
BUSINESS

POSITIONING

We are a global supplier of power equipment and solutions. Leveraging our core proprietary technologies and dedicated R&D capabilities, we provide a diversified product portfolio across multiple application fields, including new energy, data centers, power distribution, industrial control, and lighting. We specialize in transformer equipment, power supplies, and magnetic component products. In addition, we deliver integrated solutions tailored to specific application scenarios, committed to our customers worldwide in achieving reliable and efficient operations. Specifically, in addition to supplying individual products, we are offering a broader range of complementary equipment and components that form part of a complete power supply system, together with installation-related support and technical services where appropriate.

Since our inception, we entered the global market through consumer electronics as our initial product line. We have consistently remained attuned to market demand, and subsequently expanded into the new energy sector and established a position in the new energy transformer equipment industry. Through our commitment to product quality, our business has continuously expanded, enabling us to build a base of more global customers and achieve scaled production capabilities. By strategically replicating our product advantages across more high-growth industries, we further extended our business into the data center sector. Along the industry value chain, we have further expanded our product portfolio from supplying core components to selling complete machines, resulting in a product portfolio comprising various product categories and covering multiple sectors. Leveraging years of accumulated industry experience, we have developed the capability to provide customers with one-stop customized solutions.

As of June 30, 2026, through the effort of our dedicated sales team, we had established a presence in over 60 countries and regions worldwide, providing products and solutions to customers across various industries and application areas. In terms of revenue, in 2025, the top five China-based suppliers in the global medium-voltage transformer equipment industry accounted for 9.8% of the total market size, and we ranked second among China-based suppliers with a market share of 2.3%. In the new energy transformer equipment industry, in 2025, we held approximately 3.5% of the global market size and ranked second among China-based suppliers with a revenue of approximately RMB2.9 billion. In the data center transformer equipment industry, in 2025, we held approximately 2.3% of the global market size and ranked third among China-based suppliers with a revenue of approximately RMB0.2 billion. In the LED driver industry, in 2025, we held approximately 1.3% of the global market share and ranked fourth among global suppliers with revenue of approximately RMB0.9 billion.

OUR MARKET OPPORTUNITIES

According to Frost & Sullivan, the global installed capacity of new energy is growing rapidly, with the intermittency and uncertainty of wind power, photovoltaics and other similar sources becoming increasingly prominent, posing higher demands on voltage regulation and stable transmission of power systems. Meanwhile, the rapid expansion of AI computing infrastructures and data centers, characterized by high-density and continuous load characteristics, presents new challenges to the reliability and energy efficiency of power supply and distribution systems. Against this backdrop, transformer equipment is evolving towards the objectives, such as, higher power density, lower losses, intelligent monitoring, and liquid cooling to achieve efficient power supply and real-time regulation. Furthermore, the continuous expansion of emerging scenarios, such as, EV charging networks, energy storage systems, and hydrogen energy facilities is driving continuous development in equipment design, materials, and system integration, further broadening the industry’s application boundaries and technological depth.

BUSINESS

New energy transformer equipment industry: According to Frost & Sullivan, the ongoing deepening of the global energy structure transition has significantly propelled the rapid expansion of the new energy transformer equipment market. The global market size for new energy transformer equipment increased from approximately RMB32.3 billion in 2021 to approximately RMB83.0 billion in 2025, representing a CAGR of 26.6% during this period. With the accelerated construction of energy storage projects such as PV and wind power in Europe, the expedited energy transition in Southeast Asia, and continuous upgrades in energy storage adaptation efficiency, safety performance, and energy loss control of new energy transformer equipment, the global market size of new energy transformer equipment is expected to reach approximately RMB192.0 billion by 2030, with a CAGR of 18.3% from 2025 to 2030. Driven by the accelerated construction of new energy power stations and the increased demand for supporting power transmission equipment in China, the market size of the new energy transformer equipment industry grew from approximately RMB9.2 billion in 2021 to approximately RMB32.0 billion in 2025, with a CAGR of 36.6% during the same period. Against the backdrop of the ongoing implementation of the “dual carbon” policy, accelerated deployment of energy storage projects, and continuous technological advancements, the Chinese market size is expected to increase to RMB97.1 billion by 2030, with a CAGR of 24.9% from 2025 to 2030.

Data center transformer equipment industry: According to Frost & Sullivan, the rapid increase in AI computing power demands continues to drive the expansion of the data center transformer equipment market. The global market size of the data center transformer equipment industry grew from approximately RMB3.3 billion in 2021 to RMB10.3 billion in 2025, with a CAGR of 32.9% during this period. As AI, cloud computing, and hyperscale data centers further upgrade their demands for highly stable power supply systems, the global market size is expected to increase to approximately RMB40.5 billion by 2030, with a CAGR of 31.5% from 2025 to 2030. The accelerated expansion of China’s data center computing power scale and the evolution of data center room loads toward higher power density have driven the domestic market to grow from approximately RMB0.5 billion in 2021 to approximately RMB1.7 billion in 2025, with a CAGR of 35.8% during the same period. Against the backdrop of the ongoing implementation of the “Eastern Data and Western Computing” (“東數西算”) program and the rapid growth in the number of hyperscale data centers, China’s market size is expected to reach RMB12.1 billion by 2030, with a CAGR of 48.1% from 2025 to 2030, wherein the market penetration of Panama power supply’s compatible transformer equipment in China’s data center transformer equipment market is expected to increase from 3.7% in 2025 to 35.7% in 2030, relying on its high density power supply architecture adaptability, product reliability, and large-scale delivery experience.

EV power supply industry: According to Frost & Sullivan, driven by the rapid growth in new energy vehicle sales, the global EV power supply industry entered a stage of rapid development from 2021 to 2025, with the market size growing from approximately RMB14.5 billion to approximately RMB44.6 billion, achieving a CAGR of 32.4% during this period. With the continued global penetration of new energy vehicles and advancements in automotive intelligence, the global market size for EV power supplies is expected to reach approximately RMB83.3 billion by 2030, with a CAGR of 13.3% from 2025 to 2030. Benefiting from China’s leading global penetration rate of new energy vehicles and the large-scale advantages of its local supply chain, China’s EV power supply market size grew from approximately RMB7.8 billion in 2021 to RMB31.0 billion in 2025, with a CAGR of 41.2% during the same period. Driven by the steady growth in demands for new energy vehicles and the upgrading of automotive electronics toward higher energy density, wide temperature range, long lifespan, and higher safety standards, China’s EV power supply market size is expected to increase to approximately RMB58.6 billion by 2030, with a CAGR of 13.6% from 2025 to 2030.

BUSINESS

OUR ACHIEVEMENTS

Our achievements as of June 30, 2026 can be illustrated as follows:

Industry position	No. 2 Ranked by revenue in 2025 China-based supplier in the global medium-voltage transformer equipment market ⁴	No. 2 Ranked by revenue in 2025 China-based supplier in the global new energy transformer equipment market ⁴	No. 3 Ranked by revenue in 2025 China-based supplier in the global data center transformer equipment market ⁴
Commercial achievements	80% Coverage rate among top customers ¹ for PV inverters ²	80% Coverage rate among top customers ² for LED drivers ⁴	> 60 Countries and regions our business has reached ³
Technical and production capabilities	688 Patented technologies in China ³	6 R&D centers in China ³	9 Global production bases ³

Note 1: Top customers for PV inverters refer to the top ten enterprises in the industry ranked by the shipment volume in 2025.

Note 2: Top customers for LED drivers refer to the top ten enterprises in the industry ranked by the revenue in 2025.

Note 3: Data is as of June 30, 2026.

Note 4: The data is provided by Frost & Sullivan.

OUR PERFORMANCE

We have achieved steady revenue growth and stable cash inflows during the Track Record Period. Our revenue increased by 27.3% from RMB3,616.3 million in 2023 to RMB4,602.7 million in 2024 and further increased by 13.3% to RMB5,214.0 million in 2025; the revenue for the six months ended June 30, 2026 was RMB2,662.1 million, representing a 9.1% increase compared to the same period in 2025. In 2023, 2024, and 2025, our net cash generated from operating activities was RMB173.4 million, RMB179.4 million, and RMB640.5 million, respectively, and for the six months ended June 30, 2026, our net cash flow used in operating activities was RMB22.8 million.

OUR COMPETITIVE ADVANTAGES

We have established a global footprint and localized service capabilities in overseas markets, enabling us to provide end-to-end localized services throughout the entire lifecycle, from pre-sales consultation and product manufacturing to after-sales support.

Our global layout encompasses a strategy integrating comprehensive and deeply localized operations for production, sales, and services. As of June 30, 2026, we have nine production bases worldwide, four in the overseas markets, namely Thailand, the United States, Malaysia, and Mexico; five in Chinese Mainland, Ji'an (Jiangxi), Huainan (Anhui), Foshan and Shenzhen (Guangdong), Zhongshan (Guangdong). Our global production is now operating at scale. We have enhanced delivery certainty and shortened delivery cycles by positioning production capacity in target markets. Our smart transformer manufacturing plant in Fort Worth, Texas, the U.S., which officially commenced operations in October 2025, and our Mexican production base which was opened in June 2026, form our localized supply capability serving the North American market. In addition, we have operated our Southeast Asian production bases in Malaysia and Thailand during the Track Record Period. These Southeast Asian bases, along with our production bases in North America and China, enable synergistic production capacity coordination, allowing us to achieve

BUSINESS

operational flexibility in dynamically allocating global production capacity based on customer location, order requirements, and cost-effectiveness, resulting in a highly resilient supply chain system.

We have established an independently controlled sales network in key overseas markets. We have set up direct sales branches in regions, such as, North America, Europe, and Southeast Asia, and have assembled localized sales teams familiar with local market regulations, cultures and customer needs. This enables us to accurately grasp market demand trends in real time, establish direct communication channels with customers, and maintain full control over product pricing, brand building, and profit retention.

We have simultaneously established a local after-sales service system directly managed by us as advancing sales localization. This ensures that our customers can benefit from rapid technical support, regular maintenance, and fault response services from local teams, achieving a full-cycle localized closed loop from pre-sales consultation and product production to after-sales support, thereby enhancing customer loyalty.

We have accumulated extensive technical expertise and maintain fully independent in-house research and development capabilities.

Through sustained investment in R&D over the years, we have developed technical expertise, safeguarded our core technologies with a portfolio of patents, and consistently upheld a strategy of independent product research and development. We have established a complete closed-loop R&D process that spans from basic material research and electromagnetic technology development to product trial production and validation. This ensures our complete control over core technologies and the ability to continuously iterate them, serving as the foundation for responding to market changes, meeting customized customer needs, and achieving high product quality and reliability.

Our technological advantages are evident across multiple business sectors. In the new energy products segment, our high-frequency magnetic components have become the core products to mainstream domestic manufacturers by virtue of their low noise and high stability. We have entered the new energy markets with our new energy transformers in the United States and the European Union, facilitated by their conversion efficiency and environmental adaptability. We are an experienced enterprise in small- and medium-power LED driver power supplies in China in the lighting products field. Our products compete with international first-tier brands, and we have established ongoing business relationships with several international companies. In other product segments, we have pioneered the application of advanced processes, such as, PPS integrated injection molding in the car-mounted inductor products, achieving enhanced reliability, lightweight design, and cost reduction in our products.

Our technological capabilities are not only reflected in the continuous optimization of existing products but also in the active exploration and substantive breakthroughs in cutting-edge technological directions within the industry. Driven by market demands, we continuously transform our technological advantages into competitive product advantages through forward-looking R&D. For example, in response to the rapid growth in global demand for data center transformer equipment, we have concentrated our R&D resources and successfully expanded our data center transformer product line from phase-shift transformers to oil-immersed transformers, dry-type transformers and other varieties, while extending our sales reach from the domestic market to overseas regions.

With our experience and technical capabilities in technology-related fields, we are actively positioning ourselves in the next generation of power electronics technology. Solid-state transformers, as a critical technical pathway for power supply and distribution systems in AI data centers and the key equipment for future smart grids and energy Internet applications, have led us to actively invest in related technological R&D, and we have already initiated the development of solid-state transformer related products. Simultaneously, we are also actively investing resources to

BUSINESS

explore the market for new high-efficiency power supply systems, such as, “Panama power supply”, dedicated to providing more reliable and energy-saving system-level solutions for high-end application scenarios like data centers.

Our technological know-how covers multiple aspects, and we have applied for intellectual property rights for key R&D technologies, boasting patents covering critical areas such as product design, production processes, and automation equipment. As of June 30, 2026, we possessed 688 patented technologies in China, including 96 newly added patents for the six months ended June 30, 2026. Our R&D expenses accounted for 5.1%, 4.2%, 4.6% and 3.8% of our revenue, respectively in 2023, 2024, 2025 and for the six months ended June 30, 2026.

We have assembled a sizable, experienced, and seasoned professional R&D team. The core members possess profound professional backgrounds and years of R&D practical experience in the power electronics, electromagnetic technology, and related application fields. This high-caliber team serves as a driving force for our continuous technological development and product update. As of June 30, 2026, we operate six R&D centers in China, with the R&D team consisting of 742 members, accounting for 22.3% of our total workforce.

We possess advantages in diverse product portfolio, continuous optimizing and enriching product lines based on market and customer demands.

Our product portfolio strategically focuses on high-growth industries globally, primarily covering new energy, data centers, power distribution, industrial control and lighting sectors, while continuously fostering the growth of new businesses such as car-mounted inductors, EV power supplies and communication power supplies.

Our offerings have expanded from key components to system solutions. Specifically, in the new energy products segment, the product line has expanded from high-frequency magnetic components for PV inverters to new energy transformers and smart transformer stations; in the data center products segment, the product line has expanded from phase-shift transformers, oil-immersed transformers and dry-type transformers to complete solutions for Panama power supply products. This signifies our evolution from a single-component supplier to a partner capable of providing integrated system services.

Leveraging our global layout and advantages in overseas localized services, we maintain frequent and direct communication with customers, enabling us to keenly perceive and promptly respond to policy changes, technological standard iterations, and personalized customer needs in local markets. As a result, we efficiently transform market demands into new product types based on customer needs, leveraging our technological and R&D strengths. Finally, we complete localized production through our global production capacity layout and deliver products to the market via our proprietary sales network, swiftly reaching customers in demand.

Our products comply with a variety of international market access requirements, including Chinese National Standards (GB), Underwriters Laboratories (UL) standards in the United States, Canadian Standards Association (CSA) certifications, EU CE certifications, German TÜV certifications, and Japan’s Product Safety of Electrical Appliance & Materials (PSE). This enables us to support the global business deployment of our customers, eliminating technical barriers and market access thresholds, whether it involves supporting Chinese inverter manufacturers for overseas expansion or directly supplying for large-scale projects in Europe, the United States, Japan, and other regions, thereby facilitating rapid business expansion and in-depth cooperation.

BUSINESS

We have established a diversified customer base, which has contributed to the continuous enhancement of our brand reputation and industry influence.

Dedicated to years of in-depth engagement in the industry, we have constructed a customer ecosystem encompassing global industry participants, characterized by close and continuously deepening partnerships, which is primarily attributable to our long-standing strategic approach of prioritizing technology capabilities, quality as the foundation, and customer demand-orientation.

In the new energy products segment, we supply components for PV inverters in the energy products sector, and have maintained ongoing supply relationships with domestic inverter manufacturers for many years. We are also a supplier of PV and energy storage transformers, and have deeply collaborated with international PV inverter manufacturers for overseas expansion. In the rapidly growing data center market, our customers cover power management giants, Internet companies and telecom operators. In the industrial control products segment, we serve numerous established equipment manufacturers worldwide. In the lighting products segment, we have maintained long-term strategic partnerships with international enterprises. Collaborating with these established customers across various sectors not only brings us sustained orders but also significantly enhances our brand reputation and industry influence.

We have established a digitalized management system, which supports our production and operational activities.

We have established an integrated digital management system that enables transparent and precise control over the entire production chain. We have achieved full-chain digital management from sales orders to product delivery by introducing and seamlessly integrating core information systems, including ERP, APS, MES, and WMS.

Specifically, the ERP system serves as the management hub, integrating orders, finance, and master data to provide a unified view of overall operations. The APS system performs scientific scheduling calculations based on precise capacity models and order requirements, refining production plans down to each process step and machine, significantly enhancing the accuracy and efficiency of order reviews and delivery. On the production floor, MES collects critical data on production progress, process parameters, quality inspections, and other aspects in real time through direct connections with production hardware, making the entire manufacturing process transparent, visible, and traceable. Meanwhile, the WMS system, in collaboration with automated vertical warehouses and logistics robots, enables fully automated and precise management of materials from inbound storage, warehousing, and distribution to the production line, substantially reducing human errors and waiting times. This interconnected digital network allows us to monitor multidimensional production data in real time and dynamically oversee and intervene in key processes, laying a foundation for our production operations.

We have enhanced core production efficiency metrics across multiple dimensions by leveraging our digital management system, combined with our industry know-how over the years and a stable workforce of skilled technicians. In terms of production efficiency and capacity, taking the digital factory of Ji'an Eaglesie Magnetoelectric Technology Co., Ltd. as an example, we have improved the factory's production efficiency compared to traditional methods through measures, such as, overall logistics optimization, introduction of automated winding equipment, and intelligent vacuum drying production lines. With respect to delivery, the APS system can swiftly respond to order changes, and implement simulated scheduling and delivery assessments, while automated logistics shortens production cycles. In particular, the intelligent drying line substantially reduces drying time during oil-immersed transformer production.

BUSINESS

We have an experienced and visionary management team.

We are led by a core management team with profound experience, a clear strategic vision, and a high degree of collaboration. Our Chairman, Mr. Xiao, as the Company’s founder, possesses a comprehensive perspective spanning from technological R&D to corporate strategic management. He graduated with a degree in Electrical Machinery from the Department of Electrical Engineering at Huazhong University of Science and Technology in 1988 and obtained an EMBA degree from the Hong Kong University of Science and Technology in 2008, which equipped him with both a solid technical engineering background and systematic modern business management knowledge. Since founding the Company in 1999, he has dedicated himself to business management, ensuring the continuity and stability of our strategic direction through over two decades of industry immersion and leadership, successfully guiding us to achieve a global footprint.

Our key team members have deep roots in the electrical manufacturing industry and have developed a clear and efficient division of labor and collaboration mechanisms through long-term collaboration. They have accumulated extensive comprehensive management experience in production operations, quality control, market development, and product R&D, possessing precise insights into industry policies and future trends, enabling us to formulate a clear development strategy. Based on shared values and an open and collaborative culture, the team continuously attracts outstanding talents from both domestic and international sources and systematically enhances organizational capabilities through a systematic echelon development plan, solidifying the talent foundation for our long-term development. Relying on this professionalism and strategic focus, the management team remains focused on core technologies and key products when facing diverse market opportunities, accurately seizing high-growth opportunities in sectors, such as, new energy and data centers. Our strategic focus and efficient execution enable us to fully capitalize on the opportunities presented by the global energy transition and digital wave, driving the company towards sustained and steady growth in the long term.

OUR DEVELOPMENT STRATEGIES

We plan to focus on core business strengths and leverage them to penetrate new products and market regions.

We consistently plan our business strategies around core technological capabilities and market demands, continuously consolidating and expanding our existing core business advantages while systematically expanding in two directions — along the product value chain and the business ecosystem chain — guided by forward-looking industry insights. Specifically, we plan to extend from supplying key core components to offering a broader range of complete equipment products and integrated system solutions. In addition to providing core products, we intend to offer complementary equipment and components that form part of a complete power supply system, together with installation-related support and technical services where appropriate. In terms of our business model, we aim to transit from selling individual products to delivering scenario-based solution services tailored to specific application environments and customer requirements. Unlike sales of individual products, which primarily involve the supply of individual equipment or components, our scenario-based solution services involve the provision of complementary equipment and components that form part of a complete power supply system, together with installation-related support and technical services where appropriate, based on specific application environments and customer requirements. Such services may be applied in scenarios such as photovoltaic and energy storage, factory power distribution, new energy step-up transformation and commercial and industrial backup power supply, depending on the relevant project requirements. Under this model, we provide, where applicable, services covering site survey, solution design, equipment supply and integration, installation-related support, testing and commissioning, grid-connection acceptance support and subsequent after-sales services. Compared with sales of individual products, scenario-based solution services are generally priced by reference to the overall project scope, site conditions and delivery requirements, and may involve revenue from both product sales and related services, depending on the contractual arrangements. This model enables us to provide more

BUSINESS

integrated project delivery and reduce customers’ need to coordinate with multiple service providers. This strategy represents a natural extension based on our profound technological know-how and a deep understanding of customer needs, serving as one of our core drivers for business growth.

We plan to continue our global expansion.

Global expansion remains the core of our strategy. We are committed to building in-depth operational capabilities that integrate localized production, marketing, and services. We plan to leverage the wave of global energy transition and digital infrastructure development, combining the cost-effectiveness of “Made in China” with the agile services of “Global Manufacturing” through market-proximate efficient operations to become a highly competitive solution provider in the international market.

We aim to broaden our international presence. Within the next three to five years, we target to increase the revenue contribution from direct exports to 50% of our Group’s total revenue, rising from 36.6% for the year ended December 31, 2025 and rising from 48.6% for the six months ended June 30, 2026. We plan to further expand the sales destinations for our products and services, with a strategic mainly focus on markets in Europe and North America.

We plan to deepen localized cooperation models by establishing joint venture subsidiaries, making investments, or pursuing mergers and acquisitions to rapidly integrate the resources of overseas strategic partners. We are actively exploring deeper cooperation models, forming strategic alliances with local dominant enterprises to swiftly acquire localized resources such as market access, channel networks, and policy understanding, further enhancing our influence in overseas markets.

