penalties for this non-compliance. During the Track Record Period and up to the Latest Practicable Date, we have taken and will continue to take measure to improve the situation, including: (i) our Department of Human Resources will oversee the declaration and contribution of our social insurance and housing provident fund; (ii) we will enhance staff training programs, including compliance-related training for employees; (iii) we will improve awareness of laws and regulations and regularly monitor the latest developments in the laws and regulations related to social insurance and housing provident fund in China; (iv) we will regularly consult with our legal advisors in China to obtain advice on relevant Chinese laws and regulations in order to keep abreast of related regulatory updates; (v) if relevant authorities require us to make full contributions for social insurance and housing provident fund in the future, we will complete such contributions in accordance with applicable laws and regulations within the stipulated timeframe and will adopt corresponding remedial measures to avoid any administrative penalties.

Failure to Register Certain Leased Properties

As of the Latest Practicable Date, we had not registered our rental agreements for four leased properties in China with the competent authorities, which was primarily attributable to non-cooperation of the lessors in registration process as required. The Directors are of the view that such non-registration will not have any material adverse effect on our business, financial condition and results of operations.

Pursuant to the Administrative Measures for the Leasing of Commodity Housing (《商品房屋租賃管理辦法》), the parties to a lease agreement are required to complete the registration and filing procedures with the competent construction (real estate) authorities of the municipality, city or county where the leased properties are located within 30 days after the execution of the relevant lease agreements. Where the aforesaid requirements are not complied with, the relevant authorities may order rectification within a prescribed period. If the relevant entity fails to rectify within such period, it may be subject to an administrative fine ranging from RMB1,000 to RMB10,000.

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As of the Latest Practicable Date, there were four leased properties of our Group that had not completed the relevant registration and filing procedures. Based on the applicable laws and regulations, the maximum potential administrative penalty in respect of such non-compliance is approximately RMB40,000.

As advised by our PRC Legal Advisor, failure to register these lease agreements does not affect their legal validity and if the lease registration is completed within the prescribed time limit ordered by competent government authorities, the risk of government authorities imposing any penalty on us with respect to these leased properties is remote.

The non-compliance in relation to the failure to complete registration procedures for certain leased properties did not involve any of our Directors or senior management members. As advised by our PRC Legal Advisor, our Directors shall not be subject to any penalties for this non-compliance. During the Track Record Period and up to the Latest Practicable Date, no administrative penalties had been imposed on us in respect of the aforesaid non-compliance. We have taken and will continue to take proactive measures to rectify the aforesaid non-compliance. In particular, we have actively communicated and coordinated with the relevant lessors and will, to the extent practicable, request and urge them to cooperate with us in completing the relevant registration and filing procedures in accordance with applicable laws and regulations.

Sanctions and Export Controls

Overview

In the course of our business operations, we primarily engage in domestic transactions and may from time to time interact with a few overseas customers and suppliers. As a result, our operations may be subject to economic sanctions, export control laws and regulations, and other trade restrictions imposed by certain jurisdictions, including the United States, the United Nations, the European Union, the United Kingdom and Australia.

In accordance with the requirements set out in Chapter 4.4 of the Guide for New Listing Applicants, we have engaged the International Sanction Legal Adviser to conduct an analysis on whether our business activities are subject to, or exposed to material risks under, applicable sanctions regimes and export control laws.

Export Control Compliance

Our principal products consist of micro motors manufactured in the PRC and primarily used in smartphones, imaging devices, unmanned aerial vehicles, robotics, smart home devices and automotive electronics.

In particular:

- our products do not incorporate controlled U.S.-origin components, nor are they bundled with controlled U.S.-origin software;
- our manufacturing equipment is primarily sourced from suppliers located in the PRC, with certain testing equipment sourced from non-U.S. jurisdictions (i.e. Japan), and we do not use any U.S.-origin production or testing equipment in our manufacturing processes;
- we primarily use software developed in the PRC or internally developed software for operational and management purposes, and only use limited software of U.S. origin, including general-purpose office software, word-processing tools and web browsers. Such software generally does not require a license for export to the PRC and is neither listed on the Commerce Control List nor captured within the product scope of the foreign direct product rules under the U.S. Export Administration Regulations (“**EAR**”); and

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- we do not use U.S.-origin electronic design automation (“**EDA**”) software or other controlled U.S.-origin software or technology in our research, design or production processes.

Based on the foregoing, our International Sanction Legal Adviser is of the view that our products are generally not subject to the EAR, unless specific foreign direct product rules under the EAR are triggered in exceptional circumstances, and under our current business model, technology stack and manufacturing arrangements, our products do not fall within the scope of such rules.

