OUR CONTROLLING SHAREHOLDERS

Pursuant to an acting-in-concert agreement entered into among Dr. Cai, Shenzhen Hezheng, Mr. Cai and Shenzhen Changxin (together, the "**Concert Parties**") dated November 5, 2024, all the Concert Parties confirmed and agreed to act in concert by aligning their votes at the Board and/or the shareholders' meetings of our Company by following the decisions of Dr. Cai. For details, see the section headed "History, Development and Corporate Structure – Acting-in-Concert Agreement" of this document.

As of the Latest Practicable Date, (i) Dr. Cai directly held 7.50% of the total issued share capital of the Company and indirectly held, through his wholly owned company, Shenzhen Hezheng, 27.04% of the total issued share capital of the Company; (ii) Mr. Cai directly held 9.88% of the total issued share capital of the Company; (iii) Shenzhen Changxin, Jiashan Changxin and Hefei Jiatou directly held 8.33%, 3.38%, 0.83% of the total issued share capital of the Company, respectively. Mr. Cai is the general partner of Shenzhen Changxin, Jiashan Changxin and Hefei Jiatou and held approximately 97.31%, 15.08% and 1.13% of the equity interests in Shenzhen Changxin, Jiashan Changxin and Hefei Jiatou, respectively.

Therefore, Dr. Cai, Shenzhen Hezheng, Mr. Cai, Shenzhen Changxin, Jiashan Changxin and Hefei Jiatou are our group of Controlling Shareholders, and in aggregate held approximately 56.97% of the total issued share capital of our Company as of the Latest Practicable Date.

Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), our Controlling Shareholders will hold approximately **[REDACTED]**% of the total issued share capital of our Company. For details of shareholding of our Controlling Shareholders, see "Substantial Shareholders" in this Document.

Information about our Controlling Shareholders

Dr. Cai is our non-executive Director and chairman of the Board, and also serves the chairman of the board of directors, legal representative and ultimate controller of OFILM. Dr. Cai, Shenzhen Oufei Investment Holdings Co., Ltd.* (深圳市歐菲投資控股有限公司) ("**Shenzhen Oufei**") and Glory United (China) Limited (裕高(中國)有限公司) ("**Glory United**") are parties acting in concert in respect of their equity interests in OFILM. Shenzhen Oufei is owned as to approximately 98.94% by Dr. Cai and Glory United is wholly owned by Mr. Cai Gaoxiao (蔡高校), the brother of Dr. Cai. As of the Latest Practicable Date, Dr. Cai, Shenzhen Oufei and Glory United directly held approximately 0.63%, 5.78% and 2.72% of the equity interest in OFILM, respectively. Accordingly, Dr. Cai and the other parties acting in concert held an aggregate equity interest of approximately 9.13% in OFILM, and none of the remaining shareholders holds more than 5% of the issued share capital of OFILM individually. Among the seven directors on the board of OFILM, six of them were nominated by Shenzhen Oufei in accordance with the articles of association of OFILM, and he exercises decisive influence over OFILM, therefore he has legal and management control over OFILM. For further information of Dr. Cai, see the section headed "Directors and Senior Management". Shenzhen Hezheng is an investment platform and is wholly owned by Dr. Cai. Mr. Cai is our executive Director, vice chairman of the Board and chief executive officer. For further information of Mr. Cai, see the section headed "Directors and Senior Management". Shenzhen Changxin is a limited partnership established in the PRC. The general partner of Shenzhen Changxin is Mr. Cai. Shenzhen Changxin is owned as to 97.31% by Mr. Cai and 2.69% by Mr. Wu Yang, our chief financial officer, secretary to the Board and one of the joint secretaries.

Each of Jiashan Changxin and Hefei Jiatou is an employee share incentive platform of the Company. The general partner of Jiashan Changxin is Mr. Cai. Jiashan Changxin is owned as to 15.08% by Mr. Cai, 29.24% by Mr. Zhao Wei, our executive Director, 4.92% by Mr. Wang Zaiwei, our executive Director, 2.77% by Mr. Wu Yang, our senior management, 3.25% by Mr. Xu Fangmin, our management, 1.94% by Mr. Wei Hua, our management, and 42.81% by 30 other individuals who are independent third parties of the Company, with each of them holding less than 6%. The general partner of Hefei Jiatou is Mr. Cai. Hefei Jiatou is owned as to 1.13% by Mr. Cai, 56.65% by Mr. Zhao Wei, our executive Director, 22.78% by Mr. Wang Ke, our management and 19.44% by 10 other individuals who are independent third parties of the Company, with each of them holding less than 4%.