We plan to strive to secure breakthrough market share in key domestic market sectors.

Leveraging our technological, manufacturing, and customer advantages in the field of power equipment, we plan to concentrate resources on making in-depth breakthroughs into high-growth, high-value-added key application areas, with the core objective of securing a breakthrough in our market share in strategic directions, such as, the data center transformer equipment industry. Our goal is to combine our core strengths with emerging market opportunities to become a key participant in the industry.

We plan to keep abreast of industry technological development and market demands while increasing R&D resource investment to upgrade and enrich our existing product portfolio.

We regard technological development and product iteration as the core components of our corporate development. Our R&D activities are closely aligned with industry development trends, with a clear market-oriented R&D direction dedicated to maintaining and expanding our technological advantages in core areas through continuous technical refinement and precise product definition. Specifically, we aim to consolidate our technological and product development capabilities by continuously increasing R&D resource investment, keenly capturing global customer needs through our global network, and leveraging on our technological R&D capabilities to build a continuously evolving and competitive product portfolio as we are committed to transforming technological advantages into product competitiveness.

We intend to continue to strengthen the depth of our R&D fields, continuously improve the allocation of R&D resources, and establish a more efficient R&D platform. We will focus on talent recruitment and cultivation, making efforts to recruit high-caliber talents to enhance the overall quality of our R&D capability and provide talent support for our technological development.

We plan to continue the construction and promotion of intelligent digital factories.

We plan to continue the process of intelligent factory transformation and upgrading, equipping factories with advanced production equipment, iterating process routes, and upgrading digital systems. We plan to extend our digital and intelligent factory projects to a broader range of

BUSINESS

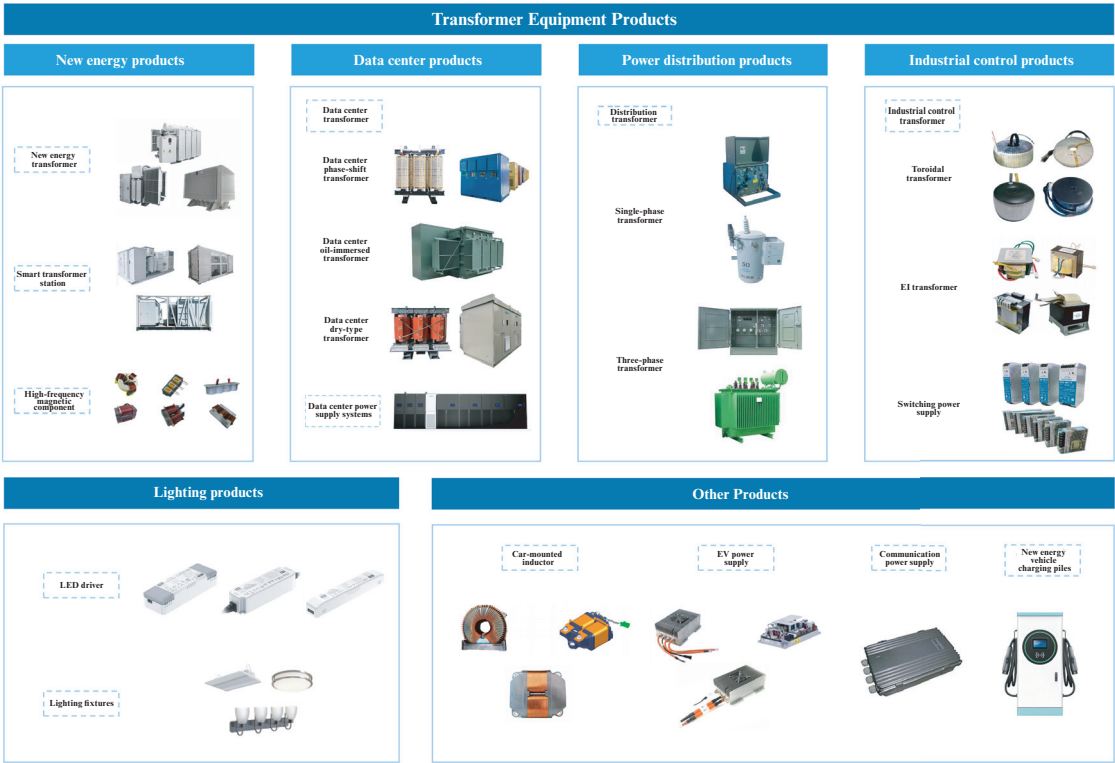
production bases within the Group, building a group-level digital twin system to bring strategic benefits, such as, improved decision-making quality, accelerated market response efficiency, the formation of industry digital barriers, and the creation of new revenue streams.

OUR PRODUCTS

Overview

We are a global supplier of power equipment and solutions, focusing on sectors such as new energy, data centers, power distribution, industrial control, and lighting, specializing in transformer equipment products and related integrated solutions. Specifically, in addition to supplying individual products, we are offering a broader range of complementary equipment and components that form part of a complete power supply system, together with installation-related support and technical services where appropriate. Through continuous technological development and product iteration, we continue to expand and enhance our product portfolio, and we provide high-quality system products, solutions and related services to customers worldwide. According to Frost & Sullivan, in 2025, we accounted for approximately 3.5% of the global market share in the new energy transformer equipment industry, ranking top-tier among the China-based suppliers, and approximately 1.3% of the global market share in the LED driver industry, ranking fourth globally. Our product portfolio is structured into three primary segments: transformer equipment products (including new energy products, data center products, power distribution products and industrial control products), lighting products, and other products. Looking ahead, we will continue to deepen our presence in the electronic power sector and, leveraging our core technologies, upgrade from the supply of core components and system products to integrated solution offerings, while achieving global expansion and scaled growth in the new energy, data center and power distribution markets.

The following diagram sets out our product portfolio by category:



BUSINESS

The table below sets out the details of our revenue by product types for each year/period indicated:

	Year ended December 31						Six months ended June 30			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
Transformer Equipment Products	2,626,562	72.6	3,390,204	73.7	3,813,506	73.1	1,836,051	75.2	1,915,624	72.0
— New energy products	1,953,199	54.0	2,636,273	57.3	2,904,124	55.7	1,452,329	59.5	1,432,043	53.8
— Data center products	49,678	1.4	149,294	3.2	237,123	4.5	53,562	2.2	219,801	8.3
— Power distribution products	374,069	10.3	372,004	8.1	410,946	7.9	221,056	9.1	146,424	5.5
— Industrial control products	249,616	6.9	232,633	5.1	261,313	5.0	109,104	4.5	117,356	4.4
Lighting Products	811,713	22.4	978,349	21.3	922,998	17.7	437,342	17.9	453,049	17.0
Other Products	178,033	5.0	234,141	5.0	477,508	9.2	167,546	6.9	293,400	11.0
Total	3,616,308	100.0	4,602,694	100.0	5,214,012	100.0	2,440,939	100.0	2,662,073	100.0

Transformer Equipment Products

Our transformer equipment products include new energy products, data center products, power distribution products and industrial control products.

New Energy Products

Our new energy products include:

- **New Energy Transformer.** Our new energy transformers primarily include those applied in new energy power scenarios such as PV power generation, energy storage, and hydrogen energy, which are characterized by conversion efficiency, operational stability and adaptability to harsh operating environments. Leveraging our experience across multiple application scenarios, our new energy transformers have established business presence in the industry. As a core product in our new energy product category, the supply of our new energy transformers are mainly targeted to overseas markets for many years and we have successfully exported our products in volume under European-standard and U.S.-standard specifications, thereby allowing us to accumulate extensive experience in global deliveries for products with mature technical systems. For the production of new energy transformers, we operate digital factories, which enable us to ensure a high degree of product consistency and provide a solid foundation for technology iteration and performance optimization.
- **Smart Transformer Station.** Our smart transformer stations integrate sensors, communication technologies and intelligent control devices to enable functions, such as, self-monitoring, self-diagnosis, automated control and remote monitoring to meet the modern power system’s demand for efficient, reliable, and safe power supply. This product is designed with resistance to high and low temperatures, adaptability to high-altitude conditions, corrosion resistance and energy-saving and environmentally friendly features. Our transformer stations are engineered to minimize upfront investment at the project level, while delivering competitive per-watt construction costs that enhance overall capital efficiency, our transformer stations are able to achieve peak system efficiency of over 99% under specified operating conditions.
- **High-Frequency Magnetic Component.** Our high-frequency magnetic components serve as the core elements for PV inverter equipment, featuring low noise, high stability, lightweight design, compact structure, and high efficiency. They generally operate at frequencies above approximately 1kHz to support high-frequency switching applications. Through high-frequency design, our high-frequency magnetic components can effectively reduce magnetic core size and increase power density compared with conventional designs, thereby supporting compact and modular layouts and simplifying installation in

BUSINESS

applicable terminal products. Under high-frequency operating conditions, our high-frequency magnetic components exhibit fast dynamic response capabilities, favorable steady-state accuracy and resistance to electromagnetic interference.

The table below sets out a summary of our new energy products by product category:

Product Category	Product Graph	Product Functions	Application Areas
New Energy Transformer		Power conversion for photovoltaic power generation	PV power generation
Smart Transformer Station		Self-monitoring, self-diagnosis, automated control and remote monitoring for photovoltaic power generation and energy storage	PV power generation and energy storage
High-Frequency Magnetic Component		Power conversion support for photovoltaic inverter equipment	Inverters

Data Center Products

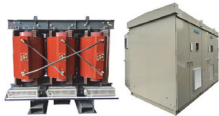
Our data center products include:

- Data Center Transformer.** Our data center transformer products primarily comprise phase-shift transformers, oil-immersed transformers and dry-type transformers for data center applications. Phase-shifting transformers are specialized transformers customized for data center power distribution systems. They are primarily used to suppress harmonics, improve power quality, and ensure the stable operation of core loads such as server power supplies. These transformers feature high reliability, low harmonics, high efficiency, and precise voltage regulation. Oil-immersed transformers adopt precision-manufactured cores and windings together with vacuum oil-filling and systematic insulation treatment, which enable low loss, reliable sealing and stable operation, supporting grid connection and other critical power supply scenarios. Dry-type transformers feature oil-free, moisture-resistant and low-loss designs, enabling safe, stable and low-noise operation and offering excellent performance to meet environmental and reliability requirements across different application scenarios. Our data center transformer products are developed and designed in-house, aiming to meet the requirements for high reliability and long-term stable operation. We have deployed these data center transformers in multiple projects both domestically and overseas, accumulating extensive operational and delivery experience in the process.
- Data Center Power Supply System.** Our data center power supply systems provide stable and efficient power supply solutions for data center applications through power-conversion technologies and system-level integration. These systems support core requirements, such as, continuous operation, high load capacity, and energy efficiency management, and can offer customized power supply systems tailored to the operational demands of modern data centers. By adopting optimized power conversion architectures and highly integrated system designs, our data center power supply system improves overall operating efficiency, reduces energy loss, and effectively minimizes switching interference during power distribution. The Panama power supply is a HVDC integrated

BUSINESS

power supply architecture for data centers, named after the Panama Canal’s “one-step” efficiency. Notably, in the Panama power supply transformer equipment sector, we were the largest equipment supplier globally in 2025 according to Frost & Sullivan.

The table below sets out a summary of our data center products by product category:

Product Category	Product Graph	Product Functions	Application Areas
Data Center Phase-shift Transformer		Harmonic suppression, power quality management and voltage regulation	Data center
Data Center Oil-immersed Transformer		Support for grid connection and other critical power supply scenarios	Data center
Data Center Dry-type Transformer		Support for data center applications across different operating environments	Data center
Data Center Power Supply System		Power conversion and power supply for continuous operation and load requirements	Data center

Power Distribution Products

Our power distribution products include:

- Distribution Transformer.** Our distribution transformers mainly include single-phase transformers and three-phase transformers. As core equipment of medium and low-voltage power grids, they can convert high-voltage electrical energy into low voltage suitable for end users, widely supporting residential, industrial, and new energy grid connection scenarios. Among them, our single-phase transformers feature simple structure, small size, and low loss, and are suitable for low-voltage distribution networks with low load levels, such as residential areas and small commercial buildings. Our three-phase transformers are mainly applied in step-up or step-down scenarios of three-phase power supply systems, such as industrial plants and large commercial facilities, especially adapting to the power demands of high-load motors and large power equipment. We operate manufacturing facilities for distribution transformers in both the PRC and overseas markets, and have established sales and service networks in Latin America, Africa, and Southeast Asia. This allows us to serve customers across different regions and support the delivery arrangements for related projects.

BUSINESS

The table below sets out a summary of our power distribution products by product category:

Product Category	Product Graph	Product Functions	Application Areas
Single-phase transformer		Power conversion for distribution networks	Temporary power, and distributed energy
Three-phase transformer		Power conversion for three-phase power supply systems	Industrial zones and commercial complexes

Industrial Control Products

Our industrial control products include:

- Industrial Control Transformer.** Our transformers for industrial control applications primarily include toroidal transformers, EI transformers and switching power supplies. They are mainly used in energy-saving and environmentally friendly equipment, as well as applications in fields, such as, medical and security systems. Most of our industrial control transformer products can be deeply customized according to customer specifications to meet certain requirements, including voltage regulation rate, impedance voltage, operating environment, and other factors. Our toroidal transformer products are designed for power-supply applications that require compact structure, low noise and favorable electromagnetic performance. Our EI transformers are constructed with laminated cores and bobbins and are designed to be sized and rated based on specific power requirements for integration into customer equipment. Our switching power supply products are designed to provide efficient power conversion within compact form factors, with an emphasis on output regulation and heat-dissipation performance. Our industrial control products have certifications, such as, China Compulsory Certification, China Quality Certification Center and European Conformity as per customer requirements.

The table below sets out a summary of our industrial control products by product category:

Product Category	Product Picture	Product Functions	Application Areas
Toroidal Transformer		Power conversion for equipment requiring electromagnetic design considerations	Professional audio equipment, precision instruments, industrial control, as well as household and specialised commercial equipment and other areas
EI Transformer		Power conversion for equipment integration based on specific power requirements	UPS, inverters, audio equipment and household appliances, automation and drive systems

BUSINESS

Product Category	Product Picture	Product Functions	Application Areas
Switching Power Supply		Power conversion for output regulation and equipment operation	Industrial automation machinery, industrial control systems, mechanical and power equipment

Lighting Products

Our lighting products include:

- **LED Driver.** Our LED drivers are primarily designed for commercial, home and outdoor lighting fixtures. They are designed with features, such as, high efficiency, high power factor, compact form factor and flicker-free performance, and are widely applied in indoor, outdoor and smart-lighting scenarios. Our lighting power supply excels in energy efficiency, reliability, compatibility with intelligent-dimming systems, environmental protection performance and ingress-protection, meeting application needs under diverse and stringent operating conditions. We also provide product customization, technical support and after-sales services to customers. Through our continuing efforts in product quality, R&D capability and delivery management, our LED driver products have been ranked fourth among lighting power supplies worldwide in 2025, with a market share of approximately 1.3%, according to Frost & Sullivan.
- **Lighting Fixtures.** We develop and supply customized lighting fixtures primarily for customers in the North American market, covering indoor and outdoor products, such as ceiling lights, wall lights, chandeliers, down lights and low-voltage landscape lights. Leveraging our experience in the North American market, we provide customers with comprehensive services including product design, engineering support and customized solutions.

The table below sets out a summary of our lighting products by product category:

Product Category	Product Graph	Product Functions	Application Areas
LED Driver		Supports constant current/ voltage driving with multiple dimming systems, flicker-free and compact in design	Indoor/outdoor/smart lighting fixtures
Lighting Fixtures		Lighting solutions for residential, commercial and architectural settings	Residential/commercial/ architectural settings

BUSINESS

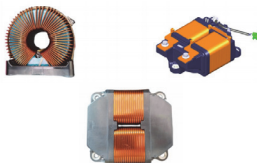
Other Products

Our other products include:

- ***Car-Mounted Inductor.*** Our car-mounted inductor products are applied in pure EVs, hybrid vehicles and hydrogen fuel cell vehicles. These products are used in on-board power electronic systems and are designed to support functions, such as, filtering and energy storage under vehicle operating conditions. We adopt PPS integrated injection-moulding technology in the development and manufacturing of car-mounted inductor products, which is intended to enhance insulation performance, mechanical strength, structural integrity and heat dissipation, while supporting lightweight and compact product designs.
- ***EV Power Supply.*** Our EV power supply products primarily comprise DC/DC converters, which are used to charge 12 V or 24 V batteries that power on-board electronic systems, and on-board chargers (“OBCs”), which convert AC input into DC output to meet the charging demands of new energy vehicles. Our EV power supplies are characterized by high efficiency, high reliability, small size and light weight, enabling them to meet the stringent requirements for reliability and energy efficient performance in vehicle operating environments.
- ***Communication Power Supply.*** Our communication power supply products are designed for use in communication network infrastructure applications and are primarily used in power supply systems for 5G communication base stations. These products are principally used to convert alternating current into direct current and provide stable power supply for communication equipment, and provide power conversion and protection functions to support the continuous operation of telecommunications equipment under various operating conditions. They feature stable power conversion capabilities and reliable protection functions, which effectively ensure the continuous and stable operation of telecommunication equipment under complex and changing operating environments and are primarily applied in the telecommunications industry, including power supply systems for communication base stations and other related scenarios.
- ***New Energy Vehicle Charging Piles.*** Our new energy vehicle charging pile covers a comprehensive range of products, including super charging sets, AC charging piles, DC integrated charging piles, DC split chargers, and common DC bus PV-storage-charging integrated systems. This forms a full category of product matrix that caters to various application scenarios, integrating functions, such as, PV power generation, energy storage and charging. By applying power-electronics integration technologies, our new energy vehicle charging piles can achieve efficient charging and energy management in a variety of application scenarios, making them suitable for urban infrastructure, commercial operations, industrial supporting facilities and so forth.

BUSINESS

The table below sets out a summary of our other products by product category:

Product Category	Product Graph	Product Functions	Application Areas
Car-Mounted Inductor		Filtering and energy storage for on-board systems	New energy vehicles
EV Power Supply		Battery charging and power conversion	New energy vehicles
Communication Power Supply		Power conversion and protection for communication network infrastructure	Communication networks, telecom base stations
New Energy Vehicle Charging Piles		Charging and energy management function	For new energy vehicle charging infrastructure

OUR BUSINESS MODEL

We formulate our business strategies based on our core technical capabilities and market demands, strategically focusing on global industries with high-growth potential. We are dedicated to providing products, such as, transformer equipment, power supplies, and magnetic components, and gradually expand our offerings from core components to integrated system solutions. Our R&D efforts are guided by market needs and industry trends, product solutions and development plans are formulated based on specific application scenarios and technical specifications. Procurement is coordinated by a dedicated team, which is responsible for supplier development and management, as well as the implementation of centralized procurement and cost control. In terms of production, we adopt an order-driven model, organizing production in accordance with customer orders received. In terms of sales, we adopt a hybrid sales model dominated by direct sales and supplemented by distribution, focusing on serving leading customers across various industries. The quality control runs through the entire process of product R&D, production and delivery. Leveraging standardized quality management systems and digital systems, we conduct continuous monitoring of key raw materials, production processes and finished product quality to ensure the consistency and reliability of product performance.

With the foregoing business model, we are able to gain in-depth insights into customer needs and promptly convey market feedback to R&D, production, quality control and other departments. Utilizing digital management systems including ERP, APS, MES and WMS, we integrate the processes of order management, R&D, procurement, production, sales and quality control, thereby building an integrated operating system that enables efficient collaborative operations from order acquisition to product delivery. Our production and sales activities are primarily driven by customer orders and project schedules, and our results of operations are not subject to any material seasonality.

BUSINESS

RESEARCH AND DEVELOPMENT

We maintain research and development capabilities, as we are committed to driving technological development in power electronics and new energy solutions and consistently adhering to a comprehensive R&D strategy for our products. We have established a well-scaled, experienced and professional R&D team. As of June 30, 2026, we operated six research and development centers across China primarily located in Ji'an (Jiangxi), Foshan (Guangdong) and Shenzhen (Guangdong), and Huainan (Anhui), which were supported by a research and development team comprising 742 members, representing approximately 22.3% of our total employees. Many core research and development members are graduates from well-known universities, and some hold senior engineer qualifications. Members of the research and development team at the director level and above have an average of more than 15 years of relevant experience in the power equipment industry, providing support for developing our technical know-how and industry insights.

We adhere to a customer demand-driven research and development model, combined with the analysis and judgment of industry trends, focusing on the continuous upgrading of core products. Meanwhile, we actively advance the R&D and application of new technologies, such as, solid-state transformers and Panama power supplies, so as to support product update and technological development.

In 2023, 2024, 2025 and for the six months ended June 30, 2026, our research and development expense was RMB185.8 million, RMB191.2 million, RMB239.1 million and RMB102.3 million respectively, accounting for 5.1%, 4.2%, 4.6% and 3.8% of our total revenue in the same respective period. The continuous R&D investment has laid a solid foundation for enhancing the competitiveness of core products and expanding the application of new technologies.

Research and Development Model

We primarily engage in R&D based on market demands and industry trends, as well as iterative updates to our existing technologies. We have built a complete closed-loop R&D process covering basic material research, electromagnetic technology development, and product prototype testing and validation. The R&D process mainly consists of three stages, namely, project initiation, product development, and product validation. During the project initiation, proposals are submitted and reviewed based on our market research and identified demand. During the product development stage, we formulate product solutions and development plans according to specific application scenarios and technical specifications, conduct sample production, testing and relevant validation, and simultaneously advance the R&D of forward-looking technologies, such as, solid-state transformers and Panama power supplies. During the product validation, we complete product finalization and compilation of relevant technical documents through small-batch trial production, feedback and plan refinement, and make full preparations for subsequent mass production.