Transactions with Relevant Entities

During the Track Record Period, we conducted transactions with five entities (“**Relevant Entities**”) that have been included on the U.S. Bureau of Industry and Security’s Entity List (“**Entity List**”), which were added to the Entity List on May 16, 2019 and subsequently designated with a footnote on May 15, 2020. The Relevant Entities are members of Customer B, our third largest customer in 2023. One of the Relevant Entities is also included on the U.S. Non-SDN Chinese Military-Industrial Complex Companies List (“**NS-CMIC List**”) and the Chinese Military Companies List (“**CMC List**”), having been designated on both lists on June 3, 2021. The revenue generated from direct sales to the Relevant Entities amounted to RMB113.8 million, RMB2.7 million, RMB2.4 million and RMB19.9 million for 2023, 2024, 2025 and the four months ended April 30, 2026, respectively, representing 13.3%, 0.2%, 0.1% and 2.9% of our total revenue for the same periods. During the Track Record Period, we conducted both direct transactions with, and indirect sales through module manufacturers to, Customer B. The revenue attributable to product models designed for Customer B amounted to RMB115.5 million, RMB486.5 million, RMB552.6 million and RMB376.8 million for 2023, 2024, 2025, and the four months ended April 30, 2026, respectively, representing 13.5%, 31.1%, 28.2% and 54.3% of our total revenue for the same periods, which include sales not only to the Relevant Entities, but also to other entities within Customer B’s group.

Our sales were conducted either directly with contractual counterparties or indirectly through module manufacturers. In assessing export control implications, we have considered both direct transactions and indirect sales to the extent known to us based on commercial documentation. As advised by our International Sanction Legal Adviser, when assessing whether the Company’s transactions with the Relevant Entities are subject to the EAR, the applicable Entity List footnote designations should be taken into account, in particular in relation to the Entity List Foreign Direct Product (“**FDP**”) Rule, given that the Company’s products are manufactured in China outside the United States. Under the Entity List FDP Rule, an item will be subject to the EAR only if both the “product scope” and the “end-user scope” conditions are satisfied. Although Relevant Entities fall within the “end-user scope” of certain FDP rules under the EAR, our products sold to the Relevant Entities are periscope motors manufactured in the PRC using our own technology and do not incorporate any U.S.-origin controlled technology, software or components. Hence, such products are not the direct product of U.S.-origin controlled technology or software specified under Section 734.9(e)(1) of the EAR, nor are they produced by a plant or major component of a plant that is itself the direct product of such U.S.-origin controlled technology or software. The “product scope” conditions required for the application of the relevant export control rules are not satisfied. Accordingly, our International Sanction Legal Adviser is of the view that the products supplied by us to such entities are not subject to the EAR, and our transactions with such customers do not constitute violations of applicable U.S. export control laws.

Economic Sanctions Compliance

Based on our current business operation:

- neither we nor any of our subsidiaries, directors, senior management members or controlling shareholders has been designated on the U.S. Office of Foreign Assets Control (“**OFAC**”) Specially Designated Nationals and Blocked Persons List (the “**SDN List**”), nor on any comparable sanctions lists maintained by the United Nations, the European Union, the United Kingdom or Australia;

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- we do not operate in, nor have we exported products or provided services to, any countries or regions subject to comprehensive economic sanctions; and
- none of our customers (including the Relevant Entities), suppliers or other material business partners has been identified as a designated person under the SDN List or other similar sanctions lists maintained by the United Nations, the European Union, the United Kingdom or Australia.

During the Track Record Period, we conducted transactions with two entities designated on both the NS-CMIC List and the CMC List on June 3, 2021, one of which is one of the Relevant Entities mentioned above, and one entity designated on the CMC List on 6 January 2025, which is controlled by End Customer B. The revenue generated from direct sales to these three entities amounted to RMB0.1 million, RMB0.2 million, RMB3.2 million and RMB7.5 million for 2023, 2024, 2025 and the four months ended April 30, 2026, respectively, representing 0.0%, 0.0%, 0.2% and 1.1% of our total revenue for the same periods. During the Track Record Period, we conducted both direct transactions with, and indirect sales through module manufacturers to, Customer B and End Customer B. The revenue attributable to product models designed for Customer B and End Customer B amounted to RMB132.3 million, RMB554.8 million, RMB889.1 million and RMB512.4 million for 2023, 2024, 2025 and the four months ended April 30, 2026, respectively, representing 15.5%, 35.5%, 45.4% and 73.8% of our total revenue for the same periods, which include sales not only to the entities on the CMC List, but also to other entities within Customer B's group and End Customer B's group. These lists primarily give rise to certain transaction restrictions involving U.S. Department of Defense, or U.S. investment-related restrictions applicable to U.S. persons. As we are not U.S. persons, and designation on NS-CMIC list and CMC list does not prohibit provision of commercial products by non-U.S. persons, our International Sanction Legal Adviser is of the view that such restrictions do not apply to our ordinary course sales of products, and our transaction with the entities on the CMC list and NS-CMIC list does not trigger the application of such restrictions.