NO COMPETITION AND CLEAR DELINEATION OF BUSINESS

The motor industry value chain primarily consists of upstream motor suppliers, downstream module manufacturers and end customers. There is clear business delineation between our Group and OFILM, an associate of our Controlling Shareholders, within the motor industry value chain, considering that:

(a) Different tiers within the motor industry value chain. Our Group acts as an upstream motor supplier, and is primarily engaged in the design, R&D, manufacturing and sales of micro motors, which are core components used in camera modules and other optoelectronic assemblies, while OFILM acts as a downstream module manufacturer, integrating motors sourced from the Group, along with other components, into its finished optical and optoelectronic modules, including camera modules and smart device assemblies, for end markets such as smartphones and automotive electronics. The relationship between the Group and OFILM is a typical "component-to-module" supply relationship whereby the Group provides essential precision motor solutions to OFILM, enabling OFILM to deliver complete, value-added optoelectronic modules to major global consumer electronics and automotive end customers;

(b) Different products. Our Group specializes in the development and manufacturing of micro motors, such as voice coil motors, piezoelectric motors, and stepper motors, which are primarily used for focus and imaging applications, while OFILM focuses on optical and optoelectronic modules and vehicle businesses, including camera modules, optical lenses, and fingerprint recognition modules;

(c) No competition. As of the Latest Practicable Date, OFILM was not engaged in any upstream motor manufacturing which competes or is likely to compete with our business, nor was our Group engaged in the downstream manufacturing and integration of optical and optoelectronic modules. Accordingly, there is a clear delineation between the principal business activities of our Group and OFILM.

The following table sets out a detailed comparison between the Group and OFILM across key aspects, in respect of business model, principal products, sales channels, target customers, technological capabilities, production processes and production equipment:

Aspect	The Group	OFILM	Key delineation
Business model	Manufacturer specialising in the design, R&D and production of micro precision motors, focusing on core components and acting as an upstream supplier to module manufacturers	Provider of integrated optical and optoelectronic solutions, covering smartphones, smart vehicles and other application fields	The Group operates as an upstream motor supplier, while OFILM operates as a downstream module manufacturer
Principal products	Imaging motors (including Autofocus motors, OIS motors and periscope motors) and certain non-imaging motors such as stepping motors	Camera modules, optical lenses, under-display fingerprint recognition modules and other optical components	The Group supplies motors as discrete components, whereas OFILM supplies integrated modules and system-level products
Sales channels	B2B sales, primarily supplying to module manufacturers	B2B sales, directly supplying to end brand customers	The Group's direct customers are module manufacturers, while OFILM's direct customers are end brand customers

Aspect	The Group	OFILM	Key delineation
Target customers	Camera module manufacturers, with end customers such as smartphone and other device brands	Smartphone, smart vehicle and other end brand customers	The Group generally does not enter into transactions directly with end brand customers
Technological capabilities	Focus on precision drive and control technologies for micro motors, with particular strengths in OIS motor technology and R&D focus on miniaturization, high precision and stability of micro motors	Focus on optical design, sensor integration, algorithms and system-level solutions and integration of lenses, motors, sensors and chips	The Group's technology is component-level, while OFILM's technology is system- and integration-oriented
Steps for production processes	The production process mainly comprises component cleaning, stator assembly and rotor assembly, sub-assembly integration, motor appearance inspection, motor marking, motor performance testing and packaging.	The production process mainly comprises FPC mounting, chip bonding, gold wire bonding, lens holder bonding, active alignment, fastening, lens final assembly and packaging	Different process routes
Production equipment	Specialised motor production equipment such as cleaning machines, laser marking machines, dispensing machines and motor performance testing systems	Module assembly equipment such as die bonding machines, wire bonding machines, active alignment machines and FPC mounting equipment	Distinct production equipment reflecting different manufacturing activities

Each of our Controlling Shareholders confirms that, as of the Latest Practicable Date, he/it did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business that would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently of our Controlling Shareholders and their respective close associates after the **[REDACTED]**.