Our R&D Achievements

Below are key examples that highlight how our technological advancements have led to our development in the energy and communication industry:

1. Box-type integrated transformer (箱變一體機)

Our box-type integrated transformer achieves the high integration of step-up transformer and smart transformer station, which not only possesses the functions of traditional transformers but also incorporates the advantages of step-up transformers, significantly enhancing electrical transmission efficiency. The application of low voltage switches in smart transformer stations further enhances the safety and stability of products, where stability could be maintained under high load operations. As a core product successfully developed in 2024, it has been applied in global PV power stations and energy storage projects. Our box-type

BUSINESS

integrated transformer has won the “Industry Contribution Award” and “Scientific and Technological Achievement Award” of the APVIA Asian Photovoltaic Awards on June 11, 2025.

2. *Hydrogen energy transformer (氢能變壓器)*

Our hydrogen energy transformers are custom-designed for rectification power supply scenarios in water electrolysis hydrogen production. They aim to cope with green power fluctuations, achieve precise power supply for electrolyzers, and meet long-cycle operation requirements, possessing four core characteristics: high disturbance resistance, high temperature resistance, strong stability, and excellent adaptability. We conduct R&D around six dimensions: electromagnetic, thermal management, insulation, structure, adaptability, and intelligence, and strictly follow the environmental and safety requirements of hydrogen production projects. Specifically: operation noise is 3–5dB lower than national standards; the oil-immersed design features leakage prevention properties; and the overall unit complies with plant safety specifications. Taking our self-developed 11200kVA hydrogen energy four-split transformer as an example, its core features include four independent low-voltage circuits, high-pulse rectification, strong short-circuit resistance, and excellent thermal stability, and it uses eco-friendly FR3 insulating fluid. This product adapts to 48-pulse rectification, offering greater advantages in harmonic suppression and energy efficiency, and has currently completed UL certification.

3. *Integrated Energy Storage Converter and Step-Up Units (儲能變流升壓一體機)*

We have developed integrated energy storage converter and step-up units for electrochemical energy storage projects. The product adopts a highly integrated design; its core is composed of transformers, high-voltage switchgear, auxiliary power distribution and communication equipment, and is paired with industry-standard power conversion systems (PCS), which reduces on-site installation and commissioning workload and supports the rapid deployment of large-scale energy storage power stations. To support 5MWh DC battery compartments, we have launched a 5MW integrated energy storage converter and step-up unit featuring a compact modular design and enhanced thermal management performance, enabling reliable operation under demanding site conditions. The product is equipped with our self-developed high-efficiency epoxy-encapsulated dry-type transformer, ensuring safe and stable system operation.

4. *Overseas Data Center Dry-type Transformers and Low-voltage Switchgear (海外數據中心乾式變壓器和低壓櫃產品)*

For this project, we delivered epoxy-encapsulated dry-type transformers with enclosures and low-voltage switchgear in batches. The project involved extensive customization requirements, including specifications that certain core components be sourced from local market brands and procured locally, which increased the complexity of supply chain coordination. Leveraging our experience in the relevant overseas market, the developed products comply with applicable local technology standards and align with local operational practices. The successful delivery of this project represents a significant milestone for us. From a product perspective, it demonstrates our strategic transition from a single-transformer supplier to a comprehensive provider of integrated power equipment solutions. It also marks a notable advancement in our capability to supply integrated power equipment to overseas data center projects.

BUSINESS

PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

Procurement

We have established a dedicated procurement team responsible for coordinating the procurement of materials, such as, raw materials, equipment and devices. Its responsibilities include formulating procurement plans, supplier development and management, as well as demand analysis, price comparison, negotiation and procurement cost control. Procurement activities are uniformly managed by the procurement management center. Through supplier qualification screening, certification procedures and evaluation systems, we select qualified suppliers that meet requirements in terms of price, quality, safety and supply capacity, and establish long-term partnerships with them. Relying on the ERP system, we consolidate procurement plans and optimize procurement and inventory arrangements in conjunction with production requirements, internal requests and inventory levels to support stable and efficient operations. For manufacturing activities conducted in the PRC, we source most of our raw materials and services locally from suppliers based in the PRC (i.e. over 90% by value). For manufacturing activities conducted in the U.S., we source approximately over 92% (by value) of our raw materials from suppliers in the PRC and Thailand, with the remainder sourced from other suppliers (including from within the U.S.), for each period during the Track Record Period. See “Business — Major Suppliers” for further details.

Inventory and Logistics

Our inventory mainly consists of raw materials, work-in-progress items and finished products. We operate warehouses at domestic and overseas production bases, which are used primarily for storing raw materials. We conduct unified management of inventory through the WMS system to monitor inventory levels in real time and maintain appropriate inventory in response to market demand. In 2023, 2024, 2025 and for the six months ended June 30, 2026, our inventory turnover days were 54.0 days, 59.6 days, 70.9 days and 81.5 days, respectively. Our inventory turnover days recorded a year-on-year increase during the Track Record Period, primarily attributable to higher levels of finished goods maintained in anticipation of our expanding sales scale. Raw material procurement and production planning are coordinated based on sales forecasts, actual sales performance and purchase orders available from our system.

In terms of logistics arrangements, our logistics team is in charge of receiving raw materials from our suppliers and arranging warehousing, as well as coordinating with third-party logistics service providers to handle product distribution and related customs clearance matters. Logistics service providers are selected based on criteria, such as, corporate strength, operational capabilities, cooperation records, pricing and scale. We continuously evaluate their performance to ensure the stability and efficiency of distribution services. Under relevant agreements, the responsibility for procuring cargo transportation insurance is placed on logistics service providers, which would be responsible for the loss or damage during the delivery process. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any serious delays or mishandling of goods that have a material adverse impact on business operations.

PRODUCTION

Our production model is primarily order-based, that is, production is organized according to received orders. As customers require products in various specifications and models, we determine production plans based on order specifics. Supported by the APS system, we integrate capacity models with order demand to schedule production down to individual processes and equipment to enhance the accuracy and efficiency of order reviews and delivery commitments. For certain universal products, in addition to order-based production, we also engage in make-to-stock production based on market demand forecasts to enhance capacity utilization and meet delivery requirements of our customers. Specific production activities are separately organized by our various business units, each of which is equipped with a complete production system including production, engineering, quality control, material control, and equipment management. This has enabled us to establish internal manufacturing management processes supporting our productions and operations.

BUSINESS

Production Bases

At the operational level, we formulate our production plans by taking into account both current customer orders and broader market conditions. The sales department consolidates delivery requirements and deadlines, which are then integrated with the production capacity of our manufacturing bases and supply chain status to determine the final production schedule. We have established a network of production facilities in China and overseas to manufacture our products. As of June 30, 2026, we have five production bases in China, which are located in Ji'an (Jiangxi), Huainan (Anhui), Shenzhen (Guangdong), Zhongshan (Guangdong) and Foshan (Guangdong). As of the same date, we have four overseas production bases, which are located in the USA, Mexico, Malaysia and Thailand.

The essential information of our nine production bases in China and overseas is set out below:

Location of production bases	Leased area/ Building area (sq.m.)	Products
<i>Domestic bases:</i>		
Ji'an (Jiangxi)	362,156.97	New Energy Products, Data Center Products, Industrial Control Products, Power Distribution Products, Lighting Products, etc.
Foshan (Guangdong)	73,751.7	New Energy Products, Lighting Products, etc.
Huainan (Anhui)	66,729.4	New Energy Products
Shenzhen (Guangdong)	11,916	Other Products: EV Power Supplies, Communication Power Supplies, Charging Piles
Zhongshan (Guangdong)	16,800.0	New Energy Products
<i>Overseas bases:</i>		
USA	11,406.5	Power Distribution Products
Mexico	66,786.6	New Energy Products
Malaysia ⁽¹⁾	8,604.2	Lighting Products
Thailand ⁽²⁾	100,154.0	New Energy Products, Data Center Products, Power Distribution Products, etc.

Note:

- (1) We have ceased leasing the indicated premises (of which, an area of 5,579.0 sq.m. was for production) since August 2026. Since August 1, 2026, we have leased a space of 1,500 square feet (equivalent to approximately 139.4 sq.m.) for temporary storage and handling.
- (2) We have entered into a factory rental contract for leasing built factory facilities with a total factory area of 10,560.0 sq.m., increasing the aggregate leased/building area of our Thailand production base to 100,154.0 sq.m.

BUSINESS

Production Capacity and Utilization

The following table sets out the production capacity, production volume, and utilization rate of our major products during the Track Record Period:

Product	Metric	Year ended December 31			Six months ended June 30	
		2023	2024	2025	2025	2026
Transformer Equipment Products	Production Capacity ⁽¹⁾ (units'000)	8,206.0	8,559.1	8,600.0	3,644.6	3,941.7
	Production Volume (units'000)	7,470.2	7,532.3	7,918.8	3,720.5	3,751.6
	Utilization Rate ⁽²⁾ (%)	91.0	88.0	92.1	102.1	95.2
Lighting Products	Production Capacity ⁽¹⁾ (units'000)	60,000.0	85,000.0	106,550.0	48,835.4	58,500.0
	Production Volume (units'000)	55,760.0	84,790.0	97,000.0	45,056.8	57,265.4
	Utilization Rate ⁽²⁾ (%)	92.9	99.8	91.0	92.3	97.9

Notes:

- (1) Production capacity is calculated based on the planned capacity of the production lines.
- (2) The utilization rate is calculated by dividing the actual production volume for the periods indicated by the planned production capacity for the periods indicated.

The following table sets out the production capacity, production volume, and utilization rate of each of our production bases in operation during the Track Record Period:

Production Base	Metric	Year ended December 31			Six months ended June 30	
		2023	2024	2025	2025	2026
Ji'an (Jiangxi)⁽¹⁾	Production Capacity (units' 000)	54,606.0	80,408.3	101,194.7	44,951.6	55,813.4
	Production Volume (units' 000)	50,980.2	79,769.9	93,196.9	42,336.5	55,212.5
	Utilization Rate (%)	93.4	99.2	92.1	94.2	98.9
Foshan (Guangdong)⁽²⁾	Production Capacity (units' 000)	9,500.0	10,820.0	11,190.0	5,595.0	6,175.0
	Production Volume (units' 000)	8,886.9	10,681.9	10,107.7	5,252.3	5,633.1
	Utilization Rate (%)	93.6	98.7	90.3	93.9	91.2
Huainan (Anhui)⁽³⁾	Production Capacity (units' 000)	0.0	700.0	2,000.0	1,000.0	1,000.0
	Production Volume (units' 000)	0.0	655.2	1,126.2	579.9	585.4
	Utilization Rate (%)	0.0	93.6	56.3	58.0	58.5
Shenzhen (Guangdong)	Production Capacity (units' 000)	100.0	180.0	482.0	200.8	241.0
	Production Volume (units' 000)	91.4	169.9	465.9	206.7	283.6
	Utilization Rate (%)	91.4	94.4	96.7	102.9	117.7

BUSINESS

Production Base	Metric	Year ended December 31			Six months ended June 30	
		2023	2024	2025	2025	2026
Zhongshan (Guangdong)⁽⁴⁾	Production Capacity (units' 000)	—	—	0.4	0.0043	0.175
	Production Volume (units' 000)	—	—	0.3	0.003	0.042
	Utilization Rate (%)	0.0	0.0	70.6	69.8	24.0
U.S.⁽⁵⁾	Production Capacity (units' 000)	—	—	1.0	—	2.0
	Production Volume (units' 000)	—	—	0.6	—	0.936
	Utilization Rate (%)	0.0	0.0	55.5	—	46.8
Malaysia⁽⁶⁾	Production Capacity (units' 000)	4,500.0	2,500.0	1,500.0	1,240.0	192.1
	Production Volume (units' 000)	3,723.6	2,003.0	1,131.2	843.9	150.3
	Utilization Rate (%)	82.7	80.1	75.4	68.1	78.2
Thailand	Production Capacity (units' 000)	—	0.8	2.0	0.9	9.6
	Production Volume (units' 000)	—	0.6	1.7	0.2	1.8
	Utilization Rate (%)	0.0	75.3	87.2	25.0	18.8
Mexico⁽⁷⁾	Production Capacity (units' 000)	—	—	—	—	—
	Production Volume (units' 000)	—	—	—	—	—
	Utilization Rate (%)	—	—	—	—	—

Notes:

- (1) The utilization rate of our Ji'an (Jiangxi) production base decreased from 99.2% in 2024 to 92.1% in 2025, primarily due to the addition of two production lines for lighting products in 2025, while the increase in product orders during the same period did not fully keep pace with the additional production capacity brought by such new production lines.
- (2) The utilization rate of our Foshan (Guangdong) production base decreased from 98.7% in 2024 to 90.3% in 2025, primarily due to our production reallocation and capacity optimization strategy, pursuant to which certain orders for industrial control products and transformer products were gradually transferred from the Foshan (Guangdong) production base to the Ji'an (Jiangxi) production base in 2025.
- (3) The relatively low utilization rate of our Huainan (Anhui) production base in 2025 was primarily due to our production reallocation and capacity optimisation arrangements. In line with our global development strategy and to better meet the needs of overseas customers, we gradually transferred certain production orders to our Thailand production base during 2025, resulting in a decrease in production demand at the Huainan (Anhui) production base.
- (4) The utilization rate of our Zhongshan (Guangdong) production base decreased from 69.8% for the six months ended June 30, 2025 to 24.0% to the same period in 2026, primarily due to the Company's strategic adjustment to its target markets, as well as longer communication periods for energy storage projects and production cycles.
- (5) The relatively low utilization rate of our U.S. production base in 2025 was primarily because such production base was newly established in 2025 and was put into production since October 2025 and large-scale production had not yet commenced. Due to the same reason, there was no production capacity, volume or utilization rate of our U.S. production base recorded for the six months ended June 30, 2025.
- (6) The utilization rate of our Malaysia production base decreased from 82.7% in 2023 to 80.1% in 2024 and further to 75.4% in 2025, primarily due to adjustments to our business strategy and overseas production arrangements. The Malaysia production base was primarily engaged in the production of lighting fixtures products for export to

BUSINESS

the U.S. market. Since 2024, orders for lighting fixtures products gradually decreased and eventually ceased. In 2025, we ceased accepting orders for lighting fixtures products exported to the U.S. market, and no such products were produced at the Malaysia production base during the second half of 2025.

As a result, the existing products and remaining production capacity of our Malaysia production base would not be able to effectively cover its fixed operating costs, including rental expenses, depreciation, labour costs and utilities. Meanwhile, the production scale of our Thailand production base has gradually expanded and it is becoming our main production base in Southeast Asia. In order to optimize management and production efficiency and cost-effectiveness, we have ceased the production activities of our Malaysia production base since July 31, 2026. After the closure, the production of remaining lighting products from the Malaysia production base and the related production capacity will be gradually transferred to our Thailand production base. Such closure and transfer will not result in any order breach or related risks.

Our Malaysia subsidiaries are expected to commence formal deregistration in the second half of 2026. During the Track Record Period, the revenue contribution of our Malaysia subsidiaries accounted for only a small portion of our Group’s revenue. For the years ended 2023, 2024, 2025 and the six months ended June 30, 2026, the aggregate revenue contribution of our Malaysia subsidiaries accounted for 2.1%, 3.4%, 2.8% and 1.6%, respectively, of our Group’s revenue.

Our Directors are of the view that the closure of our Malaysia production base and the transfer of its production capacity will not have any material adverse impact on our Group’s business operations, financial position or future development, instead, such measures are in line with the Group’s development strategies. They will help optimize our management and production resources, reduce operating costs and improve overall production efficiency.

- (7) Our Mexico production base has recently commenced production since June 30, 2026. Accordingly, no production capacity, production volume or utilization rate was recorded for this production base during the periods indicated. Following the commencement of operations, the Mexico production base is expected to achieve 100% of its designed capacity within the second half of 2027, representing an annual rated capacity of 6,000 units.

Production Process

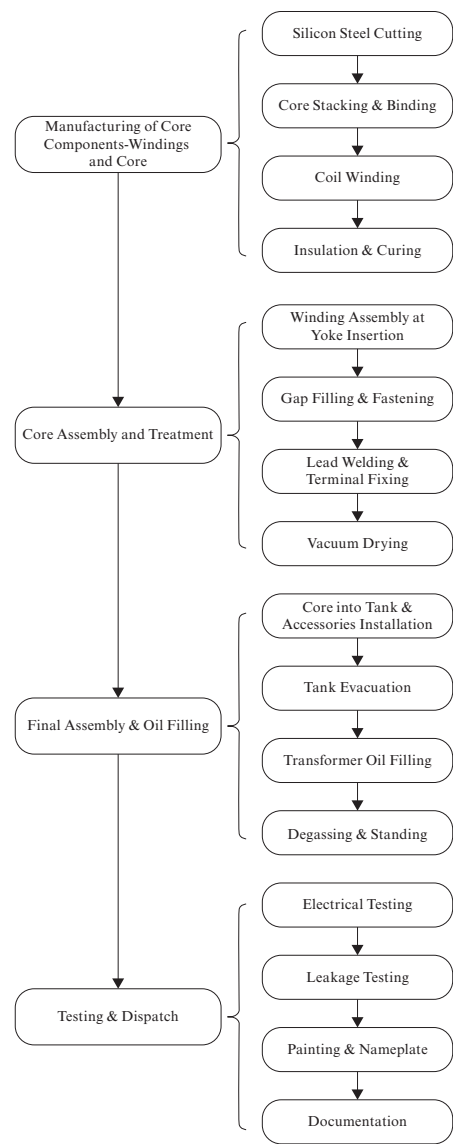
We have formed an integrated production process. Through our relentless efforts in production automation and production process refinement, we have effectively enhanced our product quality and production efficiency.

New Energy Transformer. Our production process of new energy transformer primarily includes manufacturing of core components, core assembly and treatment, final assembly and oil filling, testing and dispatch. The details of the production processes of our new energy transformer are set out as follows:

- **Manufacturing of core components-windings and core.** Our manufacturing of core components begins with the cutting of silicon steel sheets, followed by core stacking, and core binding and sealing. Subsequently, we proceed with coil winding. Following winding, we conduct insulation treatment and complete the process with drying and curing.
- **Core assembly and treatment.** We commence core assembly by assembling windings onto core limbs, and then inserting the upper yoke. Subsequently, we fill any gaps with specified materials and install clamping components to achieve overall fastening. Following this, we weld and fix leads to terminals and inspect core cleanliness along with all fasteners. Finally, we employ drying technology to remove moisture from the materials.
- **Final assembly and oil filling.** The final assembly phase involves hoisting the core steadily into the tank, followed by the installation of the tank cover, radiators or cooling tubes. We then evacuate the tank, and fill it with qualified, dry transformer oil controlled at a appropriate temperature. After filling, we continue evacuation for degassing and allow for standing.

BUSINESS

- **Testing and dispatch.** We perform a series of tests including routine testing, such as, turns ratio testing and electrical testing. Additionally, we conduct leakage checks by applying pressure. Finally, we complete the process with painting, installing nameplates, and organizing technical documentation.

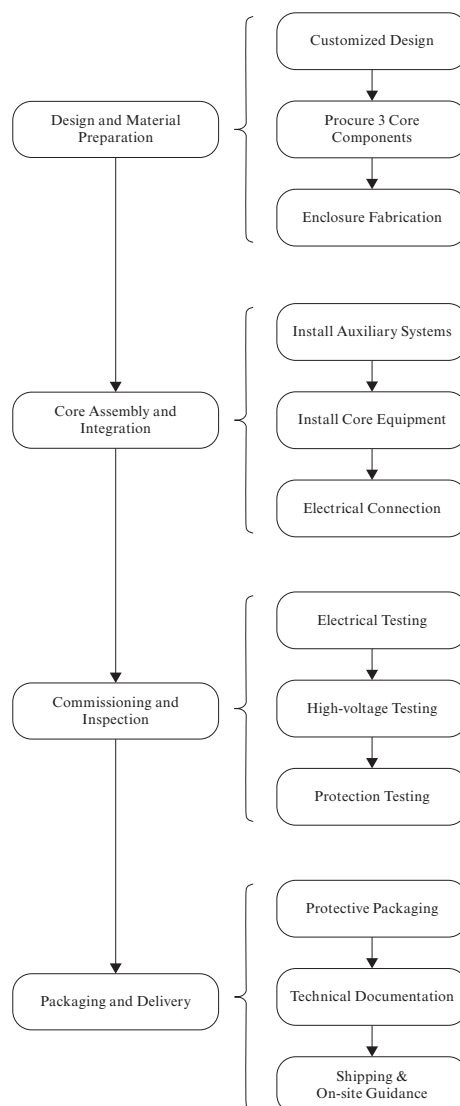


Smart Transformer Station. Our production processes of smart transformer station primarily includes design and material preparation, core assembly and integration, commissioning and inspection, packaging and delivery. The details of the production processes of our smart transformer station are set out as follows:

- **Design and material preparation.** Our production begins with customized design, where our engineering team develops electrical schemes and structural layouts based on specific customer requirements and usage environments, such as, industrial parks and solar PV. Following design completion, we generate detailed production drawings and technical documentation. We then procure the core components from qualified suppliers. These components undergo rigorous incoming inspection to verify performance compliance. Concurrently, we fabricate the enclosure through processes, such as, cutting and welding, resulting in a sealed, durable housing suitable for harsh outdoor conditions.