Based on the above information, our International Sanction Legal Adviser is of the view that the Group's business operations and transactions, including those conducted with the Relevant Entities during the Track Record Period, do not constitute any Primary Sanctioned Activity or Secondary Sanctionable Activity under applicable sanctions and export control laws and regulations.

Risk Factors and Forward-Looking Considerations

Although our exposure to sanctions and export control risks is relatively remote under the current legal and regulatory framework and our existing business operations, there can be no assurance that applicable laws, regulations, policies or enforcement practices will not change in the future.

If international sanctions regimes or export control regulations are further expanded or tightened, or if there are changes in our customer base, technology routes or supply chain arrangements, our business operations, financial condition and results of operations may be adversely affected. Please see “Risk Factors – Risks Relating to Our Business and Industry – Changes in international trade policies, geopolitics and trade protection measures, export control and economic or trade sanctions may materially and adversely affect our business, financial condition and results of operations.” We will continue to monitor relevant regulatory developments and enhance our internal compliance procedures and counterparty screening measures as appropriate.

Tariffs and Trade Barriers

During the Track Record Period, the majority of our revenue was derived from sales to customers located in the PRC. To a lesser extent, we also sold products to customers in South Korea, Singapore, Thailand and Japan. Generally, our products exported to these jurisdictions are subject to standard import tariffs and customs duties applicable to the relevant classification of goods. During the Track Record Period, we incurred tariff costs of RMB0.8 million, RMB0.8 million, RMB1.0 million and RMB0.3 million in 2023, 2024, 2025 and the four months ended April 30, 2026, respectively. We are not currently subject

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to any specific anti-dumping duties, countervailing duties, or punitive tariffs imposed by the United States or other jurisdictions that would materially affect our results of operations. However, international trade policies are subject to change. If major jurisdictions were to impose significant new tariffs or non-tariff barriers on our products, it could impact the competitiveness of our pricing in those markets. For further details of regulatory developments relevant to our business, please refer to “Regulatory Overview – Export Control and Sanctions Regulations”. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material adverse change in our revenue or financial condition as a result of the relevant additional tariffs. We had also not received any request from our customers to cancel orders, reduce purchases or renegotiate sales terms due to the relevant additional tariffs.

Regarding our supply chain, we primarily source raw materials and equipment from suppliers located in the PRC. During the Track Record Period, we did not import any raw materials directly from the United States. Based on our current production and operational activities, we have procured certain office software originating from the United States through authorized PRC distributors, however, none of such procurements requires prior authorization or a licence from any U.S. authorities. Consequently, tariffs imposed by the PRC government on U.S.-origin goods have not had a material impact on our cost of sales or gross profit margins. We monitor trade policy changes closely to assess any potential future impact on our upstream costs.

With respect to indirect sales, we are not able to fully track or ascertain the ultimate end customers and final sales markets of downstream products incorporating our products in all cases. Based on sales contracts, delivery records and other commercial documents maintained in the ordinary course of business, we are not aware of any instances where our products were indirectly sold into the United States during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, our products and/or downstream end products incorporating our products have not been subject to any specific anti-dumping duties, countervailing duties or punitive tariffs imposed by the United States or other jurisdictions that would have a material adverse impact on our operating results.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established a risk management and internal control system integrated into our daily operations and decision-making processes, supported by internal policies and procedures setting out our organizational structure, operating processes and control measures. The Board bears ultimate responsibility for oversight of the system including determining risk management objectives and approving material risk-related decisions, assisted by the Audit Committee, while senior management and the internal audit function are responsible for monitoring implementation and effectiveness on a day-to-day basis and reporting to the Audit Committee and the Board.

Our risk management process comprises five key stages: (i) collection of initial risk information; (ii) risk identification and assessment; (iii) formulation of risk management strategies; (iv) development and implementation of risk management solutions; and (v) ongoing monitoring and continuous improvement. Risk assessments are conducted periodically through departmental self-assessments, internal audit reviews and external audit recommendations, covering financial, market, operational, compliance, ESG, cybersecurity and IT risks. We have also implemented policies and measures to protect our intellectual property rights, overseen by our intellectual property management function. For details, please see “– Intellectual Properties”.