Management Independence

Our business is managed and conducted by our Board and senior management. Upon the **[REDACTED]**, our Board will consist of three executive Directors, one non-executive Directors and three independent non-executive Directors. See "Directors and Senior Management" for more details of our Directors.

We believe that our Directors and senior management are able to perform their roles in our Company independently and our Company is capable of managing its business independently from our Controlling Shareholders and their respective close associates for the following reasons:

- our executive Directors devote substantially all their time to discharge their duties of their positions at our Group;

- despite Dr. Cai is our Controlling Shareholder and serves as the director and chairman of OFILM, he is a non-executive Director and chairman of the Board and will not be involved in the day-to-day operations of our business. Apart from Dr. Cai, there is no overlapping of management members between the Group and OFILM and its subsidiaries;

- each of our Directors is aware of his or her fiduciary duties as a Director which require, among other things, that he or she must act for the benefit of and in the best interests of our Company and not allow his or her personal interests to interfere with our Company's best interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and a Director or his or her respective close associates, he or she shall abstain from voting on any Board resolutions approving any contract, arrangement or any other proposal in which he or she or any of his or her close associates has a material interest and shall not be counted in the quorum present at the relevant Board meeting;

- we have appointed three independent non-executive Directors, comprising over one-third of our Board of Directors, to provide a balance of the number of our Board of Directors and with a view to ensuring the decisions of our Board of Directors are made only after due consideration of independent and impartial opinions and promoting the interests of our Company and our Shareholders as a whole. We believe our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to provide professional and experienced advice to our Company. Our Directors are of the view that our independent non-executive Directors are able to bring impartial and sound judgment to the decision-making process of our Board and protect the interests of our Company and our Shareholders as a whole; and

- we have established corporate governance measures and adopted sufficient and effective control mechanisms to manage conflicts of interest, if any, between our Group and our Controlling Shareholders, which would support our independent management. See "– Corporate Governance Measures" for further details.

Based on the above, our Directors are of the view that our Board of Directors, together with our senior management team, are able to perform their managerial roles in our Group independently from our Controlling Shareholders and their respective close associates.

Operational Independence

Our Group is operationally independent of our Controlling Shareholders and their respective close associates. We can make decisions and carry out our own business operations independently. We have sufficient capital, facilities, technology and employees to operate our business independently. We hold or enjoy the benefits of all relevant licenses and intellectual properties necessary to operate our business. We own or have the right to use all the operational facilities relating to our business. We have our own organizational structure made up of individual functional departments, each with specific areas of responsibility. We have not shared any operational resources such as sales and marketing, risk management and general administration resources with our Controlling Shareholders or their respective close associates. We have also established a set of internal control procedures to facilitate the effective operation of our business. We independently manage and have independent access to our customers and suppliers.

Transactions with OFILM

As part of our ordinary course of business, during the Track Record Period, we have provided, and expect to continue to provide, motors to OFILM, an associate of Dr. Cai, our Controlling Shareholder. For the years ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2026, the Group's sales of motors to OFILM amounted to RMB324.0 million, RMB431.9 million, RMB594.4 million and RMB289.8 million, respectively, which accounted for 37.9%, 27.6%, 30.4% and 41.7% of our total revenue for the same years/period, respectively. We expect to continue the provision of motors to OFILM after the **[REDACTED]** pursuant to the Motor Supply Framework Agreement. Details as set out in the section headed "Connected Transactions – Non-exempt Continuing Connected Transactions – 1. Motor Supply Framework Agreement" in this Document. During the Track Record Period, we have purchased small amount of lenses, automation equipment and other items for testing purposes from OFILM on a one-off and arms length basis. For further details, please refer to Note 36 of the Accountants' Report as set out in Appendix I.

In view of the mutually beneficial and long-standing business relationship between the Group and the end customers of optical and optoelectronic modules who have the power to decide the source of procurement and upstream suppliers, the Company currently does not expect any material adverse change in such relationship and the risk of termination of the relationship between our Group and the end customers or OFILM is expected to be remote.