BUSINESS

- Core assembly and integration.** During this stage, we commence assembly by positioning the fabricated enclosure on the work fixture. We first install auxiliary systems, including busways and fire protection equipment. We then fix the inspected and approved core components into their designated positions inside the enclosure. Following this, we form a complete power pathway by establishing electrical connections.
- Commissioning and inspection.** This critical phase ensures the product’s reliability prior to dispatch. We begin with electrical inspections. We then conduct high-voltage testing to confirm absolute insulation integrity. After the foregoing step, we set up various fault conditions to ensure accurate and rapid protective responses. Finally, we perform a comprehensive pre-dispatch inspection to ensure full compliance with customer specifications.
- Packaging and delivery.** In the final stage, we apply protective packaging to ensure safe long-distance transportation. We then arrange shipment of each unit along with a complete set of technical documentation via specialized transport vehicles or containers to securely deliver the product to the customer’s specified site, after which our professional team provides installation guidance and on-site commissioning services.

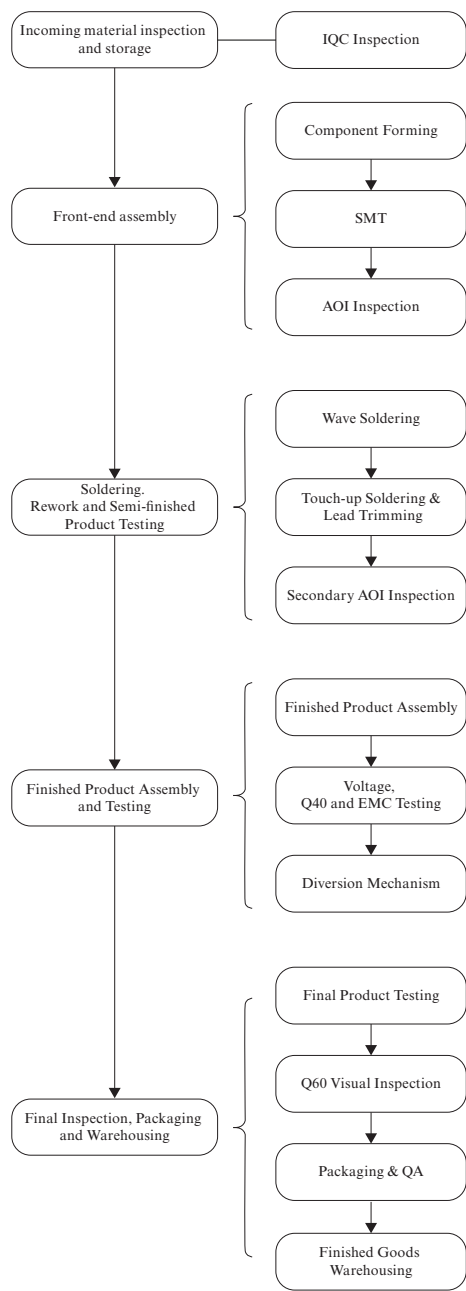


BUSINESS

LED Driver. Our production process of LED driver primarily consists of incoming material inspection, front-end assembly, soldering and rework, semi-finished product testing, finished product assembly and testing, packaging, and warehousing. The details of the production process are set out as follows:

- ***Incoming Material Inspection and Storage.*** Raw materials first undergo IQC (Incoming Quality Control) inspection. Only materials that pass the inspection are transferred to the raw material warehouse for subsequent production.
- ***Front-end Assembly.*** Based on process requirements, components are first formed. We then complete front-end assembly via either manual insertion or automated insertion and surface mounting (SMT). An AOI check is conducted during this stage to verify the quality of component placement and soldering.
- ***Soldering, Rework and Semi-finished Product Testing.*** Products proceed to visual inspection, followed by wave soldering. Where necessary, rework and lead trimming are performed. After these procedures, another AOI inspection and semi-finished product testing are carried out. Products that fail the testing are routed to a repair station for rework.
- ***Finished Product Assembly and Testing.*** Qualified semi-finished products are moved to finished product assembly. Upon completion, they undergo a sequence of tests including withstand voltage testing, Q40 aging testing, and EMC (Electromagnetic Compatibility) testing. Each test point incorporates an OK/NG diversion mechanism to separate qualified and non-qualified units.
- ***Final Inspection, Packaging and Warehousing.*** Products that pass the finished product final testing and Q60 visual inspection proceed to packaging. After passing QA outgoing inspection, the finished products are transferred to the finished goods warehouse. This entire process ensures full-cycle quality control and traceable management.

BUSINESS



Production Technology Upgrade Plan

To cater to the surging market demand for next-generation power equipments and reinforce our technological capabilities in the industry, we plan to accelerate the R&D and industrialization of solid-state transformers and Panama power systems by building advanced R&D laboratories and dedicated production lines. These strategic initiatives will significantly enhance our core technological barriers, shorten the product development cycle, improve mass production efficiency and product reliability, and enable us to better seize market opportunities in high-growth segments such as new energy and data centers. We intend to fund this R&D and industrialization plan through a combination of the [REDACTED] from the [REDACTED] and self-generated operating funds. See “Future Plans and Use of [REDACTED].”

BUSINESS

SALES AND MARKETING

Sales Model

We consistently adopt a global perspective in our development and resource allocation, adhering to an international and diversified approach. We have established a sales network covering over 60 countries and regions worldwide. Our sales model is predominantly direct sales, serving leading customers across industries. This approach reduces intermediate links, helps us control sales channel risks, allows us to better understand customer needs, and facilitates timely feedback to our R&D and production departments. This, in turn, supports us in adjusting our product structure and continuously launching new products that meet consumer demands.

Given that overseas markets represent a significant portion of our sales, to better develop and serve international customers, we have established subsidiaries in key overseas sales regions, such as, the United States, Japan, and Germany, gradually building a sales network that reaches major countries and regions globally.

International Market Orientation and Global End-Market Exposure

Our products are developed and manufactured based on mainstream international technical standards, which enable us to serve customers across different jurisdictions with diverse regulatory and technical requirements. Many of our core products are designed for global application scenarios and can be configured to meet local grid codes, certification requirements and operating conditions in overseas markets.

Over the years, we have successfully delivered our products to overseas markets in volume, accumulating practical experience in international project execution, product certification, logistics coordination and after-sales support. Our ability to provide consistent product quality, customized technical solutions and reliable delivery allows us to support customers across a wide range of application scenarios, including new energy, data centers and power infrastructure in different markets.

During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, although a portion of our sales is recorded in the PRC, a part of our products is ultimately deployed in overseas end-markets through our customers’ downstream projects. Many of our customers are system integrators, equipment manufacturers and project developers that engage in international projects, and our products form part of the supply chains supporting global energy transition and digital infrastructure development.

We generate revenue through sales of products in Chinese Mainland, North America, Europe, Asia (excluding Chinese Mainland) and other countries/regions. The following table sets out a breakdown of our revenue by countries/regions during the Track Record Period:

	Year ended December 31						Six months ended June 30			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Revenue from External Customers										
— Chinese Mainland	2,635,030	72.9	3,245,598	70.5	3,304,289	63.4	1,751,895	71.8	1,368,549	51.4
— North America ⁽¹⁾	376,202	10.4	600,066	13.0	900,197	17.3	340,974	14.0	484,403	18.2
The United States	257,438	7.1	471,286	10.2	777,377	14.9	273,529	11.2	452,823	17.0
— Europe ⁽²⁾	352,753	9.8	521,225	11.3	524,931	10.1	234,641	9.6	244,752	9.2
— Asia (Excluding Chinese Mainland) ⁽³⁾	222,935	6.2	195,457	4.2	452,439	8.7	98,177	4.0	545,273	20.5
— Others	29,388	0.8	40,348	0.9	32,156	0.6	15,252	0.6	19,096	0.7
Total	3,616,308	100.0	4,602,694	100.0	5,214,012	100.0	2,440,939	100.0	2,662,073	100.0

BUSINESS

Notes:

- (1) Primarily includes the United States.
- (2) Primarily includes Spain and Sweden.
- (3) Primarily includes Japan and Thailand.

Our Sales Arrangements

We adopt a hybrid sales model combining direct sales and distributorship to market our products. In 2023, 2024, 2025 and for the six months ended June 30, 2026, our revenue from direct sales was RMB3,384.3 million, RMB4,324.7 million, RMB4,914.4 million and RMB2,487.0 million, accounting for 93.6%, 94.0%, 94.3% and 93.4% of our total revenue respectively. Our distributorship revenue was RMB232.0 million, RMB278.0 million, RMB299.6 million and RMB175.1 million, accounting for 6.4%, 6.0%, 5.7% and 6.6% of our total revenue in the same respective years. The following table sets out a breakdown of our revenue by sales channels for each year/period indicated:

	Year ended December 31						Six months ended June 30			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
Direct sales	3,384,342	93.6	4,324,721	94.0	4,914,442	94.3	2,318,431	95.0	2,486,961	93.4
Distributorship	231,966	6.4	277,973	6.0	299,570	5.7	122,508	5.0	175,112	6.6
Total	3,616,308	100.0	4,602,694	100.0	5,214,012	100.0	2,440,939	100.0	2,662,073	100.0

Our sales force is essential to building, maintaining and promoting our brand image by interacting, introducing and demonstrating the features of our products directly to our customers. As of June 30, 2026, we had assembled a dedicated sales and technology support team of over 900 members with strong expertise in the sales of our products. The technically complex nature of our product requires our sales force to possess specialized expertise. Our sales and technology support team is equipped with knowledge of our products and is primarily responsible for frequently communicating with our customers and understanding their feedback on the quality, improvements and market demand of our products. Our R&D leadership team has rich industry experience, which supports the ongoing development and upgrading of our products and enables the technical capabilities of our sales and technical support teams.

Direct sales

We sell our products to customers via direct sales at their demand. Our direct sales customers primarily include customers from the fields of new energy, data center and lighting, which are scattered across both domestic and overseas markets. We believe that our direct engagement with these customers and our proactive efforts to develop and strengthen relationships with them can enable us to address their demands in a satisfactory and efficient manner, accumulate critical know-hows and enhance our market penetration and positioning in the new energy sectors. Driven by our commitment to product-market-fit, we primarily attract and retain direct sales customers leveraging our ability to offer products that effectively meet their requirements, as well as evolving industry standards and technology advancements. In particular, we have fostered long-term collaborative relationship with certain direct sales customers by maintaining regular communications with them and providing customized solutions.

BUSINESS

Principal terms of sales agreements with direct sales customers

We typically enter into agreements with our direct customers, which are standard terms and conditions provided by our customers. The following paragraphs set forth a summary of the salient terms of our arrangements with direct sales customers.

- **Term and termination.** Customer agreements generally become effective upon execution or as specified in the relevant purchase orders and remain effective for an initial term as agreed, subject to renewal in accordance with the agreed arrangements. Either party may terminate the agreements in accordance with customary termination provisions, including termination for material breach.
- **Product specification.** Products are required to comply with agreed technical specifications, drawings, quality requirements and applicable national, industry and customer-specific standards as set out in the relevant agreements, purchase orders and technical documents. Any material deviation from the agreed specifications is generally regarded as non-conforming.
- **Pricing and payment term.** Product prices are generally determined on a purchase order basis and may be subject to adjustment by mutual agreement under certain circumstances, such as significant changes in raw material costs. Payment terms, including advance payments, progress payments and settlement arrangements, are agreed on a case-by-case basis with customers.
- **Supporting services.** We generally provide supporting services in connection with product delivery, including installation guidance, commissioning support, technical consultation, training and after-sales services, in accordance with the relevant agreements.
- **Product warranty, return and exchange.** Products are generally subject to warranty arrangements as agreed with customers. In the event of defective or non-conforming products, we are generally required to provide remedies such as repair, replacement or refund in accordance with the relevant agreements.

Sales through distributors

For certain products such as LED driver, we operate through a distributor model. Under this arrangement, our distributors are responsible for end-customer acquisition, logistics, and payment collection. This allows us to focus on our core competencies: defining product specifications, providing technical support, and delivering after-sales service — all to ensure optimal product performance and customer satisfaction. In certain authorized cases, our primary distributors are permitted to develop sub-distributors, who operate under the policy guidance and price controls set by the primary distributor, with performance bonds negotiated independently between them. For specific projects pursued by distributors, we may, when necessary, assign product and technical representatives to assist in customer engagement and project implementation. According to Frost & Sullivan, the engagement of distributors for the sales of products is an industry norm in the energy and communication industry. Such a distribution model contributes to the optimization of our operational efficiency, strengthening of our core advantages, and reduction of inefficient sales and administrative procedures, thereby improving our financial flexibility.

During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, we were not aware of any sub-distributors of our products.

BUSINESS

The following table sets out the key metrics of our distributors for each year/period indicated:

	Year ended December 31			Six months ended June 30	
	2023	2024	2025	2025	2026
Number of distributors at the beginning of the year	38	51	40	40	23
Number of distributors newly engaged	15	3	6	0	2
Number of distributors we terminated cooperation with	2	14	23	21	8
Net increase/(decrease) in the number of distributors	13	(11)	(17)	(21)	(6)
Number of distributors at the end of the year	51	40	23	19	17

The material turnover and movement relating to our distributor customers remained stable during the Track Record Period. As we adopt an order-driven production model for its customized products, inventory levels were generally controlled and no abnormal fluctuations were identified.

During the Track Record Period and up to the Latest Practicable Date, we did not experience material breach of distribution agreements that had a significant impact on our business, nor did we have any material disputes with or experience any return or exchange of products from our distributors that had a material adverse effect on our business.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, our distributors were independent third parties. Except for the business relationship with us pursuant to the distribution arrangements, there is no other relationship between the distributors and each of our Company, our subsidiaries, our Shareholders who own 5% or more of our total issued Shares, Directors or senior management or any of their respective associates.

Principal terms of distribution agreements

We typically enter into distribution agreements with our distributors. The following paragraphs set out a summary of the salient terms of our arrangements with distributors.

- ***Term and termination.*** Distribution agreements generally have an initial fixed term and may be terminated by either party in accordance with the agreed termination provisions, including termination for material breach by the other party.
- ***Pricing and payment terms.*** Products are generally supplied to distributors at agreed distributor prices. Payment terms and settlement arrangements, including advance payment or credit arrangements, are agreed with distributors on a case-by-case basis.
- ***Sales targets and incentives.*** Distributors are generally required to meet agreed sales targets, which are typically linked to rebate incentives and other commercial arrangements. Subject to our approval, distributors may appoint sub-distributors in designated regions.
- ***Supporting services.*** We generally provide distributors with marketing support, sales materials, technical training, and other support services in connection with product promotion and sales activities.
- ***Return, warranty and remedies.*** Products are generally subject to inspection and warranty arrangements as agreed with distributors. In the event of defective or non-conforming products, we generally provide remedies such as repair, replacement or other agreed solutions in accordance with the relevant agreements.

BUSINESS

Distributor management

We engage distributors primarily to efficiently expand market coverage for our standardized product lines and penetrate specific regional markets. We generally enter into distribution agreements with distributors, all of whom are, to the best of our knowledge, independent third parties. We have established a rigorous framework for distributor selection and management. We oversee distributor operations through a combination of distribution agreements, formal authorization mechanisms, and continuous monitoring. Qualified distributors may be issued an official certificate to support the orderly operation and systematic management of our distribution network.

During the distributor selection process, we evaluate candidates primarily based on their industry reputation, established customer relationships, and financial stability, with distinct criteria tailored for domestic and international distributors. At present, these standards are primarily applied to our LED driver products. For the domestic market, we collaborate exclusively with a selected group of distributors with whom we have maintained long-term partnerships. For international markets, we prioritize established partners with operational and financial credentials. Key criteria include: an independent legal entity status with a relevant business scope; stable sales channels and a solid customer base; sound financial health with no recent consecutive losses; and alignment with our brand and sales policies.

To strengthen the systematic management of our distributor network, we have implemented a series of specific measures:

Brand Usage Guidelines: We enforce strict brand usage guidelines that specify the authorized use of our company logo and promotional language in advertising materials. These guidelines prohibit any unauthorized modifications or misleading communications to consumers, protecting our brand integrity and ensuring consistent market messaging across all distribution channels.

Incentive Programs: To enhance distributor loyalty and performance, we have implemented an incentive program that provides additional rebates and priority access to new product agency rights for distributors with consistent sales achievements. This approach aligns distributor incentives with our sales objectives and rewards high-performing partners.

Demand-Driven Distribution Model: To reduce inventory pressure on distributors, we have adopted a small-batch, high-frequency delivery model that shifts away from bulk inventory pushing toward a demand-driven distribution approach based on actual customer orders. This strategy improves cash flow for both parties, reduces obsolescence risk, and enhances supply chain efficiency. We do not require our distributors to maintain any minimum inventory level.

Marketing and Branding

We believe that the competitive advantages of our products, close ties with key players in the energy sectors and mass production experience, combined with our ongoing commitment to product-market-fit enable us to effectively attract customers and enhance our market penetration. By adopting an efficient and targeted go-to-market approach, we continuously identify and address customer needs and pain points. This market feedback serves as a vital reference for new product development, further enhancing customer retention.

From a marketing perspective, our sales and marketing teams engage in regular communication with customers and execute promotional campaigns. Simultaneously, we leverage social media platforms, industry seminars, and exhibitions to showcase product features, share technical and industry insights, and establish and maintain direct connections with end-users. These efforts are designed to bolster brand awareness and enhance our brand image.

BUSINESS

Pricing Strategy

The pricing of our products varies based on factors, such as, raw material costs, order volume, market competition, and specific technical specifications requested by customers. Prices are primarily determined through direct negotiations. During the pricing process, we take into account our cost structure, projected profit margins, and the price points of comparable competitor products. Furthermore, we continuously monitor market dynamics, including cost fluctuations, industry price trends, and shifting customer demands, to adjust our pricing strategy in a timely manner, ensuring our prices remain both reasonable and competitive.

QUALITY CONTROL

Product Quality and Standards

We adhere to strict quality management throughout the entire process, including R&D, raw material procurement, production, storage and transportation. Our products comply with relevant domestic and international quality and safety certification requirements, and meet the quality standards adopted by renowned global customers.

At the specific implementation level, to ensure reliability and consistency, we implement modular and automated production lines, optimize manufacturing processes continuously, and conduct strict incoming inspections on key raw materials, such as, silicon steel sheets. We also adopt advanced production and quality control systems to monitor the production process, thereby supporting stable product performance. Through the aforementioned quality control measures, we have established a sound quality assurance system, which supports its long-term cooperation with high-end customers worldwide.

We believe quality is vital to our sustainable business growth and brand image. Our comprehensive quality management approach encompasses the following key areas:

- ***Design Quality Management:*** We ensure compliance of the design process, key design elements, and product quality at the design stage through design quality engineering (DQE) quality planning, design reviews, and input and output reviews conducted during the product development phase.
- ***Supplier Quality Management:*** We implement supplier quality management, including supplier qualification and onboarding, component development, routine performance evaluation, support and guidance, targeted improvement initiatives, and rectification measures or disqualification where necessary. This ensures that all suppliers and materials are lawful, compliant, and meet applicable standards.
- ***In-Process Quality Management:*** We promote employees’ quality awareness through the principle of “doing it right the first time,” supported by self-inspection and mutual inspection among employees. This is complemented by full-process special inspections, including inspections at key positions and critical-to-quality (CTQ) points, as well as routine patrol inspections to promptly identify and rectify risks related to personnel, machines, materials, methods, and environment during production.
- ***Independent Test Station Management:*** To ensure that product performance consistently meets customer and market demands, our test stations are independently managed, including those certified by the China National Accreditation Service for Conformity Assessment (CNAS), to ensure the reliability of test results.

BUSINESS

- **Quality Management Systems:** Our quality management framework is underpinned by established systems and procedures. We have obtained multiple system certifications, including ISO 9001 (International standard for quality management systems), ISO 14001 (International standard for environmental management systems), ISO 45001 (International standard for occupational health and safety management systems), QC080000 (International standard for hazardous substances process management), and IATF 16949 (Global standard for automotive quality management systems). We establish relevant quality indicators through management reviews, decompose them in accordance with the SMART principle, and conduct regular reviews to ensure continuous monitoring and improvement of quality performance.
- **After-Sales Quality Management:** We maintain a customer service department with dedicated after-sales teams in the Americas, Europe, and Japan, providing global coverage. We collect feedback and market information from customers, including end customers, and respond to and resolve issues in a timely manner.
- **Continuous Improvement:** We uphold a culture of continuous improvement by identifying and raising issues or risks, proposing improvement suggestions, and promoting continuous quality enhancement through multi-level and multi-scenario meetings, such as, daily quality briefings, weekly quality meetings, monthly quality meetings, and company operational meetings.
- **Quality Digital Transformation:** We have been establishing full-process quality files and promoting quality digital transformation, aiming to gradually achieve full-process digitization, including quality data collection, system upload, data collation and analysis, and quality early warning systems.
- **Quality Recognition and Awards:** In recognition of our quality management capabilities, we obtained authoritative awards in recent years, including the “2023 Foshan Quality Maturity Level 3A Enterprise” and the “2023 Ji’an Municipal Government Quality Award Nomination Award.”

Warranty Terms and After-Sales Service

Our warranty term is usually 24–60 months commencing from the date of acceptance upon inspection, subject to customer requirements, and covers product quality-related issues arising under normal use during the warranty period. In case of product failure within the warranty period, our Group will arrange for repair or replacement of products and/or provision of relevant services without extra charge. After the warranty period expires, our Group may provide maintenance and repair services based on separately agreed standards. This warranty does not cover damages caused by improper use, unauthorized modification, neglect of maintenance, natural wear and tear, force majeure, or the use of non-original accessories. Prior to providing warranty services, our Group reserves the right to verify the cause of product failure through reasonable means (such as inspection and testing). If batch defects or systematic failures occur to the same product within twelve (12) consecutive months (affecting 5% or more of the same model products), upon confirmation, our Group will provide a replacement plan at our own expense within eight weeks. For warranty purposes, the Group is also entitled to require the supplier to provide a bank guarantee equivalent to 10% of the order amount to ensure its fulfillment of warranty obligations.

BUSINESS

We have put in place internal control systems to monitor and ensure the quality of our products through our quality control team and production team. We regularly perform equipment inspections and maintenance to ensure our production equipment at optimal levels. In addition, we perform careful inspections of our raw materials, which provides further assurance of the quality of our finished goods. However, given the complexity of production processes, supply chain uncertainties, and the continuous evolution of industry technical standards, we cannot guarantee that all products will be completely free from defects or performance deviations under all circumstances. See “Risk Factors — Risks relating to Our Business and Industry — Defects or unsatisfactory performance of our products, or failure to maintain effective quality control, could result in returns, recalls, reputational damage, loss of customers and product operations.”

For details of the Group’s product return and exchange policies with distributors, please refer to “Principal Terms of Distribution Agreements.”

During the Track Record Period and up to the Latest Practicable Date, we had not received any material complaints relating to product quality; we had not experienced any material product returns, refunds or recalls; and we had not been involved in any material incidents or been subject to any material claims, proceedings or liabilities concerning safety issues of our products.

TRANSFER PRICING

Our Company’s intra-group transactions during the Track Record Period were conducted under documented transfer pricing policies benchmarked against the OECD Transfer Pricing Guidelines, and the transfer pricing analyses supported that the relevant Group’s transfer pricing arrangements complied in all material respects with the OECD Transfer Pricing Guidelines and applicable transfer pricing laws and regulations of the relevant jurisdictions.

Intra-Group Transactions and Transfer Pricing Framework

During the Track Record Period, our Company and our subsidiaries in the PRC and overseas jurisdictions (including the United States, Malaysia and Thailand) engaged in various intra-group transactions, such as, sales of products, provision of procurement support and other services, and intra-group financing. These transactions are regarded as transfer pricing arrangements and are subject to transfer pricing regulations in the relevant jurisdictions in which our Group operates, including the PRC.

Our Group has adopted a group-wide transfer pricing framework covering, among others:

- Design and implementation of transfer pricing policies for key transaction types (including distribution, manufacturing and service arrangements).
- Internal monitoring and control over tax and transfer pricing matters.
- Periodic reviews and updates of transfer pricing arrangements taking into account of changes in business and regulatory requirements.

We engaged independent transfer pricing consultants to conduct transfer pricing analyses and benchmarking for the Track Record Period in 2023, 2024, 2025 and for the six months ended June 30, 2026. The consultants relied on publicly available financial data of independent comparable companies obtained through databases (including TP Catalyst) and industry classifications (including specified SIC codes) to determine market-based arm’s length ranges of profitability indicators for the relevant transaction categories and tested entities.

BUSINESS

For each tested entity and transaction type, the consultants identified the most appropriate transfer pricing method having regard to the functions performed, assets employed and risks assumed. The main methods used included:

- Transactional net margin method, using appropriate profit level indicators, such as, operating margin, return on sales or return on total costs for distribution/manufacturing type tested parties.
- Benchmarking results and arm’s length assessment.

Based on the benchmarking results for 2023, 2024, 2025 and for the six months ended June 30, 2026, the independent transfer pricing consultants concluded that the profitability of the Group’s major tested entities (including the PRC and overseas major operating entities) in respect of the controlled transactions under review generally fell within, or in some instances above, the interquartile range of the benchmarking results for the relevant periods.

Where the profitability in certain individual periods was at or near the lower end of the benchmark range or showed fluctuations (for example, due to market or cost changes), the consultants assessed this against multi-year benchmark ranges (e.g. 2021–2023, 2022–2024 and 2023–2025 samples) and concluded that there are no material compliance issues with the overall transfer pricing outcomes for the Track Record Period. On this basis, the transfer pricing consultants did not identify any material intra-group pricing outcome for the Track Record Period that was inconsistent with the OECD Transfer Pricing Guidelines.

Transfer Pricing Documentation and Compliance

For 2023, 2024, 2025 and for the six months ended June 30, 2026, our Company has prepared master file and the relevant group entities have prepared local files as required to meet applicable transfer pricing documentation obligations, including those in the PRC. The documentation sets out, among others, the group structure, business description, functional and risk analysis, details of related party transactions, selection and application of transfer pricing methods and the benchmarking analyses and results.

The transfer pricing analyses were prepared by reference to the OECD Transfer Pricing Guidelines including the BEPS Actions as adopted or reflected in the transfer pricing rules of the relevant jurisdictions.

Our management has been and will continue to be responsible for overseeing and monitoring our Group’s transfer pricing arrangements. In particular, our management regularly reviews the reasonableness of pricing policies and the financial outcomes of related party transactions in light of updated benchmarking and business conditions, monitors developments in transfer pricing laws, regulations and practice in the PRC and other relevant jurisdictions and evaluates their potential impact on our Group, and coordinates with independent transfer pricing consultants on periodic benchmarking updates and on the preparation of transfer pricing documentation.

As advised by the independent transfer pricing consultant, our Directors are of the view, and the Sole Sponsor concurs, that our Group’s intra-group transactions with transfer pricing arrangements during the Track Record Period complied in material aspects with applicable transfer pricing laws and regulations in the relevant jurisdictions.

However, we cannot assure that our transfer pricing arrangements will not be subject to review or challenge by tax authorities in the PRC or other jurisdictions in the future. If any tax authority were to successfully assert that our Group’s transfer pricing is not in line with the arm-length principle, our Group could be subject to additional taxes, interest and penalties, which could have a material adverse effect on its financial position and results of operations. Please refer to the section headed “Risk Factors — Risk Relating to our Business and Industry — Our financial results may be adversely affected by tax risks relating to our transfer pricing arrangements.” in this Document for further details.

BUSINESS

CUSTOMERS

Customer Management

We offer our customers comprehensive value-added services encompassing early-stage technical collaboration, product delivery and localized support. For strategic customers, we adopt a customer-driven research and development approach. Our R&D teams maintain close collaboration with customers to identify front-end application requirements and engage in early-stage technical discussions and solution design. To ensure timely delivery and effectively manage demand fluctuations, we implement a production and sales coordination mechanism. Under this process, our sales personnel provide rolling forecasts for the subsequent three months (N+3) ahead of the twice-a-month coordination meetings, which serve to balance production capacity with material needs. Additionally, to better serve our international customers, we have established local sales and service teams in key markets, including the United States, Japan, and Europe. These teams deliver localized and customized services, enabling prompt responses to customer demands and technical inquiries.

Our Major Customers

During the Track Record Period, we maintained a global customer base with services covering major economies worldwide. In 2023, 2024, 2025 and for the six months ended June 30, 2026, revenue generated from our top five customers for each year/period during the Track Record Period amounted to approximately RMB2,041.0 million, RMB2,403.2 million, RMB2,094.4 million and RMB1,259.4 million, representing 56.4%, 52.2%, 40.2% and 47.3% of our total revenue of such year, respectively. Revenue generated from our largest customer for each year/period during the Track Record Period amounted to approximately RMB1,554.4 million, RMB1,623.7 million, RMB1,241.8 million and RMB748.6 million, representing 43.0%, 35.3%, 23.8% and 28.1% of our total revenue in the same year, respectively. Based on the long-term cooperation and mutual trust with our top five customers for each year/period during the Track Record Period, we have established a stable settlement model based on credit terms.

The following tables set out the details of the five largest customers for each year/period during the Track Record Period:

For the year ended December 31, 2023

Rank	Customer	Sales Amount (RMB'000)	Percentage of total revenue (%)	Type of product purchased	Credit term (days)	Year of commencement of business relationship
1	Customer A ⁽¹⁾	1,554,362	43.0	New Energy Transformer	Payments shall be made in accordance with the contractual schedule.	2011
2	Customer B ⁽²⁾	184,443	5.1	New Energy Transformer	90	2014
3	Customer C ⁽³⁾	146,675	4.1	LED Driver	45	2007
4	Customer D ⁽⁴⁾	102,619	2.8	LED Driver	Payments shall be made in accordance with the contractual schedule.	2007
5	Customer E ⁽⁵⁾	52,869	1.5	Data Center Transformer	60	2019
Total		2,040,968	56.4			

Notes:

- (1) “Customer A” as described in this Document is a company headquartered in China and is listed on the Shenzhen Stock Exchange. It is principally engaged in the research, development, manufacturing and sale of photovoltaic inverters, energy storage systems and other power conversion equipment used in renewable energy applications. It operates a global sales and service network serving customers across numerous countries and regions.

BUSINESS

- (2) “**Customer B**” as described in this Document is a multinational technology company headquartered in China and is not listed on any stock exchange. It is principally engaged in the research, development and supply of information and communication technology infrastructure, smart devices and digital energy solutions. Based on publicly available information, Customer B operates in more than 170 countries and regions worldwide.
- (3) “**Customer C**” as described in this Document is a company headquartered in China and is not listed on any stock exchange. It is principally engaged in the sale of electrical components and related products used in lighting and electrical equipment. Based on publicly available information, Customer C provides electrical component products to various industrial and electronic equipment manufacturers. It has established operational capabilities in the manufacturing and distribution of electrical components.
- (4) “**Customer D**” as described in this Document is an overseas company forming part of an international home furnishing group headquartered in Europe and is not publicly listed. It is primarily responsible for global procurement, supply chain management and distribution of products for the group’s worldwide retail operations. Based on publicly available information, the group operates an extensive global retail and supply network spanning numerous countries and regions. The group generates significant global revenue from its international home furnishing retail business.
- (5) “**Customer E**” as described in this Document is a company headquartered in China and is a subsidiary of a global power management solutions provider headquartered in Taiwan, whose parent company is listed on the Taiwan Stock Exchange. It is principally engaged in the manufacturing of power electronics, power supply systems and related electronic products. Based on publicly available information, the group operates manufacturing and service facilities worldwide. Its products are widely used in industrial automation, data centers and renewable energy applications.

For the year ended December 31, 2024

Rank	Customer	Sales Amount (RMB'000)	Percentage of total revenue (%)	Type of product purchased	Credit term (days)	Year of commencement of business relationship
1	Customer A	1,623,678	35.3	New Energy Transformer	Payments shall be made in accordance with the contractual schedule.	2011
2	Customer B	354,448	7.7	New Energy Transformer	90	2014
3	Customer C	166,603	3.6	LED Driver	45	2007
4	Customer F ⁽¹⁾	140,226	3.0	New Energy Transformer	Payments shall be made in accordance with the contractual schedule.	2023
5	Customer D	118,217	2.6	LED Driver	Payments shall be made in accordance with the contractual schedule.	2007
Total		2,403,172	52.2			

Notes:

- (1) “**Customer F**” as described in this Document is a company headquartered in Europe and is privately held. It is principally engaged in the research, development and manufacturing of products such as renewable energy equipment and power electronics. Based on publicly available information, Customer F operates across more than 15 countries and has over 80 years of experience in the electrical energy sector. It has established engineering and development teams across various global markets.

BUSINESS

For the year ended December 31, 2025

Rank	Customer	Sales Amount (RMB'000)	Percentage of total revenue (%)	Type of product purchased	Credit term (days)	Year of commencement of business relationship
1	Customer A	1,241,844	23.8	New Energy Transformer	Payments shall be made in accordance with the contractual schedule.	2011
2	Customer B	351,775	6.8	New Energy Transformer	90	2014
3	Customer C	175,661	3.4	LED Driver	45	2007
4	Customer F	170,601	3.3	New Energy Transformer	Payments shall be made in accordance with the contractual schedule.	2023
5	Customer H	154,531	3.0	Data Center Transformer	90	2025
Total		2,094,412	40.2			

Notes:

- (1) “**Customer H**” as described in this Document is a company headquartered in the United States and is not listed on any stock exchange. It is principally engaged in the supply of transformer products and related services, with a product portfolio covering padmount, substation and dry-type transformers. Based on publicly available information, it also provides repair, rental and customization services for transformers and serves customers in renewables, data centers, commercial and industrial markets.

For the six months ended June 30, 2026

Rank	Customer	Sales Amount (RMB'000)	Percentage of total revenue (%)	Type of product purchased	Credit term (days)	Year of commencement of business relationship
1	Customer A	748,561	28.1	New Energy Transformer	Payments shall be made in accordance with the contractual schedule.	2011
2	Customer H	152,042	5.7	Data Center Transformer	90	2025
3	Customer B	141,069	5.3	New Energy Transformer	90	2014
4	Customer C	114,893	4.3	LED Driver	45	2007
5	Customer I ⁽¹⁾	102,875	3.9	New Energy Transformer	60	2025
Total		1,259,440	47.3			

Note:

- (1) “**Customer I**” as described in this Document is a company headquartered in the United States and is a leading provider of infrastructure services for the power industry. Established in 2008, it is listed on the Nasdaq Stock Exchange. It primarily provides renewable energy solutions across solar, energy storage and high-voltage infrastructure sectors.

To the best of our knowledge, all of our five largest customers in each year/period during the Track Record Period were independent third parties. As of the Latest Practicable Date, none of our Directors, their associates or any of our Shareholders (who or which to the knowledge of our Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year/period during the Track Record Period.

BUSINESS

Taking into account that (i) we had maintained a long-term and stable business relationship with a majority of our largest five customers in each year/period during the Track Record Period, with the most of such relationship having a collaboration history of at least six years; (ii) during the Track Record Period and up to the Latest Practicable Date, there was no material dispute with any of these largest five customers; and (iii) there is no indication or sign from any of these largest five customers that it will terminate its existing relationship with us in the foreseeable future, our Directors are of the view, and the Sole Sponsor concurs, that the relationship between our Group and our key customers is unlikely to materially adversely change or terminate.

THIRD-PARTY PAYMENTS

Background

During the Track Record Period, certain of our customers (the “**Relevant Customers**”) settled their payments with us through third-party payors (such payors, the “**Third-Party Payors**”; such arrangements, the “**Third-Party Payment Arrangements**”).

The Third-Party Payment Arrangements primarily consist of (a) settlements made by individuals related to the relevant customers (including their actual controllers, legal representatives, directors and employees), affiliated third-party companies controlled by the same actual controller as the relevant customers, and other entities within the same group as the relevant customers; and (b) settlements made by independent third parties of the relevant customers. In 2023, 2024, 2025 and for the six months ended June 30, 2026, the total amount of Third-Party Payment Arrangements was RMB11.0 million, RMB13.7 million, RMB25.2 million and RMB12.1 million, respectively, accounting for approximately 0.3%, 0.3%, 0.5% and 0.5% of our total revenue. As of the Latest Practicable Date, there is no unsettled payment under any Third-Party Payment Arrangements.

The following table sets forth a breakdown of the approximate amount of Third-Party Payment Arrangements and their percentage of total revenue during the Track Record Period:

	2023		Year ended December 31 2024		2025		Six months ended June 30 2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Settlement by individuals (such as actual controllers, legal representatives, directors, and employees of the Relevant Customers), affiliated third-party companies controlled by the same actual controller, and other entities within the same group as the Relevant Customers	1,867.7	0.1	5,938.3	0.1	3,009	0.1	10,648.9	0.4
Settlement by independent third parties of the Relevant Customers	9,181.3	0.3	7,730.4	0.2	22,214	0.4	1,422.7	0.1
Total	11,049.1	0.3	13,668.7	0.3	25,222	0.5	12,071.5	0.5

During the Track Record Period and up to the Latest Practicable Date, we did not proactively initiate or request any Third-Party Payment Arrangements and only accepted third-party payments made by Third-Party Payors at the request of the Relevant Customers.

During the Track Record Period and up to the Latest Practicable Date, as confirmed by our Directors, save as disclosed below (1) we had no disputes with any Relevant Customers or Third-Party Payors, nor did we receive any refund requests from them; and (2) we were not subject to any disputes or administrative penalties from relevant government authorities arising from the Third-Party Payment Arrangements.

BUSINESS

Reasons for Third-Party Payment Arrangements

These customers span both domestic and international markets. Overseas ones come from countries and regions such as the United States and Malaysia. Regardless of whether they are domestic or overseas customers, our acceptance of third-party payments is primarily arranged in response to the customers’ own needs.

The main reasons for these arrangements in our business are as follows:

- For corporate groups controlling multiple subsidiaries, they generally prefer to make payments through other entities or individuals within the same group for the convenience of their own treasury management;
- For some customers who had contract disputes with our Group, after the creditor-debtor relationship was confirmed through judicial proceedings, payments may be made directly to our Group by a court acting as a third party, according to the enforcement arrangements stipulated in the legally effective court judgment documents to settle the transaction amounts pertaining to the dispute;
- For some customers, a third party may be proactively appointed to make payments to our Group on their behalf for the convenience of their own payment operations and to improve settlement efficiency.

Legality of the Third-Party Payment Arrangements

The Group’s material subsidiaries are exclusively concentrated in the PRC, the U.S., and Thailand.

PRC: As advised by our PRC Legal Advisor, our acceptance of payments through Third-Party Payment Arrangements is not prohibited under the Civil Code of the People’s Republic of China or other relevant laws or regulations in the PRC, nor does it violate any mandatory provisions of the currently effective PRC laws and regulations.

Thailand: As confirmed by our Thailand Legal Advisors, the Thai Subsidiary was not a party to, and was not involved in, any of the Third-Party Payment Arrangements. All payments made by and to the Thai Subsidiary are settled directly with the relevant contractual counterparties in accordance with the applicable contractual arrangements, and that the Thai Subsidiary has not adopted or engaged in any payment arrangements whereby payments are made through or received from third parties. Based on the foregoing, and to the best of our knowledge based on the information provided by the Thai Subsidiary, the Third-Party Payment Arrangements do not involve the Thai Subsidiary. Accordingly, no issues of legality or non-compliance arise under Thai law in connection with such arrangements.

U.S.: Our U.S. Legal Advisors confirm that the U.S. Subsidiary was not a party to, and was not involved in, any of the Third-Party Payment Arrangements. Therefore, no issues of legality or non-compliance arise under U.S. law in connection with such arrangements.

Money Laundering Risks Related to Third-Party Payments

Based on the confirmation of the Company’s Directors: (i) the third-party payments involve genuine transactions between us and the relevant customers and are supported by commercially reasonable arrangements; (ii) the amounts of the third-party payments we received from the third-party payers correspond to the transaction amounts stated in the relevant sales orders, records, and/or invoices between us and the relevant customers, the third-party payments accepted by us were not intended to circumvent any applicable PRC tax laws or regulations or other applicable PRC laws and regulations, and we have duly paid all taxes payable by us in respect of the amounts received from third-party payers in accordance with applicable PRC tax laws and regulations, and we have not been subject to any enquiries, investigations or administrative penalties by the relevant

BUSINESS

governmental authorities in relation to PRC tax laws and regulations as a result of our receipt of third-party payments; (iii) we have provided corresponding services to the relevant customers accordingly; (iv) we have no reason to suspect that the funds provided by the third-party payers are proceeds of predicate offences or derived from such offences. Based on the above, and in accordance with the advice of our PRC Legal Advisor, there is a low risk that our acceptance of payments from third-party payers could result in the incurrence of corresponding criminal liabilities for money laundering or bribery.

The Company’s Directors believe that the funds for the third-party payments originate from the relevant customers, as the relevant customers notify us when making payments and provide us with (i) a payment advice note specifying the invoice numbers being settled; and (ii) a copy of the bank payment slip as proof of payment. We then cross-check our bank account records to ensure the amount we received correspond to the invoice amount settled by the relevant customer. Furthermore, based on the historical settlement records from long-term relationships with all relevant customers, and the absence of any significant negative news, reports, or rumors discovered concerning all relevant customers, their shareholders, and directors, the Company’s Directors believe that all relevant customers are capable of settling their bills with our Group, and that the transactions with the relevant customers were not conducted under unusual or unreasonably complex circumstances. Based on the above, the Company’s Directors believe that the funds for the third-party payments originate from the relevant customers.

Internal Control Measures for Third-Party Payment Arrangements

To safeguard the interests of our Group against risks associated with third-party payment arrangements, our Group has implemented the following internal control measures with Administrative Measures for Third-Party Collection and Payment:

- (1) The finance department is responsible for maintaining accounts receivable and settlement management ledgers, recording information including customer name, transaction details, payment particulars, payment amount, payment method, and payer’s name, to ensure that relevant payments are made directly by the relevant customers;
- (2) Our Group has, in principle, ceased accepting third-party payment arrangements and requires that all new orders must be settled directly by customers from their own accounts. In circumstances where direct payment is objectively not possible, such as where there are special requirements under the customer’s or relevant business partner’s account system, or court payment or enforcement arrangements in litigation cases, relevant payments may only be accepted upon completion of internal compliance review and approval, strictly in accordance with limited written procedures, with complete explanatory documentation and approval records retained. Specifically, an application for third-party payment may only be submitted when all of the following conditions are met:
 - (a) The third-party collection/payment is not driven by our own subjective need for convenience;
 - (b) The underlying transaction is authentic (e.g., procurement or service contracts) and the use of funds is legal; and
 - (c) The entrusted third party is a compliant entity (not an unlicensed payment institution) with no record of dishonesty, and the entrustment of personal accounts is strictly prohibited.
 - (d) In addition, business departments applying for third-party payment services must submit a Special Application Form for Third-Party Collection/Payment or a signed Tripartite Agreement, which shall be subject to multi-departmental review and approval based on the designated authority.