(a) Mutually beneficial and dependent business relationship

In the motor industry, the end customers of optical and optoelectronic modules have the discretion to decide their preferred motor suppliers and module manufacturers. For imaging products, although we primarily supply our products to camera module manufacturers, the selection of our motors, the key technical specifications, the underlying demand and price are substantially determined by the end customers, including leading smartphone and other handheld imaging device brands, with which we have established stable and long-term cooperation. The motors supplied by the Group to OFILM are generally specified or pre-approved by the end customers, requiring OFILM to procure these motors in accordance with the standards, quality, technical specifications and quantities set out by the end customers. OFILM has little control over such process and is not entitled to unilaterally terminate or adjust the extent of its cooperation with us without the prior approval of the end customers. These 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. For further details regarding the background and identities of these end customers, see "Business – Marketing, Sales and Customers – Our End Customers". These end customers make the final decision to purchase motors from the Group during the Track Record Period. As confirmed by Frost & Sullivan, this is also in line with the industry norm.

The Company believes that the motors it supplies to OFILM are difficult to replace for the following reasons:

– Long-standing business relationship with end customers: The Group has a long-standing and stable business relationship with the end customers, including leading smartphone and other handheld imaging device brands, who play a decisive role in selecting and retaining their preferred source of procurement of motor suppliers and modules manufacturer within the supply chain. The Group has maintained stable relationships with end customers with an average cooperation years of over five years with the key end customers. This is demonstrated by a strong track record of consistent collaboration across multiple product generations. Its deep involvement in the design, engineering and after-sales support of the motors it supplied enhances end customer's loyalty and stickiness, making the end customers less likely to switch to the other motor supplier.

– Inevitability of cooperation between the Group as motor supplier and OFILM as module manufacturer would be paired up given their respective leading industry position: Given the Group's and OFILM's leading position in their respective markets, it is highly likely that an end customer selects the Company as its designated motor supplier and OFILM as its designated module manufacturer. We are a major micro motor manufacturer. According to Frost & Sullivan, based on 2025 revenue, we ranked No. 6 globally and No. 2 in China in the imaging motor market, with market shares of 3.3% and 9.8%, respectively. In the OIS imaging motor segment, we ranked No. 4 globally and No. 1 in China. On the other hand, OFILM is a leading module manufacturer and supplier for camera modules and optical lenses in China, and has over 20 years of industry experience specializing in high-precision optical components and modules manufacturing. As of December 31, 2025, the total revenue of OFILM reached approximately RMB22.1 billion.

– High entry barrier. According to Frost & Sullivan, the China's imaging motor market are highly concentrated, the high-end end customers favoring leading suppliers possessing profound technical capabilities in manufacturing micro motors like us. Furthermore, the motor industry has high technical barriers, high-end application barriers and patent constraints. End customers have significantly raised their demands for imaging motors in terms of reliability, shock resistance, low power consumption, and miniaturization. As a result, micro motors manufacturers are required to continually innovate at the leading edge of electromagnetic design, thermal management, and precision manufacturing, which creates a high entry barrier.

  In addition, according to Frost & Sullivan, manufacturing motors require strong technological foundations, supported by patents in critical areas such as closed-loop control and high-precision drive systems. High-end products must undergo rigorous module validation and full-device certification cycles, often requiring considerable time from sample introduction to mass production. Moreover, replacement costs are high once these components are adopted. This creates substantial technical and customer barriers, making it difficult for new entrants and mid-to-low-end suppliers to rapidly penetrate the high-end market.

As such, the Group believes the business relationship between the Group and OFILM is beneficial to both parties and more importantly, the end customers. It would not be in the best interest of the end customers or feasible to OFILM to procure motors from a different motor supplier.

(b) No undue reliance on OFILM

Despite the relevantly high revenue contribution from OFILM to our Group during the Track Record Period, we do not, and expect that we will not, unduly rely on OFILM to conduct our business for the reasons set out below.

– Sufficient demand for motors and our broad customer base. Our Group has established its own sales team to focus on building and reinforcing our image and reputation in the industry for a larger market share and has independent access to independent third-party customers through its own marketing network. For the three years ended December 31, 2025 and the four months ended April 30, 2026, the Company had 64, 58, 89 and 85 customers other than OFILM, which accounted for 62.1%, 72.4%, 69.6% and 58.3% of our total revenue for the relevant year/period, respectively. The above have further evidenced the Group's capability to source and sell its products to independent third-party customers.