BUSINESS

- (3) Once the third-party payment is approved, a written agreement must be signed with the entrusted party, clearly specifying the entity information of the three parties, the amount of funds, the collection/payment deadline, the purpose, and the allocation of responsibilities. The entrusted party is prohibited from withholding funds and must provide bank receipts in a timely manner. The agreement shall be reviewed by our Legal Department and affixed with the official contract seal.
- (4) We impose specific amount limits on third-party payments: a single transaction may not exceed RMB5 million, and the annual cumulative total may not exceed RMB50 million. Our Finance Department performs separate accounting to ensure the consistency of fund flow, contract flow, and invoice flow. All relevant business documentation shall be archived for at least ten years for future inspection.
- (5) Our Internal Audit Department conducts regular spot checks on third-party remittance records and performs deep-dive investigations to ensure the timely rectification of any identified issues. An independent whistleblowing channel has been established; any verified misconduct will result in strict accountability for the personnel involved and a formal announcement.

Considering that revenue generated from such third-party payment arrangements as a percentage of our total revenue is low, our Directors confirm that the termination of such arrangements will not have a material adverse effect on our business, financial condition, or operating results.

Our Directors are responsible for developing and overseeing the implementation of internal control measures and the effectiveness of the internal control system. In preparation for this [REDACTED], we have engaged independent third-party consultants (“**Internal Control Consultants**”) to conduct an internal control review (“**Internal Control Review**”) on selected areas of our internal control over financial reporting. The scope of the Internal Control Review conducted by the Internal Control Consultants covered, among other things, third-party payment arrangements. Based on the Internal Control Review performed for the [REDACTED], the Internal Control Consultants reviewed the aforementioned internal control measures adopted by us concerning third-party payment arrangements and did not identify any material weaknesses.

SUPPLIERS

Supplier Management

We have established a supplier management system that encompasses supplier onboarding, assessment and exit management to ensure that our supply chain meets our operational and strategic requirements in terms of quality, cost, delivery, and services. With respect to supplier onboarding, we have adopted supplier qualification procedures to assess their capabilities, production capacity, quality control systems, pricing and overall service performance. For admitted suppliers, we conduct annual or quarterly performance reviews to ensure their continued compliance with our requirements. For suppliers that fail to meet our standards (in the event of major incidents or breach of contractual obligations), we will activate an exit mechanism and, where necessary, implement transitional management and risk control measures to maintain supply continuity and mitigate potential impacts on our operations.

BUSINESS

Major Suppliers

In 2023, 2024, 2025 and for the six months ended June 30, 2026, purchases from our top five suppliers for each year/period during the Track Record Period amounted to approximately RMB555.2 million, RMB694.3 million, RMB677.4 million and RMB331.4 million, representing 20.1%, 20.5%, 13.6% and 17.6% of our total purchase amount of such year, respectively. The purchase from our largest supplier for each year/period during the Track Record Period amounted to approximately RMB159.9 million, RMB174.6 million, RMB210.3 million and RMB135.1 million, representing 5.8%, 5.2%, 4.2% and 7.2% of our total purchase amount in the same years, respectively. We typically settle payments with our top five suppliers by Net 30, Net 90, Net 120, and Net 180.

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

For the year ended December 31, 2023

Rank	Supplier	Purchase Amount (RMB'000)	Percentage of total purchase (%)	Type of product purchased	Credit period (days)	Year of commencement of business relationship
1	Supplier A ⁽¹⁾	159,911	5.8	Core Assembly	90/120	2020
2	Supplier B ⁽²⁾	131,500	4.8	Copper Wire	90	2019
3	Supplier C ⁽³⁾	109,541	4.0	Transformer Oil	30	2020
4	Supplier D ⁽⁴⁾	91,160	3.3	Magnetic Core	90	2020
5	Supplier E ⁽⁵⁾	63,136	2.3	Inductor	120	2022
Total		<u>555,248</u>	<u>20.1</u>			

Notes:

- (1) “**Supplier A**” as described in this Document is a company headquartered in China and is not listed on any stock exchange. It is principally engaged in the research, development and manufacturing of transformer iron cores and related electrical equipment components. It has established operational capabilities in the production of transformer components and electrical equipment parts.
- (2) “**Supplier B**” as described in this Document is a subsidiary of a company listed on the Shanghai Stock Exchange headquartered in China. It is principally engaged in the manufacture and sale of enamelled copper wire used in transformers, motors and other electromagnetic equipment. Based on publicly available information, its parent company is one of the leading manufacturers of electromagnetic wire products in China. Its products are widely used in electrical equipment, new energy and industrial applications.
- (3) “**Supplier C**” as described in this Document is a company headquartered in China and is not listed on any stock exchange. It is principally engaged in the design and construction of power engineering projects, electrical maintenance and testing, operation and maintenance services, and the technical development and application of renewable energy solutions. Based on publicly available information, Supplier C has served as a power engineering supplier to a number of domestic and international enterprises, including China Mobile, China Unicom, Tencent and Alibaba.
- (4) “**Supplier D**” as described in this Document is a subsidiary of a company listed on the Shanghai Stock Exchange headquartered in China. It is principally engaged in the research, development and production of soft magnetic materials and powder metallurgy products used in power electronics and electrical equipment. Based on publicly available information, its parent company is a leading manufacturer of powder metallurgy products in China. Its products are widely used in power electronics and industrial equipment applications.
- (5) “**Supplier E**” as described in this Document is a company headquartered in China and is not listed on any stock exchange. It is principally engaged in the manufacture and sale of photovoltaic equipment and power electronic components. Based on publicly available information, Supplier E provides products and services for renewable energy equipment manufacturers and photovoltaic projects.

BUSINESS

For the year ended December 31, 2024

Rank	Supplier	Purchase Amount (RMB'000)	Percentage of total purchase (%)	Type of product purchased	Payment terms (days)	Year of commencement of business relationship
1	Supplier A	174,615	5.2	Core Assembly	90/180	2020
2	Supplier B	156,775	4.6	Copper Wire	90/120	2019
3	Supplier F ⁽¹⁾	146,911	4.3	Transformer Oil	30	2023
4	Supplier G ⁽²⁾	111,018	3.3	Copper Strip, Aluminum Strip	30/60	2022
5	Supplier H ⁽³⁾	104,969	3.1	Magnetic Core	90/120	2016
Total		694,289	20.5			

Notes:

- (1) “**Supplier F**” as described in this Document is a subsidiary of a multinational corporation headquartered in the United States and is not publicly listed. It is principally engaged in the production and supply of agricultural products and specialty industrial materials. Based on publicly available information, the parent group operates globally and supplies industrial materials used in manufacturing industries. Its products include specialty materials used in electrical equipment applications.
- (2) “**Supplier G**” as described in this Document is a company headquartered in China and is not listed on any stock exchange. It is principally engaged in the processing and supply of copper materials and other non-ferrous metal products. Based on publicly available information, Supplier G provides high-purity copper materials used in electrical equipment manufacturing.
- (3) “**Supplier H**” as described in this Document is a company listed on the Shenzhen Stock Exchange headquartered in China. It is principally engaged in the research, development and manufacture of metal powder core magnetic materials used in power conversion applications. Based on publicly available information, Supplier H is recognised as a leading manufacturer of metal soft magnetic powder core materials in China. Its products are widely used in renewable energy equipment and power electronics.

For the year ended December 31, 2025

Rank	Supplier	Purchase Amount (RMB'000)	Percentage of total purchase (%)	Type of product purchased	Payment terms (days)	Year of commencement of business relationship
1	Supplier B	210,259	4.2	Copper Wire	120	2019
2	Supplier A	177,425	3.6	Core Assembly	180	2020
3	Supplier G	100,796	2.0	Copper Strip, Aluminum Strip	90	2022
4	Supplier H	95,140	1.9	Magnetic Core	90/120	2016
5	Supplier J ⁽¹⁾	93,806	1.9	Aluminum Wire	120	2025
Total		677,427	13.6			

Notes:

- (1) “**Supplier J**” as described in this Document is a company headquartered in China and is not publicly listed. It is principally engaged in the research, development and manufacturing of key materials for the new energy and intelligent manufacturing industries. Its products include enameled copper round wires, flat wires, wrapped wires and various specialized wire products, primarily used in energy-saving transformers, instrument transformers, high-efficiency energy-saving motors, and new energy vehicle electrical components.

BUSINESS

For the six months ended June 30, 2026

Rank	Supplier	Purchase Amount (RMB'000)	Percentage of total Purchase (%)	Type of product purchased	Payment terms (days)	Year of commencement of business relationship
1	Supplier B	135,076	7.2	Copper Wire	120	2019
2	Supplier J	60,791	3.2	Aluminum Wire	120	2025
3	Supplier A	51,763	2.8	Core Assembly	180	2020
4	Supplier K ⁽¹⁾	42,937	2.3	Spacer, etc.	90	2020
5	Supplier G	40,864	2.2	Copper Strip, Aluminum Strip	90	2022
Total		331,431	17.6			

Notes:

- (1) “**Supplier K**” as described in this Document is a company established in the PRC. Established in 2000, it serves as a regional operating entity in China of a globally leading group specializing in insulation technologies for power transmission and distribution systems and high-voltage transformers. Supplier K is not publicly listed and primarily provides transformer-specific insulation products, including insulation boards, insulation papers, and insulation components.

To the best of our knowledge, all of our five largest suppliers in each year/period during the Track Record Period were independent third parties. As of the Latest Practicable Date, none of our Directors, their associates or any of our Shareholders (who or which to the knowledge of our Directors owned more than 5% of our issued share capital) had any interest in any of our top five suppliers in each year/period during the Track Record Period.

We typically enter into agreements with key suppliers. The following is a summary of the salient terms of our arrangements with suppliers.

- **Product specifications and quality assurance.** Suppliers are required to provide products in accordance with agreed product specifications, purchase specifications and applicable industry and national standards, and to ensure that the products meet agreed quality requirements.
- **Pricing mechanisms.** Product prices are generally determined based on purchase orders or agreed pricing schedules, and may be subject to adjustment based on procurement volume or other agreed commercial arrangements.
- **Payment and credit terms.** Payment terms are typically agreed on a purchase order basis and are subject to invoicing and settlement arrangements agreed between the parties.
- **Logistics and delivery.** Suppliers are generally responsible for delivering products to designated locations in accordance with agreed delivery arrangements.
- **Defective products and remedies.** In the event of defective or non-conforming products, suppliers are generally required to take remedial actions such as replacement, return or compensation in accordance with the relevant agreements.
- **Termination.** The supplier agreements generally do not have a fixed term and may be terminated by either party in accordance with the agreed termination provisions.

Our Directors confirm that we had not experienced any material abnormal fluctuations in prices set by our suppliers, material breach of contract on the part of our suppliers or material delay in delivery of our orders from our suppliers during the Track Record Period and up to the Latest Practicable Date.

BUSINESS

OVERLAPPING CUSTOMER AND SUPPLIER

During the Track Record Period, certain entities were both our customers and our suppliers (and vice versa). As customers, these entities purchased products such as materials from us; as suppliers, we purchased products such as magnetic core from these entities.

The following table sets out details of our sales to and purchases from these overlapping customers and suppliers during the Track Record Period:

Supplier D:	For the year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
Sales Revenue (<i>RMB'000</i>)	—	—	1,246.1	724.1	409.8
Percentage of Total Revenue (%)	—	—	0.02	0.03	0.02
Purchase Amount (<i>RMB'000</i>)	91,160.2	40,805.4	32,772.5	14,686.8	19,785.5
Percentage of Total Purchase Amount (%)	3.3	1.2	0.7	0.9	1.1
Gross Profit Margin (%)	—	—	98.5	99.9	97.6
Gross Profit Margin of Our Group (%)	—	—	17.6	17.5	19.7
Variance from Group's Gross Profit Margin (%) ^(*)	—	—	80.9	82.3	77.9

Notes: Supplier D was among our top five suppliers in 2023. We mainly purchased magnetic core from it. Supplier D also purchased energy storage products from us in 2025.

Our Directors confirm that transactions with these overlapping customers and suppliers during the Track Record Period were conducted on normal commercial terms in the ordinary course of business. The prices and principal terms of the relevant transactions were comparable to those offered to or received from other independent third parties. These overlapping customers and suppliers are independent third parties with no past or present relationship with the Company, its subsidiaries, directors or controlling shareholders (other than business dealings).

* The gross profit margin derived from sales to Supplier D in 2025 was 98.5%, which was 80.9% higher than the Group's overall gross profit margin for the same year. Such higher gross profit margin was primarily because the relevant sales were related to an energy storage project previously constructed by the Group, which had entered into the operation and energy saving service fee collection stage in 2025. As such sales were service in nature, the gross profit margin derived from such sales was higher than the Group's overall gross profit margin.

Supplier E:	For the year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
Sales Revenue (<i>RMB'000</i>)	—	182.4	763.8	—	834.6
Percentage of Total Revenue (%)	—	0.00	0.01	—	0.03
Purchase Amount (<i>RMB'000</i>)	63,136.0	54,000.8	36,996.1	15,761.4	24,751.7
Percentage of Total Purchase Amount (%)	2.3	1.6	0.7	1.0	1.3
Gross Profit Margin (%)	—	(3.9)	3.0	—	0.4
Gross Profit Margin of Our Group (%)	—	20.1	17.6	—	19.7
Variance from Group's Gross Profit Margin (%) ^(*)	—	(24.0)	(14.6)	—	(19.4)

Notes: Supplier E was among our top five suppliers in 2023. We mainly purchased high-frequency poles from it. Supplier E also purchased aluminum housing materials from us in 2024 and 2025.

Our Directors confirm that Transactions with these overlapping customers and suppliers during the Track Record Period were conducted on normal commercial terms in the ordinary course of business. The prices and principal terms of the relevant transactions were comparable to those offered to or received from other independent third parties. These overlapping customers and suppliers are independent third parties with no past or present relationship with the Company, its subsidiaries, directors or controlling shareholders (other than business dealings).

BUSINESS

- * The gross profit margin derived from sales to Supplier E was (3.9)% and 3.0% in 2024 and 2025, respectively, which was 24.0% and 14.6% lower than the Group’s overall gross profit margin for the same years, respectively. Such lower gross profit margin was primarily because the Group purchased aluminium housing materials from external suppliers and resold such materials to Supplier E with a limited mark-up for the processing of high-frequency poles, which were subsequently supplied to the Group. Such arrangement helped reduce the Group’s procurement cost of high-frequency poles.

EMPLOYEES

As of June 30, 2026, we had a total of 3,326 full-time employees, based in China and overseas. The majority of our employees are based at Ji’an (Jiangxi) and Foshan (Guangdong). The table sets out a breakdown of our employees by function as of the Latest Practicable Date.

Function	Number	Percentage of Total Number %
Production	1,432	43.1
Sales and marketing	222	6.7
Research and development	742	22.3
Finance	81	2.4
Administration	849	25.5
Total	3,326	100.0

We believe that attracting, retaining and motivating high-caliber talents is critical to our continued success. We consider our professional and experienced talent pool as one of our core strengths. We recruit talents, with high standards and rigorous procedures and through various methods to select the best-fit personnel for the corresponding positions in response to our business development needs. We offer a competitive remuneration package to our employees, which are generally based on their qualifications, industry experience, position and performance. We regularly evaluate the performance of our employees and reward well-performing employees with bonuses and promotions. In addition, we provide training programs to our employees, including corporate-wide and department-specific training to improve their professional knowledge and management skills and keep abreast of market developments.

As required under PRC labor laws and regulations, we enter into individual employment contracts with our employees, which cover, among other things, working hours, remuneration, social insurance and employee welfare, as well as labor protection, working conditions and occupational hazard protection. As required under PRC laws and regulations, we participate in and make contributions to social insurance and housing provident funds. During the Track Record Period, there was a shortfall in social insurance and housing provident fund contributions each year/period. In each year of 2023, 2024, 2025 and for the six months ended June 30, 2026, we had a shortfall in social insurance and housing provident fund contributions amounted to RMB18.4 million, RMB22.8 million, RMB29.8 million and RMB14.9 million for each year/period during the Track Record Period, respectively. Our Directors are of the view that such shortfall arose primarily from our operations across multiple subsidiaries in different regions of the PRC, where the interpretation and implementation of applicable social insurance and housing provident fund regulations by local authorities vary, and where coordination with different local authorities and adaptation to varying local regulatory requirements and practices is required. See further in “Risk Factors — Risks Relating to Our Business and Industry — We are subject to a range of laws, regulations and regulatory standards, and any failure to comply with these requirements may expose us to liabilities.”

BUSINESS

In addition, we cannot assure you that any changes of laws and regulations or their implementations will not require us to pay any contribution shortfall, overdue charges or penalties retroactively, thereby adversely affecting our financial condition and results of operations. For instance, pursuant to the Interpretation II of the Supreme People’s Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which came into effect on September 1, 2025, any agreement or employee undertaking to waive social insurance contributions shall be deemed null and void by the people’s court. The foregoing interpretation does not diminish our obligations to make social insurance and housing provident fund contributions in accordance with applicable laws and regulations. On the contrary, in the event of our failure to make legal social insurance contributions, the employee shall be entitled to rescind the labor contract and request economic compensation in accordance with the PRC Labor Contract Law. See further in “Regulatory Overview — The PRC Laws, Regulations and Policies — Laws and Regulations Relating to Labor and Social Insurance” for details of the relevant PRC laws and regulations and their impact on our business operations and financial position.

We have established a five-year rectification plan with the goal of achieving compliant social insurance and housing provident fund contributions for all employees in accordance with applicable PRC laws and regulations by the end of 2030. The rectification will be implemented in three phases: Phase 1 (2026) covers completing a compliance gap audit, ensuring 100% compliant contributions for all newly hired employees, and progressively adjusting the contribution base for existing employees to 30%-50% of their actual salary; Phase 2 (2027–2028) targets further increasing the contribution base to 80%-100% of actual salary, substantially achieving full contributions for all employees; and Phase 3 (2029–2030) aims to complete 100% full contributions for all employees no later than the end of 2030, regardless of our business performance during that period. Despite the rectification plan, if the relevant authorities order us to fully contribute the social insurance and/or housing provident funds, we shall comply and take rectification measures as soon as possible within the specified period and may be subject to administrative penalties if we fail to rectify such non-compliance in accordance with the requirements of the relevant authorities. During the Track Record Period, we had not received any written administrative order to rectify our practices comprehensively or to pay the shortfall in full or subject to any material administrative penalty imposed by the relevant regulatory authorities regarding PRC social insurance and housing provident funds.

Considering relevant regulator policies and the facts stated above provided that there are no material changes to the current social insurance, housing provident fund policies and regulations, or to the enforcement and supervision requirements of local governments and in the absence of collective employee complaints or litigation or arbitrations, our PRC Legal Advisor is of the view that the likelihood that we would be required by relevant regulatory authorities to pay up any shortfall all at once for social insurance and housing provident fund contributions or become subject to material administrative penalties by relevant authorities is remote. Notwithstanding the foregoing, any failure by us to comply with other applicable labor laws and regulations in the PRC may also expose us to liabilities, penalties or claims for compensation by employees.

Based on the foregoing PRC Legal Advisor’s view and the relevant facts and circumstances, the Reporting Accountants are of the view that no provision in respect of the relevant contribution shortfall is required to be made as of June 30, 2026.

Currently, our employees are represented by labor unions. We believe that we maintain a good working relationship with our employees, and we had not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

BUSINESS

INSURANCE

We have arranged insurance coverage for certain aspects of our operations, including export credit insurance, overseas equity investment insurance, work safety liability insurance, group personal accident insurance and employer’s liability insurance. We believe that such coverage addresses the principal risks encountered in our ordinary course of business. However, there can be no assurance that our insurance coverage will be sufficient to cover all potential losses. For further details, see the section titled “Risk Factors — Risks relating to Our Financial Position and Need for Additional Capital — We may have limited insurance coverage, which could expose us to additional costs”. We will continue to review and assess our risk portfolio and will make necessary and appropriate adjustments to our insurance program based on actual needs and industry practices. According to the Frost & Sullivan Report, during the Track Record Period and up to the Latest Practicable Date, our insurance coverage is commensurate with industry standards. During the Track Record Period and up to the Latest Practicable Date, we have not made any material insurance claims in relation to our operations.

PROPERTIES

As of the Latest Practicable Date, we owned 83 properties with an aggregate GFA of approximately 514,810.25 sq.m. in China (manufacturing plants, offices, warehouses and staff dormitory in Guangdong/Jiangxi/Anhui), leased properties under 18 lease agreements for manufacture and operation with an aggregate GFA of approximately 114,215.25 sq.m. in China.

Owned Properties

Land

As of the Latest Practicable Date, we owned land use rights for multiple industrial parcels across China (primarily Guangdong and Jiangxi provinces), with an aggregate site area supporting production facilities exceeding 500,000.0 sq.m. across key production bases including Ji’an facility, and other sites used as factories, warehouses, and R&D centers. As of the Latest Practicable Date, we had obtained land use rights certificates for all owned parcels, compliant with PRC property laws.

Buildings or Units

As of the Latest Practicable Date, our Group owned approximately 83 industrial buildings/units across China, with an aggregate GFA of approximately 514,810.25 sq.m., mainly used as manufacturing plants, office space, warehouses, and testing facilities. As of the Latest Practicable Date, we had obtained building ownership certificates for substantially all owned buildings.

Leased Properties

As of the Latest Practicable Date, we leased properties under 18 lease agreements (excluding intra-group leases) for manufacture and operation across China with an aggregate GFA of approximately 114,215.25 sq.m.. The lease terms generally range from one to six years, and the properties are mainly used as R&D facilities, production spaces, and office premises. As advised by our PRC Legal Advisor, we have not obtained valid ownership certificate from the relevant lessors for certain leased properties, which will not have a material adverse effect on our business. See “Risk factors — Risks Relating to Our Financial Position and Need for Additional Capital — Certain of our leased properties in the PRC are subject to registration defects or title uncertainties, which could disrupt our operations if we are required to vacate or relocate.”

BUSINESS

Pursuant to the applicable PRC laws and regulations, property lease agreements shall be registered with the relevant local branches of the PRC Ministry of Housing and Urban-Rural Development. As of the Latest Practicable Date, we have completed lease registration for seven of 14 leased agreements, except for the remaining seven leased agreements for which lease registration has not been completed. We are in the process of completing such registrations where required and practicable.

The Group has established the Regulations on the Management of Property, Plant and Equipment (《固定資產管理規定》), which set forth the following policies and procedures for preventing the recurrence of any non-compliance of relating to properties:

- Lease Application and Approval: User departments shall submit a complete lease application, which shall be reviewed by the relevant department, the Administration Department, and the Financial Management Center, after which the contract shall be executed in accordance with the prescribed procedures. Unauthorized execution of contracts is strictly prohibited.
- Review of Lessor and Property Title: Prior to contract execution, the Administration Department shall rigorously verify the lessor’s authority to lease the property, and shall, in coordination with the Compliance and Legal Affairs Department, examine the property title certificate to ensure compliance of the relevant leasing procedures and to mitigate associated risks.
- Post-Lease Filing and Ongoing Management: Following the lease, the Administration Department shall complete the filing of relevant documents and handle registration procedures in a timely manner, conduct periodic reviews, and ensure standardized rent payments and property usage. Any identified issues shall be promptly addressed and reported.

Property Valuation

As of the Latest Practicable Date, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 5.01A of the Listing Rules to include in this document any valuation report. Pursuant to section 6(2) of the Companies (Exemption of Companies and prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

COMPETITION

We operate in the highly competitive power electronics and transformer industry, where we face competition from both established global players with strong brand recognition, advanced technologies and extensive international sales networks, as well as regional and domestic competitors that primarily compete through cost efficiency and localized services in certain market segments. To maintain and enhance our competitive position, we continuously strengthen technological barriers by increasing our investment in research and development. For the six months ended June 30, 2026, our R&D expenditure amounted to RMB102.3 million, with a strategic focus on core products such as new energy, data centers, and other related fields. In addition, we continue to deepen cooperation with key customers, actively expand our overseas market presence and increase sales of our key product categories.

BUSINESS

We believe our competitive strengths include (i) a global footprint with localized production, sales and after-sales capabilities, (ii) independent R&D capabilities and solid technical expertise, (iii) a diverse and continuously optimized product portfolio, (iv) a high-quality global customer base and strong brand influence, (v) an efficient digitalized management system, and (vi) an experienced management team with clear strategic vision. Nevertheless, intensified competition arising from rapid technological advancements, pricing pressure and evolving customer demands may affect our market position. We will continue to refine our business strategies and operational capabilities to sustain and enhance our competitiveness. See “Industry Overview” for further details.

INTELLECTUAL PROPERTY RIGHTS

We believe that our intellectual property rights are critical to our continued success. We have taken the following key measures to protect our intellectual property rights, including (i) establishing a set of comprehensive internal policies to implement effective management over our intellectual property rights, (ii) timely registration, filing and application for the ownership of our intellectual properties, and (iii) timely report to the management upon identification of infringement of our intellectual property rights by third parties.

As of June 30, 2026, we had 47 registered trademarks, 688 patents, and 52 copyrights in China.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any threatened or pending disputes relating to infringement of intellectual property rights which would have a material adverse effect on our business. See “Risk Factors — Risks relating to our business and industry — We may fail to identify or avoid infringing third-party intellectual property rights, as determinations of patent infringement require complex legal and factual analyses with uncertain outcomes” for further details.

LICENSES, APPROVALS AND PERMITS

We are required to maintain various licenses, permits and approvals in order to operate our business. We continually monitor our compliance with the requirements related to licenses, permits and approvals in order to ensure that we have all such licenses, permits and approvals which are necessary to operate our business. Our PRC Legal Advisor has advised us that during the Track Record Period and up to the Latest Practicable Date, we had obtained the major business qualifications and licenses necessary for conducting the main business activities from the relevant government authorities in China, and such business qualifications and licenses are legal and valid.

BUSINESS

The following table sets out a list of material licenses, permits and approvals currently held by us.

License/permit/ approval	Holder	Granting authority	Grant date	Validity Period
High-tech Enterprise Certificate	Ji'an Eaglerise	Jiangxi Provincial Department of Science & Technology, Jiangxi Provincial Department of Finance, State Taxation Administration Jiangxi Provincial Taxation Bureau	November 22, 2023	three years
	Eaglerise Electronics (Foshan)	Guangdong Provincial Department of Science & Technology, Guangdong Provincial Department of Finance, State Taxation Administration Guangdong Provincial Taxation Bureau	December 11, 2024	three years
	Eaglerise Power	Guangdong Provincial Department of Science & Technology, Guangdong Provincial Department of Finance, State Taxation Administration Guangdong Provincial Taxation Bureau	December 28, 2023	three years
	Dingshuo Tongbang	Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Bureau, State Taxation Administration Shenzhen Taxation Bureau	December 25, 2025	three years
	Eaglerise Intelligent Electric	Guangdong Provincial Department of Science & Technology, Guangdong Provincial Department of Finance, State Taxation Administration Guangdong Provincial Taxation Bureau	December 11, 2024	three years
	Ji'an Magnetolectric	Jiangxi Provincial Department of Science & Technology, Jiangxi Provincial Department of Finance, State Taxation Administration Jiangxi Provincial Taxation Bureau	November 19, 2024	three years
License/permit/approval	Holder	Granting authority	Validity Period	
Customs Registration Certificate for Consignor/ Consignee of Import/ Export Goods and Declaration Entity	Our Company	China Customs	Long-term ¹	
	Foshan Shunde Eaglerise	China Customs	Long-term	
	Eaglerise Electronics (Foshan)	China Customs	Long-term	
	Eaglerise Electric (JI AN)	China Customs	Long-term	
	Ji'an Magnetolectric Technology Co., Ltd.	China Customs	Long-term	
	Eaglerise Intelligent Electric	China Customs	Long-term	
	Guangdong Yingbeite	China Customs	Long-term	
	Eaglerise Digital Energy (JIANG XI)	China Customs	Long-term	
	Dingshuo Tongbang	China Customs	Long-term	
	Shenzhen Eaglerise Energy Storage Technology Co., Ltd.	China Customs	Long-term	
	Anhui Nengqi	China Customs	Long-term	
	Jiangxi Jite Electric Co., Ltd.	China Customs	Long-term	
	Jiangxi Jishibang Technology Co., Ltd.	China Customs	Long-term	
	Ji'an Nait Electric Power Equipment Co., Ltd.	China Customs	Long-term	
	Ji'an Yiyuan New Materials Co., Ltd.	China Customs	Long-term	

BUSINESS

License/permit/approval	Holder	Grant date	Expiry date
Pollutant Discharge Permit Registration Receipt for Stationary Pollution Sources	Foshan Shunde Eaglerise Electronics (Foshan) Eaglerise Electric (JI AN) Dingshuo Tongbang Ji'an Magnetolectric Anhui Nengqi Jiangxi Yuandian New Materials Co., Ltd. Eaglerise Digital Energy (JIANG XI) Eaglerise Intelligent Electric Guangdong Yingbeite Electrical	July 22, 2025 June 30, 2025 December 31, 2025 November 29, 2024 December 31, 2025 April 30, 2024 July 19, 2022 April 10, 2026 January 21, 2026 April 30, 2026	July 21, 2030 July 9, 2030 December 30, 2030 November 28, 2029 December 30, 2030 April 29, 2029 July 18, 2027 April 09, 2031 January 20, 2031 April 29, 2031

Note:

- 1 “Long-term” refers to a perpetual validity period for as long as the filing entity remains duly constituted and in operation, provided that no material changes have occurred to its registered information with the customs authority and no violations of customs regulations have resulted in the revocation of such filing.

AWARDS AND RECOGNITIONS

During the Track Record Period and up to the Latest Practicable Date, we received a number of awards and recognitions in connection with our business. Some of the significant awards and recognitions we have received are set out below.

Awards and Recognition	Certification Date	Awarding body	Remarks	Type	Recipient Entity
The 2nd Top 100 Patents by Value in Foshan	October 2023	Foshan Intellectual Property Protection Center	Association	Valid	Eaglerise Electric
Guangdong Provincial Manufacturing Single Champion Enterprise (PV Grid-connected Step-up Transformer)	September 2024	Department of Industry and Information Technology of Guangdong Province	Provincial	Valid	Eaglerise Electric
2024 Guangdong Famous and High-quality High-tech Product: AC Electronic Control Device for LED Modules	December 2024	Guangdong High-tech Enterprise Association	Provincial	Valid	Eaglerise Electronics
High-tech Enterprise	December 11, 2024	State Taxation Administration, Guangdong Provincial Tax Service, Department of Finance of Guangdong Province, Department of Science and Technology of Guangdong Province	National	Valid	Eaglerise Electronics
National Intellectual Property Advantage Enterprise	November 2023	National Intellectual Property Administration	National	Valid	Electric Power Technology
Provincial Enterprise Technology Center	May 2024	Department of Industry and Information Technology of Jiangxi Province, Department of Finance of Jiangxi Province, Jiangxi Provincial Tax Service, State Taxation Administration	Provincial	Valid	Ji'an Electric
National Specialist, Sophisticated, Specialized and Novel Little Giant Enterprise	July 1, 2023	Ministry of Industry and Information Technology of the People's Republic of China	National	Valid	Ji'an Electric
Advanced-level Smart Factory	May 2025	Department of Industry and Information Technology of Jiangxi Province	Provincial	Valid	Ji'an Magnetolectric

BUSINESS

Awards and Recognition	Certification Date	Awarding body	Remarks	Type	Recipient Entity
Anhui Innovative Small and Medium-sized Enterprise	July 2025	Bureau of Industry and Information Technology of Huainan City	Provincial	Valid	Anhui Nengqi
Guangdong Provincial Specialist, Sophisticated, Specialized and Novel Small and Medium-sized Enterprise	March 25, 2025	Department of Industry and Information Technology of Guangdong Province	Provincial	Valid	Smart Electric Appliances

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We have been and may from time to time continue to be, a party to various legal, arbitration or administrative proceedings arising in the ordinary course of our business. As of the Latest Practicable Date, there were no material litigation, arbitration or administrative proceedings pending or threatened against us or any of our Directors which could have a material and adverse effect on our financial condition or results of operations.

PRC: Our PRC Legal Advisor is of the view that as of the Latest Practicable Date, there were no material litigation, arbitration pending against our PRC subsidiaries which could have a material and adverse effect on our financial condition or results of operations in PRC.

Thailand: As confirmed by our Thailand Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, the Thai Subsidiary is not, and to the best of our knowledge has not been, involved in any claims, litigation, arbitration, administrative proceeding, or other formal dispute in Thailand, whether actual, pending, or threatened, relating to its business, intellectual property, or other assets. Our Thailand Legal Advisors are not aware of any judgments, orders, or rulings against the Thai Subsidiary, nor any governmental, regulatory, or administrative actions or investigations, that would reasonably be expected to have a material adverse effect on its operations or financial performance.

The U.S.: As advised by our U.S. Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, the U.S. Subsidiary is not, and has not been, involved in any claims, litigation, arbitration, administrative proceeding, or other formal dispute in U.S., whether actual, pending, or threatened, relating to its business, intellectual property, or other assets. Our U.S. Legal Advisors are not aware of any judgments, orders, or rulings against our U.S. Subsidiary, nor any governmental, regulatory, or administrative actions or investigations, that would reasonably be expected to have a material adverse effect on its operations or financial performance.

Compliance

We are mainly subject to several regulatory requirements and guidelines issued by the regulatory authorities in PRC, the United States and Thailand as mentioned in the “Regulatory Overview” of this Document. During the Track Record Period and up to the Latest Practicable Date, we did not commit any material non-compliance of the laws and regulations, or experience any systemic non-compliance incident which, taken as a whole, in the opinion of our Directors, is likely to have a material adverse effect on our business, results of operations and financial condition.

PRC: During the Track Record Period and up to the Latest Practicable Date, as confirmed by our PRC Legal Advisor, we did not commit any material non-compliance of the applicable PRC laws and regulations, or experience any systemic non-compliance incident which, taken as a whole, is likely to have a material adverse effect on our business, results of operations and financial condition.

BUSINESS

Thailand: As confirmed by our Thailand Legal Advisors, the Thai Subsidiary has complied in all material respects with the applicable laws and regulations of Thailand during the Track Record Period and up to the Latest Practicable Date, including but not limited to laws and regulations relating to corporate matters, foreign ownership, investment promotion (BOI), factory operations, environmental protection, labour and employment, taxation, customs and trade, anti-money laundering, anti-corruption, competition, product liability and safety, personal data protection, and land ownership. No material penalties, sanctions or enforcement actions have been imposed on the Thai Subsidiary, nor are any such actions pending or threatened, based on the reviewed documents and information provided to us. We have not identified any material non-compliance or legal issue that, individually or in the aggregate, would reasonably be expected to have a material adverse effect on the operations, financial performance, or reputation of the Thai Subsidiary.

The U.S.: As confirmed by our U.S. Legal Advisors, the U.S. Subsidiary has complied in all material respects with the applicable laws and regulations of U.S. during the Track Record Period and up to the Latest Practicable Date, including but not limited to laws and regulations relating to corporate matters, foreign ownership, environmental protection, labour and employment, taxation, customs and trade, anti-money laundering, anti-corruption, competition, product liability and safety, personal data protection, and land ownership. No material penalties, sanctions or enforcement actions have been imposed on the U.S. Subsidiary, nor are any such actions pending or threatened. Our U.S. Legal Advisors have not identified any material non-compliance or legal issue that, individually or in the aggregate, would reasonably be expected to have a material adverse effect on the operations, financial performance, or reputation of the U.S. Subsidiary.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we complied with the relevant laws and regulations in PRC, U.S. and Thailand and such other jurisdictions as mentioned in the “Regulatory Overview” of this Document in all material respects.

IMPACT OF INTERNATIONAL TRADE POLICIES ON THE GROUP’S BUSINESS OPERATIONS

The Group manufactures its products at nine manufacturing facilities, five of which are located in the PRC, with the remaining four located in Malaysia, the U.S., Mexico, and Thailand. For manufacturing activities conducted in the PRC, the Group sources most of its raw materials and services locally from suppliers based in the PRC, and to a lesser extent from other jurisdictions. For manufacturing activities conducted in the U.S., the Group sources most of its raw materials from suppliers in the PRC and Thailand, with the remainder from other jurisdictions.

In addition to the above, products manufactured by the Group in the U.S. are supplied solely to domestic U.S. customers only. In other words, none of the products of the Group that are manufactured in the U.S., or are otherwise of U.S. origin, are imported into the PRC for sales.

In terms of sales, during the Track Record Period, the majority (approximately 70%, by number) of the Group’s customers were based in the PRC, and the majority of the Group’s sales revenue was generated from domestic sales of products manufactured in the PRC to PRC-based customers, depending on the business lines. On the other hand, during the Track Record Period, revenue from U.S.-based customers only accounted for approximately 7% to 17% of the Group’s total consolidated revenue for each of the financial years of 2023, 2024 and 2025 and the six months ended June 30, 2026, compared to the proportion of sales to PRC-based customers. The Group’s U.S. operations therefore represent a small proportion of the Group’s overall business. Potential indirect revenue derived from the U.S. (including, for example, revenue generated by our downstream customers through their independent sales of or involving our products to the U.S.) is not within our knowledge. While trade restrictions including, in particular, import controls and tariffs imposed by the U.S. on non-U.S. goods could potentially have an impact on the ability of our customers to engage in sales with the U.S., we have no visibility of the data associated with any such sales of our customers to the U.S. (or indeed any other country), and accordingly we are not aware of any indirect material impact of any relevant trade restrictions on the Group’s operations.

BUSINESS

During the Track Record Period, to the extent the Group supplied products to overseas customers, each of the relevant Group entities typically acted as exporters, while the customers acted as importers. We confirm that the customers would bear the relevant tariffs under the FOB shipping terms. Trade relations between the U.S. and China (and other countries and jurisdictions) remain fast evolving. Following an escalation involving the imposition of additional tariffs by the U.S. on PRC goods, and retaliatory tariffs by the PRC on U.S. goods during the course of 2025, subsequent bilateral discussions have resulted in temporary and partial concessions and suspensions.

Our International Sanctions and Trade Controls Legal Advisors have advised that, given the Group’s business model as described above and based on information that they have been given about the Group’s sourcing, manufacturing, and sales activities, the latest developments in international trade, specifically those relating to export controls, import controls, and tariff measures imposed by the PRC and the U.S., are unlikely to have a material impact on the Group’s business operations and the [REDACTED]. As advised by our International Sanctions and Trade Controls Legal Advisors, our Directors are of the view, with which the Sole Sponsor concurs, that the Group is not subject to any trade restrictions or sanctions risks that would materially affect its business operations during the Track Record Period and up to the Latest Practicable Date.

BUSINESS ACTIVITIES WITH RESTRICTED PARTIES AND CUSTOMERS IN HIGH-RISK JURISDICTIONS FROM SANCTIONS AND/OR TRADE CONTROLS PERSPECTIVES

During the Track Record Period, the Group entered into certain Restricted Party Transactions. In particular, we entered into Restricted Party Transactions with 5 restricted parties, which involved:

- (i) the supply of new energy transformers, power reactors, high-frequency devices, lighting power supplies to 3 customers. In 2023, 2024, 2025 and for the six months ended June 30, 2026, our revenue derived from these 3 customers in aggregate amounted to approximately RMB184.4 million, RMB354.4 million, RMB351.9 million and RMB141.1 million, representing approximately 5.1%, 7.7%, 6.7% and 5.3% of our Group’s revenue, respectively; and
- (ii) the placement of deposits and the use of general banking services at 2 banks. As of 30 June, 2026, the total amount of deposits maintained by the Group with the banks was approximately RMB134.3 million.

The Group has placed bank deposits with a bank included on the Correspondent Account or Payable-Through Account Sanctions (“CAPTA”) List, and a bank that is potentially subject to restrictions imposed on entities placed on the Entity List. The reasons for the Group placing the relevant bank deposits are, respectively, (i) to utilise the settlement services provided by the bank with respect to the Group’s transactions with certain Russia-based customers during the Track Record Period, and (ii) for the ordinary banking functions, including bank acceptance bill-related services, housing provident fund payments and the collection of employee cafeteria payments.

Our International Sanctions and Trade Controls Legal Advisors have advised that, there was no indication that any such transactions violated any applicable international sanctions or export control laws that were in force during the Track Record Period or up to the Latest Practicable Date.

In addition to the foregoing transactions, the Group entered into transactions during the Track Record Period with customers in jurisdictions generally deemed high risk from sanctions and/or trade controls perspectives. The table below sets out further details of these transactions.

BUSINESS

Customers	Products supplied by the Group	2023		2024		2025		For the six months ended June 30, 2026	
		Total sales		Total sales		Total sales		Total sales	
		revenue	Approximate	revenue	Approximate	revenue	Approximate	revenue	Approximate
		(expressed in RMB in millions)	proportion of the Group's revenue	(expressed in RMB in millions)	proportion of the Group's revenue	(expressed in RMB in millions)	proportion of the Group's revenue	(expressed in RMB in millions)	proportion of the Group's revenue
10 Russia-incorporated customers	Certain lighting power supplies, and materials, and industrial control related products	18.5	0.5%	63.8	1.4%	4.8	0.1%	0	0%
2 Belarus-incorporated customers	Certain lighting power supplies	0	0%	0	0%	1.9	0.0%	0	0%
2 Ukraine-incorporated customers	Certain lighting power supplies and Industrial control systems	0.3	0.0%	0.6	0.0%	0.3	0.0%	0	0%
1 Myanmar-incorporated customer	Certain lighting fixtures and materials	0.1	0.0%	0.2	0.0%	0	0%	0	0%
1 Democratic Republic of Congo-incorporated customer	New energy transformers	1.4	0.0%	0	0%	0	0%	0	0%

Our International Sanctions and Trade Controls Legal Advisors have advised that Russia, Belarus, Ukraine and Myanmar were not subject to general and comprehensive export, import, financial or investment embargoes under sanctions laws or regulations of the jurisdictions relevant to the Company during the Track Record Period. Nevertheless, they are generally regarded as high risk jurisdictions from a sanctions and/or trade controls perspective, since they are subject to other broad-reaching sanctions and/or trade restrictions such that any dealings, transactions and/or activities in such country may potentially give rise to a material sanctions risk. Notwithstanding the above, our International Sanctions and Trade Controls Legal Advisors have advised that there was no indication that the Group's transactions with any of the above identified customers violated any applicable international sanctions laws or regulations that were in force during the Track Record Period or up to the Latest Practicable Date.