– Expanding customers base during the Track Record Period. By leveraging the market-leading technology, and abundant experience cooperating with downstream module manufacturers, the Group has also acquired a sizeable number of new customers independent from OFILM or connected persons of the Company. The number of new customer of the Group acquired during the Track Record Period consistently exceeded 16 for each of the three years ended December 31, 2025, and exceeded six for the four months ended April 30, 2026, demonstrating the Company's effort to expand its customers base.

– Steadily growing market demand and trend for motors in China. The China motor market has been growing at a significant and rapid pace, primarily driven by strong domestic demand in the electric vehicle and industrial automation sectors, as well as supportive government policies. According to Frost & Sullivan, the motor market in China grew from approximately USD37.6 billion in 2020 to USD55.3 billion in 2025, and is forecast to reach USD78.8 billion by 2030, exhibiting a forecast CAGR of 6.5% from 2026 to 2030.

  In particular, the micro motor market in China has shown remarkable historical growth, expanding from USD9.2 billion in 2020 to USD15.0 billion in 2025, at a remarkable historical CAGR of 10.2%, according to Frost & Sullivan. This growth significantly outpaced the global average. Looking ahead, the market is forecast to reach USD23.6 billion by 2030, with a CAGR of 9.2%, according to Frost & Sullivan, demonstrating a strong demand for the micro motor market. According to Frost & Sullivan, the global market size for micro motors increased from USD23.0 billion in 2020 to USD35.2 billion in 2025, corresponding to a historical CAGR of 8.9%. The market is forecast to sustain this growth, expanding to an estimated USD53.6 billion by 2030, at a forecast CAGR of 8.3% for the period from 2026 to 2030. For further details, please see "Industry Overview – Market Size of Global and China Motor Market" and "Industry Overview – Market Drivers of Global Micro Motor Market".

Based on the above, our Directors are of the view that we are able to operate independently of our Controlling Shareholders.

Financial Independence

We have established our own finance department with a team of financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control of our Company. Our finance department is able to function without any undue influence from our Controlling Shareholders. We have also established an internal control system, an independent audit system, and a standardized financial and accounting system and have set our own accounting policy based on the applicable PRC accounting principle and standards. In addition, we have been and are capable of obtaining financing from independent third parties without relying on any guarantee or security provided by our Controlling Shareholders or their respective close associates (excluding our Group).

As of April 30, 2026, we had an outstanding loan and bank acceptance bills with principal amounts and interests thereon of RMB305.3 million guaranteed by our Controlling Shareholders and their respective close associates. See "Financial Information – Related Party Transactions" and Note 36 of the Accountants' Report as set out in Appendix I to this document for more details. All such guarantees provided for our benefit by our Controlling Shareholders and their respective close associates will be fully discharged prior to the **[REDACTED]**.

Based on the above, our Directors are satisfied that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates (excluding our Group).

CORPORATE GOVERNANCE MEASURES

In order to further safeguard the interests of our minority Shareholders, we will adopt the following corporate governance measures to manage potential conflicts of interest between our Group and our Controlling Shareholders:

- our Controlling Shareholders will confirm the status of his non-competing interest on an annual basis and to provide all information necessary, including all relevant financial, operation and market information and any other necessary information as required by our Company;

- our independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

- our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in our annual reports or by way of announcement to the public in compliance with the requirements of the Listing Rules;

- our Directors (including the independent non-executive Directors) will seek independent and professional opinions from external advisors at our Company's cost as and when appropriate in accordance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules;

- any transactions between our Company and its connected persons shall be in compliance with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, annual reporting and independent shareholders' approval requirements (if applicable) under the Listing Rules;

- in the event of any potential conflict of interests, our Director(s) with an interest in the relevant transaction(s) shall abstain from voting at the relevant Board meeting and shall not be counted towards the quorum in respect of the relevant resolution(s) at such Board meeting;

- in the event of any potential conflict of interests at the shareholders' level, our Controlling Shareholders shall abstain from voting at the Shareholders' meeting of our Company with respect to the relevant resolutions; and

- we have appointed Innovax Capital Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders, and to protect minority Shareholders' interests after the **[REDACTED]**.