Our Group has its internal control framework to address risks arising from international sanctions and trade controls perspectives. Specifically, our Group has developed an internal policy titled “Anti-Money Laundering, Anti-Monopoly and Economic Sanctions Management System”, which is to set out a framework for compliance with applicable sanctions, export controls, and customs-related laws and regulations. Measures including sanctions screening as against suppliers and customers, and compliance training for employees are expected to be implemented following the [REDACTED].

In view of the implementation of the enhanced internal control measures as advised by our Internal Control Consultant, our Directors are of the view, with which the Sole Sponsor concurs, that the current internal control measures and policy are adequate and effective in mitigating our Group's exposure to international sanctions risks.

BUSINESS

DATA SECURITY AND PRIVACY

In the course of our business, we collect, store and process business data and transaction data. The scope of personal information processed by us and our subsidiaries in the PRC is limited to the personal information of our employees and the personal information of contact persons of our customers and suppliers involved in the course of business operations. Other than the foregoing, we, together with our PRC subsidiaries, do not process any other personal information. We believe that the confidentiality, integrity and availability of data are vital to our business operations.

On July 7, 2022, the Cyberspace Administration of China (“CAC”), promulgated the Measures for the Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》), which took effect on September 1, 2022 and required that the data processors providing data overseas and falling under any of the circumstances provided in Article 4 of the Measures for the Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) shall apply for the security assessment of cross-border data transfer. On March 22, 2024, CAC further promulgated the Provisions on Facilitating and Regulating Cross-border Data Flow (《促進和規範數據跨境流動規定》), providing the latest circumstances for the security assessment of cross-border data transfer. According to the Provisions on Facilitating and Regulating Cross-border Data Flow (《促進和規範數據跨境流動規定》), where a data processor transfers any data overseas and has any of the following circumstances, it shall apply to the CAC for security assessment: (i) where a critical information infrastructure operator provides personal information or important data abroad; or (ii) where any data handler other than a critical information infrastructure operator provides important data abroad or, as of January 1 of the current year, provides personal information (excluding sensitive personal information) of not less than 1 million people or sensitive personal information of not less than 10,000 people in aggregate to overseas parties. As of the Latest Practicable Date, as our Group’s business operations had not fallen under any of the above-mentioned circumstances, the Directors believed the security assessment of cross-border data transfer under the Measures for the Security Assessment of Cross-border Data Transfer shall not be applicable to us currently.

On December 28, 2021, CAC jointly with other 12 governmental authorities, promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the “MCR”), which became effective from February 15, 2022. Pursuant to Article 2 of the MCR, if a critical information infrastructure operator purchases network products and services or a network platform operator conducts any data processing activity that affects or may affect national security, a cybersecurity review shall be carried out according to the MCR. In accordance with Article 7 of the MCR, a network platform operator possessing personal information of more than one million users must apply to the Cybersecurity Review Office for cybersecurity review when listing abroad (國外上市).

As of the Latest Practicable Date, (i) our Group had not been notified of the results of any determination that it have been identified as a critical information infrastructure operator by the relevant governmental authorities; (ii) it had not conducted any business involving the collection, usage, storage or processing of personal information of users through network information technology or via internet; (iii) it had not received any notification of cybersecurity review from the relevant governmental authorities, nor had our Group been involved in any investigations on cybersecurity review initiated by CAC or received any inquiry, notice, warning, or sanctions in such respect; and (iv) the [REDACTED] is a [REDACTED] in Hong Kong, rather than a listing abroad (國外上市). Therefore, as advised by our PRC Legal Advisor, taking into consideration the above and provided that there is no material change to our Group’s current business and no further rules are introduced and no significant changes to the MCR are made by the relevant governmental authorities, the Directors believe cybersecurity review under the article 2 and article 7 of the MCR shall not be applicable to it.

To mitigate data security risks, we have implemented a comprehensive approach that includes stringent data encryption, secure data storage protocols and strict transmission policies to ensure the confidentiality and integrity of sensitive information.

BUSINESS

We have set up a comprehensive internal data protection framework which is designed to manage and control access to confidential information effectively. To this end, we have established clear and detailed protocols that govern the use, storage and sharing of corporate data, ensuring that only employees with the appropriate authorization can access sensitive information on a need-to-know basis. Employees are granted access to data strictly according to their roles and are required to use this data solely for the performance of their job duties. Furthermore, our employees are required to sign confidentiality agreements as part of their employment, which strictly prohibit the unauthorized disclosure of any company-related confidential information. This policy ensures that our employees understand the critical nature of safeguarding company data and are held accountable for maintaining confidentiality.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material data leakage or data loss, nor did we experience any material unauthorized use of customers’ or distributors’ personal information.

ESG

1. GOVERNANCE

We have established an ESG management system. As the highest governing body, the Board of Directors (the “**Board**”) has an ESG Committee to oversee related matters, including managing the Company’s ESG strategy and issues, reviewing ESG-related disclosure documents, identifying and evaluating ESG-related risks and opportunities. Additionally, the ESG Committee sets up an ESG Leadership Group and an ESG Management Department, which are responsible for formulating action goals and plans. An ESG Working Group has been set up under their supervision to execute specific ESG tasks. The Board and the ESG Committee hold regular meetings at least once a year to hear ESG progress reports. We also conduct training sessions on ESG themes. We comply with the board diversity policy. In the election of directors, we consider factors including, but not limited to, gender and age. We strictly comply with relevant laws and regulations, and have established an anti-corruption policy that strictly prohibits bribery, extortion, fraud, money laundering, and other unethical behaviors.

2. ESG MATERIALITY ASSESSMENT

2.1 ESG Material Risk Assessment Mechanism

Based on the Company’s business profile and strategic trajectory, we have conducted targeted identification and materiality evaluation of ESG-related risks through our established risk assessment procedures, and taken mitigation measures to reduce potential risk impacts.

Risk Topic	Potential Risk Impact	Mitigation Measures
Environmental Compliance Management	Failure to comply with environmental regulations may result in administrative penalties or litigation.	Apply a tiered management approach to critical environmental risks.
Emissions and Waste Management	Failure to dispose of exhaust gases and waste in compliance with the regulations may lead to administrative penalties.	Conduct monthly environmental impact assessments on emissions, with regular monitoring of exhaust gases, wastewater, and noise levels.
Climate Change Response	Extreme weather events impact supply chain stability and the safety of production.	Incorporate climate-related risks and opportunities into our overall governance framework.

BUSINESS

Risk Topic	Potential Risk Impact	Mitigation Measures
Energy Management	Failure to manage energy consumption properly will elevate the Company’s operating costs.	Implement energy-saving retrofits, enhance building energy efficiency and promote the use of clean energy.
Water Resource Management	Ineffective water stewardship would directly drive up costs for water use and wastewater treatment expenses.	Regularly analyze water usage data at each stage, promote the “multiple use of water” initiative, define water conservation metrics and inspection frequency, and incorporate water-saving goals into departmental KPIs.
Labor Rights	Failure to establish legally compliant labor systems will increase administrative and legal expenditures.	Prohibit the employment of child labor and any form of forced labor and provide employees with a competitive compensation and benefits package alongside a performance-based incentive system.
Employee Development and Training	The lack of a robust employee training and career development system will ultimately compromise long-term competitive advantages.	Establish dual career development pathways across both management and professional tracks, and provide various specialized training programs for employees.
Employee Health and Safety	Absence of a safe working environment may elevate operating costs for the Company.	Carry out routine monitoring, develop emergency response protocols, and form specialized emergency teams.
Product Quality and Safety	Insufficient quality reviews could lead to reduced revenue and increased production costs.	Set up a Quality Incident Emergency Response Team and conduct regular investigations into product quality incidents.
Intellectual Property Protection	A lack of intellectual property protection awareness may lead to increased operating costs.	Standardize the patent application process, and provide periodic specialized training for all employees.
Data Security and Customer Privacy Protection	Failure to maintain robust controls in data security and personal privacy protection could drive up product and operating costs.	Deploy data backup and recovery mechanism along with a multi-layered firewall infrastructure, and conduct security vulnerability scans on its internal network.

BUSINESS

Risk Topic	Potential Risk Impact	Mitigation Measures
Customer Relationship Management	Failure to respond to customer needs and feedback could result in diminished revenue.	Maintain proactive communication with customers and promptly develop and execute response plans.
Sustainable Supply Chain	Improper supplier management could lead to product quality risks, regulatory penalties, and impairment of the Company’s brand reputation.	Integrate ESG performance metrics into the supplier management system, and conduct regular sustainability audits of suppliers.
Corporate Governance	Failure to implement a robust corporate compliance management system could lead to reduced revenue alongside higher operating costs.	Establish a management structure with well-defined operating procedures and conduct periodic compliance and ESG-specific training.
Business Ethics	Business ethics violations could lead to litigation, severe regulatory penalties, and substantial compensation payments.	Prohibit unethical conduct and provide regular anti-corruption and anti-bribery compliance training for the Board of Directors and employees.

3. ENVIRONMENT

3.1 Environmental Compliance Management

We strictly adhere to environmental laws and internal policies, conducting at least one annual progress review for each environmental target to ensure effective management.

Waste target: Set the “compliance rate for disposal of hazardous and non-hazardous waste” as the waste management target.

“Dual Carbon” goals: Achieve carbon peak by 2030 and carbon neutrality by 2050.

Energy management target: Achieve an annual reduction of 1% in comprehensive energy consumption per unit of product.

Water-saving target: By 2035, we will reduce daily water consumption per capita to an industry-leading level and achieve an 8%-10% reduction in domestic water consumption per capita.

As of the end of the Reporting Period, no environmental violations, major leakage incidents, or material penalties related to environmental protection have occurred in the Company.

Table: Emission Generation Volume

Indicator	Unit	2023	2024	2025	First Half of 2026
Nitrogen Oxides (NOx)	Kg	22.7	20.7	21.4	6.8
Sulfur Oxides (SOx)	Kg	0.8	0.9	1.1	0.6
Particulate Matter (PM)	Kg	1.7	1.5	1.6	0.5

BUSINESS

Table: Waste Generation Volume

Indicator	Unit	2023	2024	2025	First Half of 2026
Hazardous Waste Generation Volume	Tonnes	93.9	109.4	186.4	133.7
Non-Hazardous Waste Generation Volume	Tonnes	1,640.0	2,739.8	2,998.5	1,589.8

Table: Water Consumption

Indicator	Unit	2023	2024	2025	First Half of 2026
Water Consumption	Tonnes	291,949.8	436,219.0	403,681.4	160,062.9

Addressing Climate Change: Through detailed analysis of operational impacts, we have developed a comprehensive understanding of the business risks posed by climate change. In response to global climate governance requirements, we have established a climate risk identification, assessment and management system, and continue to implement responsive measures.

Risk Category	Risk Description	Potential Impact	Mitigation Measures
Physical risk Heavy rainfall, typhoons and other extreme weather events	Extreme weather events triggered by climate change.	Temporary production shutdowns affect product delivery schedules and our ability to fulfill contractual obligations to customers.	<ul style="list-style-type: none"> Establish an emergency system and leadership group, define response measures, and develop contingency plans.
Transition risk Policy and regulatory impacts	Relevant policies and regulations are imposing increasingly stringent environmental requirements on enterprises and their products.	Environmental violations by the Company or its suppliers may trigger administrative sanctions, leading to increased operating costs or reduced revenues.	<ul style="list-style-type: none"> Establish an internal environmental management framework comprising various measures and procedures, and require suppliers to strictly observe relevant environmental policies and regulations.
Technology risk	Product or technology R&D may lag behind sustainable transformation trends.	Rising demand for low-carbon and environmentally friendly products may weaken product competitiveness if R&D lags behind.	<ul style="list-style-type: none"> Conduct eco-design, optimize product architecture and functionality to reduce environmental risks.
Reputational risk	Stakeholders are paying increasing attention to climate change and ESG-related disclosures.	Should the Company perform poorly in areas such as environmental management, it may trigger adverse publicity.	<ul style="list-style-type: none"> Maintain ongoing dialogue mechanisms with key stakeholders, ensuring that feedback is promptly incorporated into the decision-making processes.

Table: Greenhouse Gas Emissions

Indicator	Unit	2023	2024	2025	First Half of 2026
Greenhouse Gas Emissions (Scope 1)	tCO ₂ e	2,023.4	3,150.3	4,140.9	792.5
Greenhouse Gas Emissions (Scope 2)	tCO ₂ e	15,837.5	17,994.9	24,614.2	13,124.8
Greenhouse Gas Emissions (Scope 3-Category 6: Business Travel) ⁽¹⁾	tCO ₂ e	264.4	1,868.9	2,660.4	740.0
Total CO ₂ Emissions (Scope 1, Scope 2 and Scope 3)	tCO ₂ e	18,125.3	23,014.1	31,415.5	14,657.3

Notes:

- (1) Scope 3 emissions disclosed in this report are limited to greenhouse gas emissions from business travel, in particular emissions from aircraft, high-speed trains, cars and hotels.
- (2) The greenhouse gas emissions data for January to June 2026 has not been independently verified and may be adjusted based on subsequent verification results.

BUSINESS

Table: Primary Energy Usage

Indicator	Unit	2023	2024	2025	First Half of 2026
Gasoline	Kg	23,390.8	21,316.7	22,042.3	7,028.2
Diesel	Kg	19,678.8	24,353.3	32,686.7	21,216.7
Natural gas	cubic meter	673,970.0	995,899.0	999,040.0	297,434.0
Acetylene	Kg	7,985.6	12,829.0	14,832.9	4,596.2
Purchased Electricity	kWh	27,609,074.0	36,676,977.0	45,081,656.2	24,735,813.8
On-site PV Self-Consumption	kWh	3,260,483.0	7,099,705.2	7,326,809.0	2,912,423.0

4. SOCIAL MATTERS

4.1 Labor Rights:

We strictly comply with the requirements of relevant laws and regulations. We have implemented various internal measures to safeguard the rights and interests of our employees. We firmly prohibit the employment of child labor and any form of forced labor. As of the end of the Reporting Period, we had a total of 3,326 employees, comprising 1,993 male employees and 1,333 female employees. We adhere to the principle of fair and equitable promotion, and have established dual career development pathways, namely managerial and professional tracks, to encourage our employees to pursue continuous learning and growth.

4.2 Employee Health & Safety:

In strict compliance with laws and regulations, we have established multiple internal work safety management systems and formed a Safety Production Committee as the supreme authority for managing and overseeing the Company’s safety production. We periodically engage third-party professional institutions to perform occupational hazard assessments and provide improvement recommendations. Furthermore, we provide training and awareness programs on occupational health and safety-related laws, regulations and professional knowledge for all production staff.

Workplace accident

In April 2024, we recorded a fatal workplace incident at the high-frequency workshop of our production facility in Beijiao Town, Shunde District, Foshan City (the “**Incident**”), resulting in the death of one employee and a direct economic loss of approximately RMB1.27 million. The Incident occurred when the employee opened the inspection door of the automatic oil-impregnation machine, entered the interior, and was fatally crushed by a mechanism in operation.

Following the Incident, the competent authorities, after a formal investigation, classified the Incident as an ordinary production safety liability accident (一般生產安全責任事故) and determined that we bore responsibility on the grounds that, among others, we had failed to install a safety interlock device or effective barrier on the side door of the automatic oil-impregnation machine to prevent personnel from entering the rotating zone. We were, therefore, held liable for a penalty of approximately RMB510,000 in December 2024, which had been fully settled in the same month. Save as the Incident, we were not involved in any other safety accident during the Track Record Period.

As concurred with by our internal control consultants, we have formulated relevant internal control systems for safety production, while the occurrence of the Incident was primarily attributable to the inadequate implementation of internal control procedures in the field of safety production.

BUSINESS

To prevent the recurrence of similar accidents, we have strengthened the communication and enforcement of our internal control systems and have adopted the following internal control and safety management measures:

- **Safety Production Training:** Our Group implements three-level safety training (factory, workshop, and team levels) for new employees, covering safety regulations, operating standards, emergency response, and protection skills. Employees are only permitted to assume their posts after passing the assessment. Our Group has updated its safety training content to include accident warning education and practical training for hazardous operations, and has conducted safety re-training and assessments for all staff. Special operation personnel are required to hold valid certifications.
- **Handling of Safety Production Accidents:** Our Group conducts accident reporting, site protection, medical rescue, investigation and analysis, liability determination, and case archiving in accordance with grading standards. The Group also conducts accident reviews and rectifications, evaluates safety systems, equipment protection, training effectiveness, and site control, and incorporates “near-miss” incidents into its hazard management system.
- **Implementation of Safety Responsibility:** Our Group has entered into Safety Production Responsibility Statements at all levels, covering all management personnel and employees. We have established rules for safety production rewards and penalties to handle violations and negligence in accordance with due process, integrating safety performance into periodic appraisals to form a closed-loop accountability system.
- **Emergency Management:** Our Group has formulated emergency rescue plans, established emergency rescue teams, and organized regular emergency drills. In the event of an accident, we should execute on-site response and personnel rescue operations.

Having considered (i) the enhanced safety measures were put in place by us to prevent recurrence of the Incident in or about December 2024, as reviewed by our internal control consultant; (ii) save and except for the Incident, our Group had not received any administrative penalties related to work safety during the Track Record Period, as advised by our PRC Legal Advisor and; (iii) our Directors confirmed that our Group will continue to allocate adequate resources and use our best endeavors to uphold and improve our safety management system on an on-going basis in order to reduce the inherent risks relation to safety issues, our Directors are of the view, and the Sole Sponsor concurs, that such measures are adequate and effective.

In connection with the Incident, the Emergency Management Office of Beijiao Town, Shunde District, Foshan City (佛山市順德區北滘鎮應急管理辦公室), the competent governmental authority with supervisory jurisdiction over the Incident, later issued a certificate dated December 23, 2024 (the “**Certificate**”), confirming that (i) the Incident did not cause serious damage to the public interest or significant social impact beyond the enterprise, (ii) the Incident does not constitute a major violation that seriously harms the public interest, (iii) the administrative penalty of RMB510,000 does not fall under the category of a major administrative penalty decision under applicable PRC regulation, and (iv) save as the Incident and the administrative penalty described above, no other violations of applicable production safety laws and regulations by the Company had been identified by the relevant authorities during the period from January 1 2021 to the date thereof.

BUSINESS

In light of the above and based on the Certificate, our PRC Legal Advisor is of the view that the Incident did not cause serious damage to the public interest or significant social impact and therefore it did not constitute a major violation that seriously harms the public interest. Our PRC Legal Advisor is also of the view that the administrative penalty did not fall under the category of a major administrative penalty decision.

During the Track Record Period and up to the Latest Practicable Date, save as the Incident mentioned above, we did not receive any penalty or notice from relevant authorities to further enhance our workplace safety measures.

Given (i) the Incident did not constitute a serious illegal act that severely harms public interest and the administrative penalty did not fall under the category of a major administrative penalty decision, as advised by the PRC Legal Advisor; (ii) the penalty in question has been fully settled; (iii) our Directors consider the Incident as an isolated incident and the Incident was not caused by material internal control deficiencies; and (iv) our Group has, after occurrence of the Incident, implemented a comprehensive work safety management system to provide a secure and compliant work environment, our Directors are of the view, and the Sole Sponsor concurs, that the Incident did not and will not have any material adverse impact on our Group’s business operation and financial position.

4.3 Sustainable Supply Chain:

We comply with relevant laws and have established internal supply chain management measures. We incorporate ESG performance into our supplier management system, strictly audit basic credentials, and conduct periodic sustainability audits for tiered management.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

We have designated responsible personnel in our Company to monitor the ongoing compliance by our Company with the relevant PRC laws and regulations that govern our business operations and oversee the implementation of necessary measures. We have adopted internal rules and policies governing various aspects of our business operations and management, such as Articles of Association, Rules of Procedure for General Meetings of Shareholders, Rules of Procedure for Meetings of the Board of Directors, Information Disclosure Management System, Connected Transaction Decision-Making System.

We have engaged an independent internal control consultant to review our risk management and perform an initial review in selected areas of our internal controls, including, among others, financial reporting and disclosure controls, sales, accounts receivable and collection, procurement, accounts payable and payment, cash and treasury management, assets management, research and development, information technology general controls and compliance management. Our internal control consultant put forward recommendations based on such review. We have implemented rectification and improvement measures, as the case may be, in response to their findings and recommendations. In August 2026, the internal control consultant performed follow-up procedures on our remedial measures and did not identify any material deficiency in our internal control system. Having considered the report prepared by our internal control consultant, our Directors confirmed that all of the major recommendations provided by the internal control consultant have been followed and corrective actions were taken accordingly to address our internal control deficiencies and weaknesses. Our Directors are of the view that our enhanced internal control measures are adequate and effective to ensure compliance with relevant laws and regulations going forward.

BUSINESS

Risk Management

We are exposed to various risks in the ordinary course of our business operations. Key operational risks faced by us include, among others, our ability to respond to technological changes, competition in the relevant industries, our ability to retain and grow our customer base and usage, our ability to enhance or upgrade our products and introduce new ones, our ability to maintain and expand our sales and distribution network and our ability to successfully expand to and develop market recognition in various industry sectors. See “Risk Factors — Risks relating to our business and industry” for disclosures on various risks we face. In addition, we also face certain market risks, such as credit risk, liquidity risk and interest rate risk related to our financials. See “Financial Information — Financial Risks Disclosure” for details. We have implemented policies and procedures for risk management in each aspect of our operations, including administration of daily operations, data security, financial reporting procedures, employee conduct and legal compliance. Our Board oversees and manages the overall risks associated with our operations. We have established an Audit Committee to review and supervise the financial reporting process and internal control system of our Group. See “Corporate Information” for the qualifications and experience of these committee members as well as a detailed description of the responsibility of our Audit Committee.